

**RED BLUFF UNION
ELEMENTARY SCHOOL DISTRICT
COUNTY OF TEHAMA
RED BLUFF, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2022



Chavan & Associates, LLP

Certified Public Accountants

15105 Concord Circle, Suite 130

Morgan Hill, CA 95037

**Red Bluff Union Elementary School District
Tehama County**

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Tehama County**

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of the Red Bluff Union Elementary School District
Red Bluff, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Bluff Union Elementary School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

District 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.

In Preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregates, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, schedule of pension contributions, schedule of proportionate share of net pension liability, schedule of OPEB contributions, and schedule of changes in net OPEB liability, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of Charter Schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the annual financial and budget report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for organization schedule and schedule of financial trends and analysis, 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 combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the annual financial budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Chavan and Associates, LLP
Certified Public Accountants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

C & A LLP

February 23, 2023
Morgan Hill, California

Management's Discussion and Analysis

Red Bluff Union Elementary School District

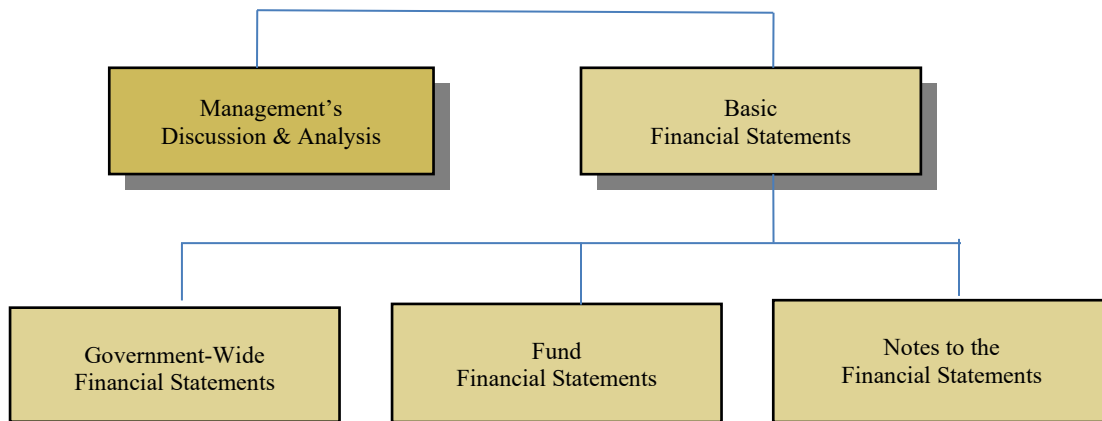
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to presents a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2022 were as follows:

- Total net position increased by \$4,167,998, or 213.7%, from June 30, 2021 to June 30, 2022.
- General revenues accounted for \$23,432,210 which is 71% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for \$9,665,754, or 29%, of total revenues of \$33,097,964.
- The District had \$28,929,966 in expenses, which was directly supported by program specific revenues of \$9,665,754.
- Total fund balances of governmental funds increased by \$6,619,656, 39.0%, from June 30, 2021 to June 30, 2022.
- Among major funds, the General Fund had \$31,286,233 in revenues and \$28,388,798 in expenditures. The General Fund's fund balance increased by \$2,697,435 from June 30, 2021 to June 30, 2022.

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2021 - 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds include the General Fund, the Cafeteria Fund and the Building Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The district is the trustee, or fiduciary, for student body funds. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2022 as compared to June 30, 2021:

Table 1 - Summary of Statement of Net Position				
	2022	2021	Change	Percentage Change
Assets				
Current Assets	\$ 28,239,586	\$ 19,369,311	\$ 8,870,275	45.8%
Capital Assets	12,466,345	8,679,515	3,786,830	43.6%
Total Assets	\$ 40,705,931	\$ 28,048,826	\$ 12,657,105	45.1%
Deferred Outflows of Resources	\$ 5,544,075	\$ 6,282,502	\$ (738,427)	-11.8%
Liabilities				
Current Liabilities	\$ 5,227,526	\$ 2,409,656	\$ 2,817,870	116.9%
Noncurrent Liabilities	27,684,309	31,986,024	(4,301,715)	-13.4%
Total Liabilities	\$ 32,911,835	\$ 34,395,680	\$ (1,483,845)	-4.3%
Deferred Inflows of Resources	\$ 11,120,465	\$ 1,885,940	\$ 9,234,525	489.7%
Net Position				
Net Investment in Capital Assets	\$ 6,846,091	\$ 7,903,988	\$ (1,057,897)	-13.4%
Restricted	2,282,947	2,146,773	136,174	6.3%
Unrestricted	(6,911,332)	(12,001,053)	5,089,721	42.4%
Total Net Position	\$ 2,217,706	\$ (1,950,292)	\$ 4,167,998	213.7%

During the year, deferred outflows of resources decreased by 11.8% and deferred inflows of resources increased by 489.7% mostly because of changes in the pension and OPEB amounts and actuarial assumptions related to GASB 68 and GASB 75, respectively. GASB requires all local governments that participate in cost sharing pension plans to record its proportionate share of net pension liabilities from pension plans in the government-wise financial statements.

The increased in noncurrent liabilities were mainly due to the changes in the net OPEB liability and net pension liability. The decrease in capital assets is mainly the result of fixed assets depreciation.

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

Table 2 shows the changes in net position for fiscal year 2022 as compared to 2021.

Table 2 - Summary of Changes in Statement of Activities				
	2022	2021	Change	Percentage Change
Revenues				
Program revenues	\$ 9,665,754	\$ 8,256,719	\$ 1,409,035	17.1%
General revenues:				
Property taxes	4,575,381	4,586,399	(11,018)	-0.2%
Grants and entitlements - unrestricted	18,382,155	17,263,362	1,118,793	6.5%
Other	474,674	446,515	28,159	6.3%
Total Revenues	33,097,964	30,552,995	2,544,969	8.3%
Program Expenses				
Instruction	16,283,120	17,770,972	(1,487,852)	-8.4%
Instruction-related services	3,259,886	3,846,829	(586,943)	-15.3%
Pupil services	3,458,778	3,386,322	72,456	2.1%
General administration	2,299,931	2,173,035	126,896	5.8%
Plant services	3,112,468	2,456,062	656,406	26.7%
Ancillary services	44,231	34,693	9,538	27.5%
Other outgo	269,541	164,533	105,008	63.8%
Interest on long-term debt	202,011	162,893	39,118	24.0%
Total Expenses	28,929,966	29,995,339	(1,065,373)	-3.6%
Change in Net Position	4,167,998	557,656	3,610,342	-647.4%
Prior Period Adjustment GASB 75	-	41,032	(41,032)	-100.0%
Prior Period Adjustment Note Payable	-	15,762	(15,762)	-100.0%
Beginning Net Position	(1,950,292)	(2,564,742)	614,450	24.0%
Ending Net Position	\$ 2,217,706	\$ (1,950,292)	\$ 4,167,998	213.7%

