

# Shasta Union Elementary School District

County of Shasta  
Shasta, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2021



# Shasta Union Elementary School District

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Shasta Union Elementary School District  
Shasta, 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 Shasta Union Elementary School District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The District's 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.

### ***Auditors' Responsibility***

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

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

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

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Opinions***

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

### ***Effect of Adopting New Accounting Standards***

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 92, *Omnibus 2020*, for the fiscal year ended June 30, 2021. Our opinion is not modified with respect to this matter.

### ***Other Matters***

***Required Supplementary Information*** Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule, and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information*** Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 66 to 71 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

## **INDEPENDENT AUDITORS' REPORT**

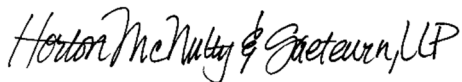
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Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 68 to 71 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The local educational agency organization structure and the schedule of charter schools 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of 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.



May 18, 2022  
Chico, California

## **FINANCIAL SECTION**

## **Required Supplementary Information**



# Shasta Union Elementary School District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### INTRODUCTION

An overview of the Shasta Union Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2021, is provided in this discussion and analysis of the District's financial performance.

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 92, *Omnibus 2020*, for the fiscal year ended June 30, 2021. The summarized comparative information presented in this management's discussion and analysis for the year ended June 30, 2020, has not been restated to reflect student activity revenue and expense accounting as required by the GASB Statement No. 84, as amended by GASB Statement No. 92. Information was not available for such restatement. Therefore, certain accounts fluctuate significantly between fiscal years 2019-20 and 2020-21 due to information for the two years not being comparable.

### FINANCIAL HIGHLIGHTS

Overall revenues were \$2,023,178. Revenues exceeded expenses by \$22,953.

Total net position in governmental activities was \$2,111,961, an increase of 1.1% from the previous year. The General Fund reported a total fund balance of \$891,527.

Enrollment for the District has decreased by 17.4%.

### USING THIS ANNUAL REPORT

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

- The first two financial statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining financial statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The District maintains governmental funds as follows:
  - *Governmental Funds*: Financial statements provide information on how basic services like regular and special education were financed in the short term as well as what remains for future spending.

## Shasta Union Elementary School District

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

#### **Government-Wide Financial Statements**

The government-wide financial statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets owned less the liabilities owed. The statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid. The two statements report the District's net position and how it has changed.

Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of net position and the statement of activities divide the District into two kinds of activities:

*Governmental Activities:* Represent the basic services provided by the District, such as regular and special education, administration, and transportation.

*Business-Type Activities:* Represent services for which the District charges fees to help cover the cost of certain services beyond the scope of normal District operations. The District does not have any of these types of activities at this time.

## **Shasta Union Elementary School District**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

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#### **Fund Financial Statements**

More detailed information about the District's most significant funds – not the District as a whole – is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by bond covenants and by state law.
- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

#### **Governmental Funds**

All of the District's basic services are included in governmental funds, which generally focus on:

- How cash and other financial assets can readily be converted to cash flow (in and out).
- The balances left at year end that are available for spending.

A detailed short-term view is provided by the governmental fund financial statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided following the governmental fund financial statements that explain the differences (or relationships) between them.

**Shasta Union Elementary School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

As shown in the following table, the District's net position as of June 30, 2021, was \$2,111,961. Of this amount, (\$463,684) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board of Trustees' ability to use the net position for day-to-day operations. All of the District's net position is the result of governmental activities.

June 30	Governmental Activities		Percentage Change 2020-21
	2020	2021	
<b>ASSETS</b>			
Cash and investments	\$ 1,067,591 *	\$ 1,098,250	2.9%
Receivables	275,086	786,157	185.8%
Other current assets	1,901	2,273	19.6%
Restricted cash and investments	53,267	71,122	33.5%
Capital assets - net	2,279,418	2,130,454	-6.5%
<b>TOTAL ASSETS</b>	<b>3,677,263 *</b>	<b>4,088,256</b>	<b>11.2%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources for OPEB	2,189	2,836	29.6%
Deferred outflows of resources for pensions	327,586	287,928	-12.1%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>329,775</b>	<b>290,764</b>	<b>-11.8%</b>
<b>LIABILITIES</b>			
Overdraft in county treasury	9,585	-	-100.0%
Accounts payable and other current liabilities	163,366	178,752	9.4%
Advances from grantors	28	328,388	1172714.3%
Long-term debt	1,647,296	1,432,864	-13.0%
<b>TOTAL LIABILITIES</b>	<b>1,820,275</b>	<b>1,940,004</b>	<b>6.6%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for OPEB	45	35,381	78524.4%
Deferred inflows of resources for pensions	97,710	291,674	198.5%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>97,755</b>	<b>327,055</b>	<b>234.6%</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,979,418	1,830,454	-7.5%
Restricted	674,101 *	745,191	10.5%
Unrestricted	(564,511)	(463,684)	17.9%
<b>TOTAL NET POSITION</b>	<b>\$ 2,089,008 *</b>	<b>\$ 2,111,961</b>	<b>1.1%</b>

\*As restated for implementation of GASB Statement No. 84, as amended by GASB Statement No. 92.

# Shasta Union Elementary School District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