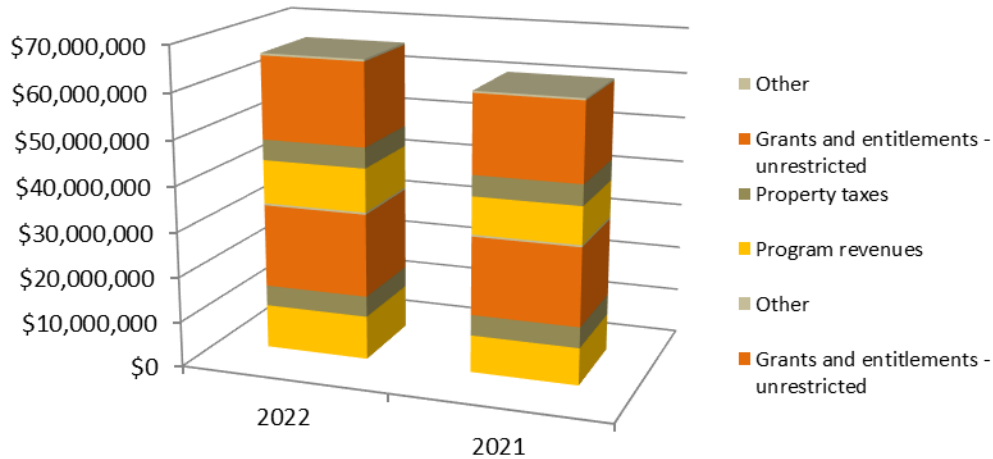
The District's expenses for instructional services was 68% of total expenses in fiscal year 2022 as compared to 72% in fiscal year 2021. The District's expenses for plant services was 11% of total expenses in fiscal year 2022 as compared to 8% in fiscal year 2021. The District's expenses for pupil services was 8% of total expenses in fiscal year 2022 as compared to 11% in fiscal year 2021. The District's expenses for interest on long-term debt was 0.69% of total expenses in fiscal year 2022 as compared to 0.54% in fiscal year 2021. Total expenses were 87% of revenue in fiscal year 2022 as compared to 98% in fiscal year 2021.

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

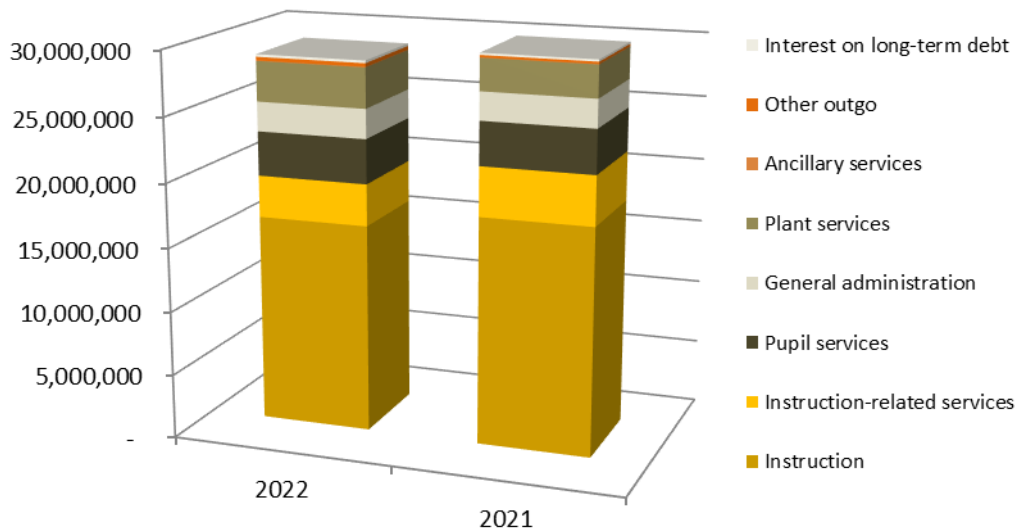
The following is a summary of government wide revenues for the fiscal year ended June 30, 2022:

Revenues



The following is a summary of expenses by function for the fiscal year ended June 30, 2022:

Program Expenses



Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services					
	2022	2021	Change	Percentage Change	
Instruction	\$ 9,675,434	\$ 13,314,597	\$ (3,639,163)	-27.3%	
Instruction-related services	2,585,308	2,795,529	(210,221)	-7.5%	
Pupil services	1,666,190	1,439,679	226,511	15.7%	
General administration	1,827,952	2,078,431	(250,479)	-12.1%	
Plant services	3,074,328	1,900,405	1,173,923	61.8%	
Ancillary services	34,945	19,228	15,717	81.7%	
Other outgo	198,044	27,858	170,186	610.9%	
Interest on long-term debt	202,011	162,893	39,118	24.0%	
Total Net Cost of Services	\$ 19,264,212	\$ 21,738,620	\$ (2,474,408)	-11.4%	

The following summarizes the District's functions:

- *Instruction* expenditures include activities directly dealing with the teaching of pupils.
- *Instruction-related Services* include the activities involved with assisting staff with the content and process of educating students.
- *Pupil Services* include guidance and counseling, psychological, health, speech and testing services, transporting students, as well as preparing, delivering, and serving meals to students.
- *General Administration* reflects expenditures associated with the administrative and financial supervision of the School District. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- *Plant Services* involve keeping the school grounds, buildings, and equipment in effective working condition.
- *Ancillary Services* represent the expenditures associated with co-curricular and athletic programs for students of the District.
- *Other Outgo* includes tuitions and transfers of resources between Red Bluff Union Elementary School District and other educational agencies for services provided to Red Bluff Union students.
- *Interest on long-term debt* involves the transactions associated with the payment of interest and other related charges to debt of the District.

Red Bluff Union Elementary School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

THE DISTRICT'S FUNDS

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Summary of Fund Balances				
	2022	2021	Change	Percentage Change
General	\$ 14,095,682	\$ 11,398,247	\$ 2,697,435	23.7%
Cafeteria Fund	468,426	415,608	52,818	12.7%
Deferred Maintenance Fund	1,344,755	1,132,527	212,228	18.7%
Building Fund	6,103,346	3,144,473	2,958,873	94.1%
Capital Facilities Fund	144,259	72,608	71,651	98.7%
Bond Interest and Redemption Fund	323,315	467,510	(144,195)	-30.8%
Pupil Transportation Fund	532,277	328,682	203,595	61.9%
Total Fund Balances	\$ 23,012,060	\$ 16,959,655	\$ 6,052,405	35.7%

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2021-2022 fiscal year, the District revised its General Fund budget which resulted in an increase in budgeted expenditures of \$2,034,984 from the original to final budget.

For the General Fund, the final budget basis revenue and other financing sources estimate was \$31,585,509. The original budgeted estimate was \$31,154,969.

CAPITAL ASSETS

Table 5 shows June 30, 2022 capital asset balances as compared to June 30, 2021.

Table 5 - Summary of Capital Assets Net of Depreciation				
	2022	2021	Change	Percentage Change
Land	\$ 419,500	\$ 419,500	\$ -	0.0%
Work-in-progress	5,191,598	1,075,683	4,115,915	382.6%
Buildings and Improvements	6,210,613	6,487,105	(276,492)	-4.3%
Equipment	644,634	697,227	(52,593)	-7.5%
Total Capital Assets - Net	\$ 12,466,345	\$ 8,679,515	\$ 3,786,830	43.6%

Red Bluff Union Elementary School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

LONG TERM LIABILITIES

Table 6 summarizes the percent changes in long-term liabilities over the past two years.

Table 6 - Summary of Long-term Liabilities				
	2022	2021	Change	Percentage Change
General Obligation Bond	\$ 11,967,234	\$ 4,163,632	\$ 7,803,602	187.4%
Net Pension Liabilities	13,833,006	24,874,210	(11,041,204)	-44.4%
Net OPEB Liability	1,785,443	2,870,634	(1,085,191)	-37.8%
Compensated Absences	98,626	77,548	21,078	27.2%
Total Long-term Liabilities	\$ 27,684,309	\$ 31,986,024	\$(4,301,715)	-13.4%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Red Bluff Union Elementary School District continues to be affected by proposed increases to the employer contributions for STRS and PERS retirement system which will continue to increase over the next 6 years. The STRS and PERS contributions are currently at 16.15% for STRS and 20.70% for PERS. Contributions in year 21/22 are to be around 16.92% for STRS and 22.91% for PERS. 22/23 year are to be 19.10% for STRS and 26.10% for PERS.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Angie Pacheco, Chief Business Official
Red Bluff Union Elementary School District
1755 Airport Boulevard
Red Bluff, CA 96080
Phone: (530) 527-7200 ext. 103

Basic Financial Statements

Red Bluff Union Elementary School District

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 25,689,060
Accounts receivable	2,255,119
Prepaid expenses	157,623
Stores inventories	137,784
Total current assets	<u>28,239,586</u>
Noncurrent assets:	
Non-depreciable capital assets	5,611,098
Capital assets, net of depreciation	<u>6,855,247</u>
Total capital assets - net	<u>12,466,345</u>
Total Assets	<u>\$ 40,705,931</u>
Deferred Outflows of Resources	
OPEB adjustments	\$ 608,718
Pension adjustments	4,935,357
Total Deferred Outflows of Resources	<u>\$ 5,544,075</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 4,122,490
Unearned revenue	1,105,036
Total current liabilities	<u>5,227,526</u>
Noncurrent liabilities:	
Due within one year	49,313
Due after one year	<u>27,634,996</u>
Total noncurrent liabilities	<u>27,684,309</u>
Total Liabilities	<u>\$ 32,911,835</u>
Deferred Inflows of Resources	
OPEB adjustments	\$ 1,096,877
Pension adjustments	10,023,588
Total Deferred Inflows of Resources	<u>\$ 11,120,465</u>
Net Position	
Net Investment in Capital Assets	\$ 6,846,091
Restricted for:	
Educational programs	1,410,260
Debt service	79,683
Cafeteria programs	338,839
Capital projects	144,258
Other purposes (nonexpendable)	309,907
Total restricted	<u>2,282,947</u>
Unrestricted	<u>(6,911,332)</u>
Total Net Position	<u>\$ 2,217,706</u>

The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District

Statement of Activities For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants and	Changes in
			Contributions	Net Position
Governmental activities:				
Instruction	\$ 16,283,121	\$ 10,912	\$ 6,596,774	\$ (9,675,435)
Instruction-related services:				
Supervision of instruction	22	-	9	(13)
Instruction library, media and technology	427,351	-	-	(427,351)
School site administration	2,832,513	18,325	656,244	(2,157,944)
Pupil services:				
Home-to-school transportation	640,128	-	-	(640,128)
Food services	1,299,251	1,943	1,421,305	123,997
All other pupil services	1,519,399	18,675	350,665	(1,150,059)
General administration:				
All other general administration	2,299,931	21,332	450,647	(1,827,952)
Plant services	3,112,468	2,440	35,700	(3,074,328)
Ancillary services	44,230	-	9,286	(34,944)
Other outgo	269,541	-	71,497	(198,044)
Interest on long-term debt	202,011	-	-	(202,011)
Total governmental activities	<u>\$ 28,929,966</u>	<u>\$ 73,627</u>	<u>\$ 9,592,127</u>	<u>(19,264,212)</u>
General revenues and special items:				
Taxes and subventions:				
Taxes levied for general purposes				4,529,138
Taxes levied for debt service				46,243
Federal and state aid not restricted to specific purposes				18,382,155
Interest and investment earnings				226,772
Interagency revenue				102,402
Miscellaneous				145,500
Total general revenues and special items				<u>23,432,210</u>
Change in net position				4,167,998
Net position beginning				<u>(1,950,292)</u>
Net position ending				<u>\$ 2,217,706</u>

The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District

Governmental Funds

June 30, 2022

	General Fund	Cafeteria Special Revenue Fund	Building Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 16,543,224	\$ 410,768	\$ 6,590,462	\$ 2,144,606	\$ 25,689,060
Accounts receivable	2,255,119	-	-	-	2,255,119
Due from other funds	22,810	-	-	200,000	222,810
Prepaid expenditures	157,623	-	-	-	157,623
Stores inventories	-	137,784	-	-	137,784
Total Assets	\$ 18,978,776	\$ 548,552	\$ 6,590,462	\$ 2,344,606	\$ 28,462,396
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,578,059	\$ 57,315	\$ 487,116	\$ -	\$ 4,122,490
Due to other funds	199,999	22,811	-	-	222,810
Unearned revenue	1,105,036	-	-	-	1,105,036
Total Liabilities	4,883,094	80,126	487,116	-	5,450,336
Fund balances:					
Nonspendable:					
Revolving fund	7,000	7,500	-	-	14,500
Stores inventories	-	137,784	-	-	137,784
Prepaid expenditures	157,623	-	-	-	157,623
Restricted for:					
Educational programs	1,410,260	-	-	-	1,410,260
Debt service	-	-	-	323,315	323,315
Cafeteria programs	-	323,142	-	-	323,142
Capital projects	-	-	6,103,346	144,258	6,247,604
Assigned for:					
Transportation	-	-	-	532,277	532,277
Postemployment Benefits	743,968	-	-	-	743,968
Educational programs	3,603,388	-	-	-	3,603,388
Site repairs	-	-	-	1,344,756	1,344,756
Unassigned:					
Economic uncertainties	1,500,000	-	-	-	1,500,000
Unappropriated	6,673,443	-	-	-	6,673,443
Total Fund Balances	14,095,682	468,426	6,103,346	2,344,606	23,012,060
Total Liabilities and Fund Balances	\$ 18,978,776	\$ 548,552	\$ 6,590,462	\$ 2,344,606	\$ 28,462,396

The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds	\$ 23,012,060
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Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets at cost	\$ 26,746,009	
Accumulated depreciation	<u>(14,279,664)</u>	12,466,345

Differences from benefit plan assumptions, investment returns, contributions, experience and proportionate shares are reported as deferred inflows and outflows of resources in the government wide statements. However, only items requiring the use of current resources are reported in the fund statements. (5,576,390)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:

General obligation bonds	\$ 11,967,234	
Net pension Liabilities	13,833,006	
Net OPEB liability	1,785,443	
Compensated absences	<u>98,626</u>	<u>(27,684,309)</u>

Total net position - governmental activities	<u>\$ 2,217,706</u>
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The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

	General Fund	Cafeteria Special Revenue Fund	Building Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	\$ 22,195,071	\$ -	\$ -	\$ 200,000	\$ 22,395,071
Federal revenue	3,781,122	1,318,506	-	-	5,099,628
Other state	4,036,527	83,665	-	24	4,120,216
Other local	1,273,513	3,986	62,738	142,812	1,483,049
Total revenues	31,286,233	1,406,157	62,738	342,836	33,097,964
Expenditures:					
Current:					
Instruction	17,511,508	-	-	-	17,511,508
Instruction-related services:					
Supervision of instruction	24	-	-	-	24
Instruction library, media and technology	460,274	-	-	-	460,274
School site administration	2,651,933	-	-	-	2,651,933
Pupil services:					
Home-to-school transportation	615,778	-	-	-	615,778
Food services	46,006	1,353,339	-	-	1,399,345
All other pupil services	1,636,453	-	-	-	1,636,453
General administration:					
All other general administration	2,469,240	-	-	-	2,469,240
Plant services	2,572,172	-	787,948	1,148	3,361,268
Facilities acquisition and construction	111,639	-	4,115,917	-	4,227,556
Ancillary services	44,230	-	-	-	44,230
Other outgo	269,541	-	-	-	269,541
Debt service:					
Principal	-	-	-	705,000	705,000
Interest and fees	-	-	-	236,019	236,019
Total expenditures	28,388,798	1,353,339	4,903,865	942,167	35,588,169
Excess (deficiency) of revenues over (under) expenditures	2,897,435	52,818	(4,841,127)	(599,331)	(2,490,205)
Other financing sources (uses):					
Transfers in	-	-	-	200,000	200,000
Transfers out	(200,000)	-	-	-	(200,000)
Bond issuance	-	-	7,800,000	-	7,800,000
Premium from bond issuance	-	-	-	742,610	742,610
Total other financing sources (uses)	(200,000)	-	7,800,000	942,610	8,542,610
Net change in fund balances	2,697,435	52,818	2,958,873	343,279	6,052,405
Fund balances beginning	11,398,247	415,608	3,144,473	2,001,327	16,959,655
Fund balances ending	\$ 14,095,682	\$ 468,426	\$ 6,103,346	\$ 2,344,606	\$ 23,012,060

The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District
Reconciliation of the Governmental Funds Statement of
Revenues and Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds	\$	6,052,405
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Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets additions	\$	4,282,665	
Depreciation expense		<u>(495,835)</u>	3,786,830

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Issuance of bond premiums	\$	(742,610)	
Bond issuance		(7,800,000)	
Premium amortization		34,008	
Debt principal payments		<u>705,000</u>	(7,803,602)

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

2,153,443

In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation paid exceeded the amounts earned.

(21,078)

Changes in net position of governmental activities	\$	<u>4,167,998</u>
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The notes to basic financial statements are an integral part of this statement

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Red Bluff Union Elementary School District (the “District”) 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 District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (“AICPA”).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District’s combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for general purpose financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2022, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

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

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Postemployment Benefits Fund. This fund is not substantially composed of restricted or committed revenue sources and does not meet the definition of a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

The *Building Fund* is used to account for the acquisition and construction of major governmental capital facilities and buildings from the sale of bond proceeds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following non-major special revenue funds:

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of district property.
- The *Pupil Transportation Fund* is used for the purpose of transporting students.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following non-major capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following non-major capital projects funds:

- The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

G. 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 on June 30.

H. Benefit Plans

Pensions

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position, the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts 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.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

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

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. 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 District’s central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

4. Prepaid Expenses

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expenditure in the Statement of Net Position.

5. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvement of sites	15-20
Buildings	50
Portable buildings	25
Building improvements	15-20
Furniture and fixtures	5-15
Playground equipment	5-15
Food services equipment	5-15
Transportation equipment	5-15
Vehicles	8-10
Computer system and equipment	5-15
Office equipment	5-15

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

6. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

7. Long-Term Liabilities

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 if related to prepaid issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid issuance costs, are expensed in the period incurred.

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 are reported as other financing sources or uses.

8. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than four percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2022, capital assets net of accumulated depreciation totaling \$12,466,345 was increased by unspent bond proceeds of \$6,590,462 and reduced by related debt of \$11,015,000 which excluded premiums attributed to cash reserves for debt service of \$952,234. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Cafeteria Program restrictions reflect the amounts to be expended for federal and state funded school lunch and breakfast programs.

Debt service restrictions reflect the cash balances in the debt service funds of \$243,632 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of \$243,632.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

10. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

11. Risk Management

The District is exposed to various risks including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the District participates in risk pools under JPAs for property and liability, health benefits, and workers' compensation coverage.

12. Interfund Transactions

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

13. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

and reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

14. Accounting Estimates

The presentation 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 reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Implemented Accounting Pronouncements

GASB Statement No. 87, “Leases.” Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. As of June 30, 2022, the District did not have any material contracts that were required to be reported as leases under GASB 87.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 91, “Conduit Debt Obligations.” Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements.” Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 99, “Omnibus 2022.” Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements “clear up the loose ends” for recent prior statements GASB has issued. This Omnibus

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

addresses recent pronouncements, including GASB 87 – Leases, GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB 96 – Subscription-Based Information Technology Arrangements.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62." This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, "Compensated Absences." This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits as of June 30, 2022, is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash in revolving fund	\$ 14,500	\$ 14,500	Not Rated
Cash with County	25,626,870	24,977,267	Not Rated
Cash in banks - ASB	47,690	47,690	Not Rated
Total Cash and Investments	<u>\$ 25,689,060</u>	<u>\$ 25,039,457</u>	

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2022, the bank balance of the District's accounts with banks was \$63,578, which was fully insured by FDIC.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, custodial credit risk – deposits, and concentration of credit risk are described below:

a) 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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Tehama County Investment Pool with a fair value of approximately \$235.5 million and an amortized book value of \$241.6 million.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Tehama County Investment Pool is governed by the County's general investment policy. The investment with the Tehama County Investment Pool is rated at least Aa by Moody's Investor Service.

c) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

d) Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2022:

Receivables	General Fund
Federal Restricted	\$ 1,578,731
State Restricted	344,545
Locally Restricted	3,600
Unrestricted:	328,243
Totals	<u>\$ 2,255,119</u>

NOTE 4 - INTERFUND TRANSACTIONS

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

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2022 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 200,000
Nonmajor funds	200,000	-
Totals	<u>\$ 200,000</u>	<u>\$ 200,000</u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, is shown below:

Capital Assets	Balance June 30, 2021	Additions	Adjustments & Deletions	Balance June 30, 2022
Land - not depreciable	\$ 419,500	\$ -	\$ -	\$ 419,500
Work-in-progress - not depreciable	1,075,683	4,115,915	-	5,191,598
Buildings and improvements	17,716,414	111,639	-	17,828,053
Furniture and equipment	3,251,747	55,111	-	3,306,858
Total capital assets	<u>22,463,344</u>	<u>4,282,665</u>	<u>-</u>	<u>26,746,009</u>
Less accumulated depreciation for:				
Buildings and improvements	11,229,309	388,131	-	11,617,440
Furniture and equipment	2,554,520	107,704	-	2,662,224
Total accumulated depreciation	<u>13,783,829</u>	<u>495,835</u>	<u>-</u>	<u>14,279,664</u>
Total capital assets - net depreciation	<u>\$ 8,679,515</u>	<u>\$ 3,786,830</u>	<u>\$ -</u>	<u>\$ 12,466,345</u>

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Depreciation expense was charged to governmental activities as follows:

Governmental Activity	Depreciation Expense
Instruction	\$ 3,118
School site administration	370,270
Home-to-school transportation	68,396
All other general administration	7,314
Plant services	46,737
Total depreciation expense	<u>\$ 495,835</u>

NOTE 6 – LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2022:

Description	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
General Obligation Bonds	\$ 4,163,632	\$ 8,542,610	\$ 739,008	\$ 11,967,234	\$ -
Net Pension Liabilities	24,874,210	9,095,062	20,136,266	13,833,006	-
Net OPEB Liability	2,870,634	1,355,520	2,440,711	1,785,443	-
Compensated Absences	77,548	21,078	-	98,626	49,313
Total Long-term Liabilities	<u>\$ 31,986,024</u>	<u>\$ 19,014,270</u>	<u>\$ 23,315,985</u>	<u>\$ 27,684,309</u>	<u>\$ 49,313</u>

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund using local revenues. Other postemployment benefits, net pension obligations and compensated absences are paid by the fund for which the employee worked.

A summary of the District's general obligation bonded debt as of June 30, 2022 is as follows:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
2018 GOB, Series 2019	2019	2048	2.8-3.35%	\$ 4,200,000	\$ 3,920,000	\$ -	\$ 255,000	\$ 3,665,000
2018 GOB, Series 2021	2021	2050	3.0-4.0%	7,800,000	-	7,800,000	450,000	7,350,000
Premiums				-	243,632	742,610	34,008	952,234
Total General Obligation Bonds				<u>\$ 12,000,000</u>	<u>\$ 4,163,632</u>	<u>\$ 8,542,610</u>	<u>\$ 739,008</u>	<u>\$ 11,967,234</u>

On September 14, 2021, the District entered into a new 2018 General Obligation Bond, Series 2021 with a principal amount totaling \$7,800,000. The Bond has a variable interest rate from 3.0% to 4.0% and is payable in full at maturity. Payments are expected to be made every August 1st and an initial principal payment of \$450,000 was made on February 1, 2022. Interest will be incurred every year on February 1st and August 1st. The final payment will be made on August 1, 2050. As of June 30, 2022, the outstanding principal balance of the bond is \$7,350,000.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

The annual debt service requirements of the bonds as of June 30, 2022 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2023	\$ -	\$ 429,513	\$ 429,513
2024	120,000	427,113	547,113
2025	100,000	422,713	522,713
2026-2030	670,000	2,046,063	2,716,063
2031-2035	1,085,000	1,873,863	2,958,863
2036-2040	1,710,000	1,607,263	3,317,263
2041-2045	2,620,000	1,215,933	3,835,933
2046-2050	4,710,000	662,601	5,372,601
Total Debt Service	\$ 11,015,000	\$ 8,685,062	\$ 19,700,062

NOTE 7 - EMPLOYEE RETIREMENT PENSION PLANS

Qualified California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	22.910%	22.910%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the contributions for the Plan were as follows:

	CalPERS
Contributions - employer	<u>\$ 1,113,018</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	<u>\$ 6,205,865</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2010 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	CalPERS
Proportion - June 30, 2021	<u>0.03053%</u>
Proportion - June 30, 2022	<u>0.03052%</u>
Change - Increase/(Decrease)	<u>-0.00001%</u>

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$483,991 for the Plan. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	185,261	14,630
Differences between Projected and Actual Investment Earnings	-	2,381,626
Differences between Employer's Contributions and Proportionate Share of Contributions	-	146,240
Change in Employer's Proportion	5,320	33,189
Pension Contributions Made Subsequent to Measurement Date	1,113,018	-
Total	\$ 1,303,599	\$ 2,575,685

The District reported \$1,113,018 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (545,328)
2024	(593,734)
2025	(583,665)
2026	(662,377)
2027	-
Thereafter	-
Total	\$ (2,385,104)

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by entry age and service

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2021 based on June 30, 2010 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.
- (d) Figures are based on the previous ALM of 2017.

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

	CalPERS
1% Decrease	6.15%
Net Pension Liability	\$ 10,463,960
Current	7.15%
Net Pension Liability	\$ 6,205,865
1% Increase	8.15%
Net Pension Liability	\$ 2,670,733

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

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.920%	16.920%
Required State contribution rates	10.828%	10.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2022 the contributions for the Plan were as follows:

	CalSTRS
Employer Contributions	\$ 1,611,436
State Contributions	1,077,707
Total	<u>\$ 2,689,143</u>

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 7,627,141
State	3,837,672
Total	<u>\$ 11,464,813</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 33.47 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional \$1,077,707 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	CalSTRS
Proportion - June 30, 2021	<u>0.01600%</u>
Proportion - June 30, 2022	<u>0.01676%</u>
Change - Increase/(Decrease)	<u>0.00076%</u>

For the year ended June 30, 2022, the District recognized pension expense of \$2,450,093 for the Plan which included a \$1,077,707 contribution from the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,080,685	\$ -
Differences between Expected and Actual Experience	19,106	811,687
Differences between Projected and Actual Investment Earnings	-	6,033,265
Differences between Employer's Contributions and Proportionate Share of Contributions	10,190	384,597
Change in Employer's Proportion	910,341	218,354
Pension Contributions Made Subsequent to Measurement Date	1,611,436	-
Total	<u>\$ 3,631,758</u>	<u>\$ 7,447,903</u>

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The District reported \$1,611,436 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (1,179,693)
2024	(1,019,635)
2025	(1,435,460)
2026	(1,775,465)
2027	(18,961)
Thereafter	1,632
Total	\$ (5,427,582)

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB

(2) Net of investment expense but gross of administrative expenses.

(3) Based on 110% of the MP-2019 Ultimate Projection

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

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) Real return is net of assumed 2.75% inflation.

(b) 20-year geometric average.

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	\$ 15,526,296
Current	7.10%
Net Pension Liability	\$ 7,627,141
1% Increase	8.10%
Net Pension Liability	\$ 1,071,299

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

NOTE 8 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan. The District offers medical, prescription drug, employee assistance, dental, and vision benefits. These benefits are offered as a package through California's Valued Trust (CVT). A three-tiered rate schedule applies to all retirees under the age of 65.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Benefits

Retired CSEA members may choose from CVT Blue Cross medical/drug combinations: 3A, 4B, 7B, 9A, and a high deductible health plan. Retired Certificated members may choose from CVT Blue Cross medical/drug combinations: 1A, 4B, 6B, 9A, and a high deductible health plan. Retired Administrative, Confidential, and Management employees may choose from CVT Blue Cross medical/drug combinations: 3A, 4A, 6A, 9A, and a high deductible health plan. CVT's "Wellness" and "Bronze" plans are also offered to all groups. All coverages include EAP. Dental and vision coverages are also offered for all retiree groups, but are self-paid by the retiree.

Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan.

Eligibility provisions:

- (1) The retiree must be a District employee at the time of his or her retirement.
- (2) The retiree must be at least 50 years old at the time of retirement, or must have retired by reason of disability and attained the age of 50.
- (3) The retiree must not have attained the age of 65.
- (4) The retiree must have been employed by the District on a full-time basis for a minimum of any 10 years preceding retirement. If a part-time employee qualifies for this benefit, payment will be based on a prorated arrangement.
- (5) District-paid benefits end at the earlier of age 65 or receipt of 10 years of District-paid benefits. After an employee reaches the age of 65 or has received District-paid medical benefits for 10 years, he or she may continue on the District's health plan by self-paying any required premiums. For retirements beginning with the 2012-13 fiscal year, the District contribution ends at the earlier of 5 years of benefits or age 65.

Employees Covered by Benefit Terms

At July 1, 2022 (the valuation date), the benefit terms covered the following employees:

Active employees	219
Inactive employees	10
Total employees	229

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were \$479,338. Total benefit payments included in the measurement period were \$209,600. The actuarially determined contribution for the measurement period was \$470,062. The District's contributions were 3% of payroll during the measurement period June 30, 2021 (reporting period June 30, 2022). Employees are not required to contribute to the plan.

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	July 1, 2021
Measurement Date:	July 1, 2021
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	3.00%
Salary Increases	3.000%
Healthcare Trend Rate	5.75% for 2022; decreasing yearly to an ultimate rate of 4.50% for 2070 and later years
Investment Rate of Return	5.0%, Net of OPEB plan investment expenses, including inflation
Mortality	RP-2014 Employee Mortality RP-2014 Health Annuitant Mortality
Retirement	Plan experience

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
Broad U.S. Equity	40.00%	4.400%
U.S. Fixed	40.00%	1.500%
Real Estate	5.00%	3.700%
Commodities	5.00%	0.600%
Cash Equivalents	10.00%	0.100%
Total	100.00%	

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Change in the Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 (valuation date) for the fiscal year ended June 30, 2022 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2022, for the measurement date of June 30, 2021:

Fiscal Year Ended June 30, 2022 (Measurement Date July, 01, 2021)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	\$ 4,089,669	\$ 1,219,035	\$ 2,870,634
Service cost	345,702	-	345,702
Interest in Total OPEB Liability	169,365	-	169,365
Employer contributions	-	470,062	(470,062)
Balance of diff between actual and exp experience	(630,927)	-	(630,927)
Balance of changes in assumptions	(222,326)	-	(222,326)
Actual investment income	-	285,519	(285,519)
Administrative expenses	-	(8,576)	8,576
Benefit payments	(209,600)	(209,600)	-
Net changes	(547,786)	537,405	(1,085,191)
Balance at June 30, 2022	\$ 3,541,883	\$ 1,756,440	\$ 1,785,443
Covered Employee Payroll	\$ 14,069,256		
Total OPEB Liability as a % of Covered Employee Payroll	25.17%		
Plan Fid. Net Position as a % of Total OPEB Liability	49.59%		
Service Cost as a % of Covered Employee Payroll	2.46%		
Net OPEB Liability as a % of Covered Employee Payroll	12.69%		

Deferred Inflows and Outflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 927,369
Difference between actual and expected earnings	-	169,508
Change in assumptions	61,712	-
OPEB contribution subsequent to measurement date	547,006	-
Totals	\$ 608,718	\$ 1,096,877

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Of the total amount reported as deferred outflows of resources related to OPEB, \$547,006 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows/inflows of resources will be recognized in OPEB expenses as follows:

Year Ended June 30,	
2023	\$ (171,390)
2024	(170,217)
2025	(170,685)
2026	(195,299)
2027	(133,684)
Thereafter	(193,890)
Total	\$ (1,035,165)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2022:

Service cost	\$ 345,702
Interest in TOL	169,365
Expected investment income	(67,119)
Difference between actual and expected experience	(159,929)
Difference between actual and expected earnings	(45,957)
Change in assumptions	31,108
Administrative expenses	8,576
OPEB Expense	\$ 281,746

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2022:

Net OPEB liability ending	\$ 1,785,443
Net OPEB liability beginning	(2,870,634)
Change in net OPEB liability	(1,085,191)
Changes in deferred outflows	256,369
Changes in deferred inflows	640,506
Employer contributions and implicit subsidy	470,062
OPEB Expense	\$ 281,746

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	5.00%	(1% Increase)
Net OPEB Liability (Asset)	\$ 2,022,881	\$ 1,785,443	\$ 1,564,814

Red Bluff Union Elementary School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

		Trend Rate	
		5.90% for 2020; decreasing 0.10% per year to an ultimate rate of 5.00% for 2029	
	(1% Decrease)	and later years	(1% Increase)
Net OPEB Liability (Asset)	\$ 1,482,616	\$ 1,785,443	\$ 2,130,689

NOTE 9 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Northern California Schools Insurance Group (NCSIG), North Valley Schools Insurance Group (NVSIG), Northern California ReLiEF (ReLiEF), and Schools Excess Liability Fund (SELF). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The entities arrange for and provide property and liability, workers' compensation, health benefits, and excess liability coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. The Boards control the operations of the JPAs including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA. The financial information for each JPA can be obtained by contacting them directly or visiting their websites.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to various claims and litigation. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Red Bluff Union Elementary School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources:	\$ 21,902,259	\$ 22,219,451	\$ 22,195,071	\$ (24,380)
Federal revenues	4,729,062	4,107,575	3,781,122	(326,453)
Other state	3,553,303	4,244,094	4,036,527	(207,567)
Other local	970,345	1,014,389	1,273,513	259,124
Total revenues	31,154,969	31,585,509	31,286,233	(299,276)
Expenditures:				
Certificated salaries	11,239,537	11,598,589	10,860,717	737,872
Classified salaries	4,771,362	4,537,396	4,241,458	295,938
Employee benefits	8,122,531	7,710,842	7,759,774	(48,932)
Books and supplies	2,762,877	3,955,563	1,492,044	2,463,519
Services and other operating expenditures	2,970,917	3,963,070	3,621,324	341,746
Capital outlay	28,000	164,500	166,749	(2,249)
Other outgo	290,126	290,374	246,732	43,642
Total expenditures	30,185,350	32,220,334	28,388,798	3,831,536
Excess (deficiency) of revenues over (under) expenditures	969,619	(634,825)	2,897,435	3,532,260
Other financing sources (uses):				
Transfers out	-	-	(200,000)	(200,000)
Total other financing sources (uses)	-	-	(200,000)	(200,000)
Change in fund balance	\$ 969,619	\$ (634,825)	2,697,435	\$ 3,332,260
Fund balances beginning			11,398,247	
Fund balance ending			\$ 14,095,682	

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

Red Bluff Union Elementary School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Cafeteria Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Federal revenues	\$ 1,075,306	\$ 1,449,948	\$ 1,318,506	\$ (131,442)
Other state	73,820	99,191	83,665	(15,526)
Other local	1,000	3,000	3,986	986
Total revenues	1,150,126	1,552,139	1,406,157	(145,982)
Expenditures:				
Classified salaries	502,414	512,144	516,568	(4,424)
Employee benefits	277,968	278,380	278,177	203
Books and supplies	490,875	660,375	494,938	165,437
Services and other operating expenditures	25,600	40,600	40,847	(247)
Total expenditures	1,296,857	1,491,499	1,353,339	138,160
Excess (deficiency) of revenues over (under) expenditures	(146,731)	60,640	52,818	(7,822)
Change in fund balance	\$ (146,731)	\$ 60,640	52,818	\$ (7,822)
Fund balances beginning			415,608	
Fund balance ending			\$ 468,426	

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

Red Bluff Union Elementary School District
Schedule of CALPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2022

CALPERS	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 381,252	\$ 461,840	\$ 545,945	\$ 589,566	\$ 770,120	\$ 870,450	\$ 906,470	\$ 1,113,018
Contributions in Relation to								
Contractually Required Contributions	381,252	461,840	545,945	589,566	770,120	870,450	906,470	1,113,018
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,238,909	\$ 3,898,371	\$ 3,931,056	\$ 3,796,059	\$ 4,263,758	\$ 4,413,823	\$ 4,379,082	\$ 4,858,219
Contributions as a % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

Notes to Schedule:

Valuation Date: June 30, 2020

Assumptions Used: Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll and Direct Rate Smoothing

3.8 Years Remaining Amortization Period

Inflation Assumed at 2.50%

Investment Rate of Returns set at 7.00%

CALPERS mortality table based on CALPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The CALPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CALPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

The CALPERS mortality assumptions was adjusted in fiscal year 2019.

Red Bluff Union Elementary School District
Schedule of CALPERS Proportionate Share
of Net Pension Liability
For the Fiscal Year Ended June 30, 2022

CALPERS	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.02750%	0.02791%	0.02908%	0.03083%	0.03067%	0.03076%	0.03053%	0.03052%
Proportionate Share of Net Pension Liability	\$ 3,121,920	\$ 4,114,506	\$ 5,742,744	\$ 7,359,935	\$ 8,177,588	\$ 8,964,772	\$ 9,368,770	\$ 6,205,865
Covered Payroll	\$ 2,886,777	\$ 3,238,909	\$ 3,898,371	\$ 3,931,056	\$ 3,796,059	\$ 4,263,758	\$ 4,413,823	\$ 4,379,082
Proportionate Share of NPL as a % of Covered Payroll	108.15%	127.03%	147.31%	187.23%	215.42%	210.26%	212.26%	141.72%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Red Bluff Union Elementary School District
Schedule of CALSTRS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2022

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 660,219	\$ 834,243	\$ 1,007,586	\$ 1,243,392	\$ 1,417,192	\$ 1,523,742	\$ 1,501,773	\$ 1,611,436
Contributions in Relation to								
Contractually Required Contributions	660,219	834,243	1,007,586	1,243,392	1,417,192	1,523,742	1,501,773	1,611,436
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,434,899	\$ 7,774,865	\$ 8,009,428	\$ 8,616,715	\$ 8,705,111	\$ 8,910,772	\$ 9,298,904	\$ 9,523,853
Contributions as a								
% of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%

Notes to Schedule:

Valuation Date: July 01, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District's required and actual contributions to CalSTRS during the year.

Red Bluff Union Elementary School District
Schedule of CALSTRS Proportionate Share
of Net Pension Liability
For the Fiscal Year Ended June 30, 2022

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.01600%	0.01394%	0.01429%	0.01500%	0.01600%	0.01600%	0.01600%	0.01676%
District's Proportionate Share of Net Pension Liability	\$ 9,349,920	\$ 9,387,417	\$ 11,556,537	\$ 13,871,850	\$ 14,705,120	\$ 14,450,560	\$ 15,505,440	\$ 7,627,141
State's Proportionate Share of Net Pension Liability Associated with the District	5,645,856	4,964,911	6,578,905	8,206,448	8,419,416	7,883,792	7,993,054	3,837,672
	<u>\$ 14,995,776</u>	<u>\$ 14,352,328</u>	<u>\$ 18,135,442</u>	<u>\$ 22,078,298</u>	<u>\$ 23,124,536</u>	<u>\$ 22,334,352</u>	<u>\$ 23,498,494</u>	<u>\$ 11,464,813</u>
Covered Payroll	\$ 6,943,297	\$ 7,434,899	\$ 7,774,865	\$ 8,009,428	\$ 8,616,715	\$ 8,705,111	\$ 8,910,772	\$ 9,298,904
Proportionate Share of NPL as a % of Covered Payroll	134.66%	126.26%	148.64%	173.19%	170.66%	166.00%	174.01%	82.02%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District's portion of the net pension liability of CalSTRS in compliance with GASB 68.

Red Bluff Union Elementary School District

Schedule of OPEB Contributions

For the Fiscal Year Ended June 30, 2022

<u>Fiscal Year Ended</u>	2018	2019	2020	2021	2022
Actuarially determined contribution (ADC)	\$ 449,863	\$ 463,359	\$ 443,272	\$ 563,290	\$ 456,570
Less: actual contribution in relation to ADC	(531,107)	(518,769)	(475,620)	(479,338)	(470,062)
Contribution deficiency (excess)	\$ (81,244)	\$ (55,410)	\$ (32,348)	\$ 83,952	\$ (13,492)
Covered employee payroll	\$ 12,541,629	\$ 13,075,537	\$ 13,467,721	\$ 13,853,640	\$ 14,069,256
Contrib. as a % of covered employee payroll	4.23%	3.97%	3.53%	3.46%	3.34%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	July 1, 2021
Measurement Date:	July 1, 2021
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	3.000%
Salary Increases	3.000%
Healthcare Trend Rate	5.75% for 2022; decreasing yearly to an ultimate
Investment Rate of Return	5.0%, Net of OPEB plan investment expenses, including inflation
Mortality	RP-2014 Employee Mortality RP-2014 Health Annuitant Mortality
Retirement	Plan experience 0.00%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate increased from 3.91% to 5.00% and the trend rate decreased from 6.00% to 5.75% from 2021 to 2022.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Red Bluff Union Elementary School District
Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 293,059	\$ 301,850	\$ 310,893	\$ 332,943	\$ 345,702
Interest	167,335	173,476	176,162	171,931	169,365
Differences between expected and actual experience	-	-	(616,501)	-	(630,927)
Changes of assumptions	-	159,578	156,149	124,541	(222,326)
Benefit payments	(364,014)	(310,481)	(287,506)	(226,238)	(209,600)
Net change in Total OPEB Liability	96,380	324,423	(260,803)	403,177	(547,786)
Total OPEB Liability - beginning	3,526,492	3,622,872	3,947,295	3,686,492	4,089,669
Total OPEB Liability - ending	\$ 3,622,872	\$ 3,947,295	\$ 3,686,492	\$ 4,089,669	\$ 3,541,883
Plan fiduciary net position					
Employer contributions	\$ 364,014	\$ 310,481	\$ 768,104	\$ 479,338	\$ 470,062
Net investment income	34,316	24,793	35,519	48,355	285,519
Benefit payments	(364,014)	(310,481)	(287,506)	(226,238)	(209,600)
Administrative expense	(156)	-	(1,889)	-	(8,576)
Net change in plan fiduciary net position	34,160	24,793	514,228	301,455	537,405
Plan fiduciary net position - beginning	344,399	378,559	403,352	917,580	1,219,035
Plan fiduciary net position - ending	\$ 378,559	\$ 403,352	\$ 917,580	\$ 1,219,035	\$ 1,756,440
Net OPEB liability (asset)	\$ 3,244,313	3,543,943	2,768,912	2,870,634	1,785,443
Plan fiduciary net position as a percentage of the total OPEB liability	10.45%	10.22%	24.89%	29.81%	49.59%
Covered Employee Payroll	\$ 12,176,339	\$ 12,541,629	\$ 13,075,537	\$ 13,467,721	\$ 13,853,640
Net OPEB liability as a percentage of covered employee payroll	26.64%	28.26%	21.18%	21.31%	12.89%
Total OPEB liability as a percentage of covered employee payroll	29.75%	31.47%	28.19%	30.37%	25.57%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate increased from 3.91% to 5.00% and the trend rate decreased from 6.00% to 5.75% from 2021 to 2022.

**SUPPLEMENTARY
INFORMATION**

Red Bluff Union Elementary School District

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2022

	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Deferred Maintenance Fund	Pupil Transportation Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	
Assets					
Cash and investments	\$ 1,144,755	\$ 532,277	\$ 144,259	323,315	\$ 2,144,606
Total Assets	\$ 1,344,755	\$ 532,277	\$ 144,259	\$ 323,315	\$ 2,344,606
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted for capital projects	-	-	144,258	-	144,258
Restricted for debt service	-	-	-	323,315	323,315
Assigned for site repairs	1,344,755	-	-	-	1,344,755
Assigned for transportation	-	532,277	-	-	532,277
Total Fund Balances	1,344,755	532,277	144,259	323,315	2,344,606
Total Liabilities and Fund Balances	\$ 1,344,755	\$ 532,277	\$ 144,259	\$ 323,315	\$ 2,344,606

Red Bluff Union Elementary School District
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Deferred Maintenance Fund	Pupil Transportation Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	
Revenues:					
LCFF Sources	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Other state	-	-	-	24	24
Other local	12,228	3,595	72,799	54,190	142,812
Total revenues	212,228	3,595	72,799	54,214	342,836
Expenditures:					
Plant services	-	-	1,148	-	1,148
Debt service:					
Principal	-	-	-	705,000	705,000
Interest and fees	-	-	-	236,019	236,019
Total expenditures	-	-	1,148	941,019	942,167
Excess (deficiency) of revenues over (under) expenditures	212,228	3,595	71,651	(886,805)	(599,331)
Other financing sources (uses):					
Transfers in	-	200,000	-	-	200,000
Premium from bond issuance	-	-	-	742,610	742,610
Total other financing sources (uses)	-	200,000	-	742,610	942,610
Change in fund balances	212,228	203,595	71,651	(144,195)	343,279
Fund balances beginning	1,132,527	328,682	72,608	467,510	2,001,327
Fund balances ending	\$ 1,344,755	\$ 532,277	\$ 144,259	\$ 323,315	\$ 2,344,606

COMPLIANCE SECTION

Red Bluff Union Elementary School District

Schedule of the Organization (Unaudited)

For the Fiscal Year Ended June 30, 2022

The District was established in 1929 and serves approximately 1,627 students. The District is located in Tehama County in Red Bluff, California, and operates three elementary schools, one middle school and two community day schools. There were not changes in the boundaries of the District during the year ended June 30, 2022.

Governing Board

Name	Office	Term Expires
Steve Piffero	President	2026
Heidi Ackley	Clerk	2024
Barbara Ramey	Member	2026
Yuri Heredia	Member	2024
Stacie Moore	Member	2026

Administration

Cliff Curry
Superintendent

Claudia Salvestrin
Assistant Superintendent

Angie Pacheco
Chief Business Official

Red Bluff Union Elementary School District

Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2022

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	756.79	767.81
Grades four through six	548.39	557.17
Grades seven and eight	298.75	302.95
Regular ADA Totals	1,603.93	1,627.93
Extended year special education:		
Grades TK/K through three	25.85	26.40
ADA Totals	1,629.78	1,654.33

Red Bluff Union Elementary School DistrictSchedule of Instructional Time
For the Fiscal Year Ended June 30, 2022

Grade Level	Minutes Requirements	2022 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	56,225	180	184	In Compliance
Grade 1	50,400	53,525	180	184	In Compliance
Grade 2	50,400	53,525	180	184	In Compliance
Grade 3	50,400	53,525	180	184	In Compliance
Grade 4	54,000	54,245	180	184	In Compliance
Grade 5	54,000	54,245	180	184	In Compliance
Grade 6	54,000	54,245	180	184	In Compliance
Grade 7	54,000	54,245	180	184	In Compliance
Grade 8	54,000	54,245	180	184	In Compliance

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

Red Bluff Union Elementary School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

	(Budget ¹)			
	2023	2022	2021	2020
<u>General Fund</u>				
Revenues and other financial sources	\$ 34,243,577	\$ 31,286,233	\$ 28,330,760	\$ 25,571,893
Expenditures	37,224,972	28,388,798	28,330,760	25,003,758
Other uses and transfers (out)	200,000	200,000	200,000	200,000
Total outgo	37,424,972	28,588,798	26,984,812	25,203,758
Change in fund balance	\$ (3,181,395)	\$ 2,697,435	\$ 1,345,948	\$ 368,135
Beginning fund balance restatement: Adjustment for GASB 84	\$ -	\$ -	\$ 41,032	\$ -
Ending fund balance	\$ 10,914,287	\$ 14,095,682	\$ 11,398,247	\$ 10,011,267
Available reserves ⁽²⁾	\$ 3,190,592	\$ 8,173,443	\$ 5,616,211	\$ 2,087,984
Reserve for economic uncertainties	\$ 2,773,916	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Unassigned fund balance	\$ 416,676	\$ 6,673,443	\$ 4,116,211	\$ 587,984
Available reserves as a percentage of total outgo	8.5%	28.6%	20.8%	8.3%
Total long-term liabilities	\$ 27,634,996	\$ 27,684,309	\$ 30,818,926	\$ 30,936,855
Average daily attendance (ADA) at P-2	1,628	1,629	1,674	1,936

ADA has decreased by 307 over the past three years. The District anticipates a decrease of 1 in ADA next year.

The General Fund balance has increased by \$4,084,415 in the last three years. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, other uses (total outgo). The fiscal year 2022-23 budget projects a \$3,181,395 decrease in fund balance.

The District has had an operating surplus in each of the past three years. Total long-term liabilities has decreased by \$3,252,546 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2022/23

² Available reserves consists of all unassigned fund balances in the General Fund, which includes the reserve for economic uncertainties.

Red Bluff Union Elementary School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through Tehama County Office of Education:			
Forest Reserve	10.665	10044	\$ 3,063
Passed through California Department of Education:			
<i>Child Nutrition Cluster</i>			
Child Nutrition: School Programs (NSL Sec 11)	10.555 ⁽¹⁾	13524	1,311,024
<i>Total Child Nutrition Cluster</i>			<u>1,311,024</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,314,087</u>
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
<i>Special Education Cluster</i>			
IDEA Local Assistance, Basic Local Assistance	84.027	13379	241,519
<i>Total Special Education Cluster</i>			<u>241,519</u>
ESEA (ESSA): Title V, Part B, Rural & Low Income School Program (aka REAP)	84.358	14356	59,126
Title II, Improving Teacher Quality	84.367	14341	121,643
NCLB (ESEA) : Title III, Limited English Proficient (LEP) Student Program	84.365	14346	51,105
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	71,447
Title I, Basic Grants Low Income and Neglected	84.010	14329	860,407
Governor's Emergency Education Relief (GEER) Fund: Learning LossMitigation	84.425C	15517	115,362
ESF Subprograms:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425 ⁽¹⁾	15536	63
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425 ⁽¹⁾	15547	50,972
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425 ⁽¹⁾	15559	1,661,679
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425 ⁽¹⁾	10155	427,080
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425 ⁽¹⁾	15621	13,853
Subtotal ESF programs			<u>2,153,647</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>3,674,256</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education:			
<i>Medicaid Nutrition Cluster</i>			
Medi-Cal Billing Option	93.778	10013	7,482
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>7,482</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 4,995,825</u>

⁽¹⁾ Audited as major program

Red Bluff Union Elementary School District
Reconciliation of Annual Financial and Budget report (SACS)
to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2022

	General Fund	Cafeteria Fund	Building Fund	Other Nonmajor Governmental Funds
June 30, 2022 Annual Financial and Budget Report Fund Balances	\$ 13,295,956	\$ 468,426	\$ 6,103,346	\$ 3,144,332
Adjustments and Reclassifications:				
Associated Student Body	47,690	-	-	(47,690)
Special Reserve Fund for Other Postemployment Benefits	752,036	-	-	(752,036)
June 30, 2022 Audited Financial Statements Fund Balances	<u>\$ 14,095,682</u>	<u>\$ 468,426</u>	<u>\$ 6,103,346</u>	<u>\$ 2,344,606</u>

Red Bluff Union Elementary School District

Schedule of Charter Schools (Unaudited)

For the Fiscal Year Ended June 30, 2022

The purpose of this schedule is to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit. There were no charter schools to be reported.

Red Bluff Union Elementary School District

Notes to Compliance Section
For the Fiscal Year Ended June 30, 2022

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

NOTE 2 - RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

Red Bluff Union Elementary School District

Notes to Compliance Section
For the Fiscal Year Ended June 30, 2022

NOTE 3 - BASIS OF PRESENTATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**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
Red Bluff Union Elementary School District
Red Bluff, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

February 23, 2023
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE)**

To the Board of Trustees
of the Red Bluff Union Elementary School District
Red Bluff, California

Report on Compliance for Each Major Federal Program

We have audited Red Bluff Union Elementary School District's (the District)'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2022.

Basis for opinion on Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management on Compliance Requirements

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.



Responsibilities of the Auditor on Compliance Requirements

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal programs.

In performing an audit in accordance with GAAS, Governmental Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to



be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

C & A LLP

February 23, 2023
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS**

Board of Education
Red Bluff Union Elementary School District
Red Bluff, California

Compliance

We have audited the Red Bluff Union Elementary School District's (the District)'s compliance with the types of compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2022.

Basis for Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.



Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of applicable state compliance requirements listed in the *Audit Guide*.

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

<u>Description</u>	<u>Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A



<u>Description</u>	<u>Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	N/A
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	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
Immunization	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	N/A
In Person Instructional Grant	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

In performing an audit in accordance with GAAS, *Governmental Auditing Standards*, and the *Audit Guide*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding for the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.



Chavan and Associates, LLP
Certified Public Accountants

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

C & A LLP

February 23, 2023
Morgan Hill, California

FINDINGS AND RECOMMENDATIONS

Red Bluff Union Elementary School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Non-compliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Type of auditor's report issued on compliance over major programs Unmodified

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
10.553, 10.555, 10.556 & 10.559	Child Nutrition
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

Auditee qualified as low risk auditee? x Yes No

State Awards

Internal control over state programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Type of auditor's report issued on compliance over state programs: Unmodified

Red Bluff Union Elementary School District

Prior Year Findings and Recommendations

For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

No findings noted.

Red Bluff Union Elementary School District

Prior Year Findings and Recommendations

For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

No findings noted.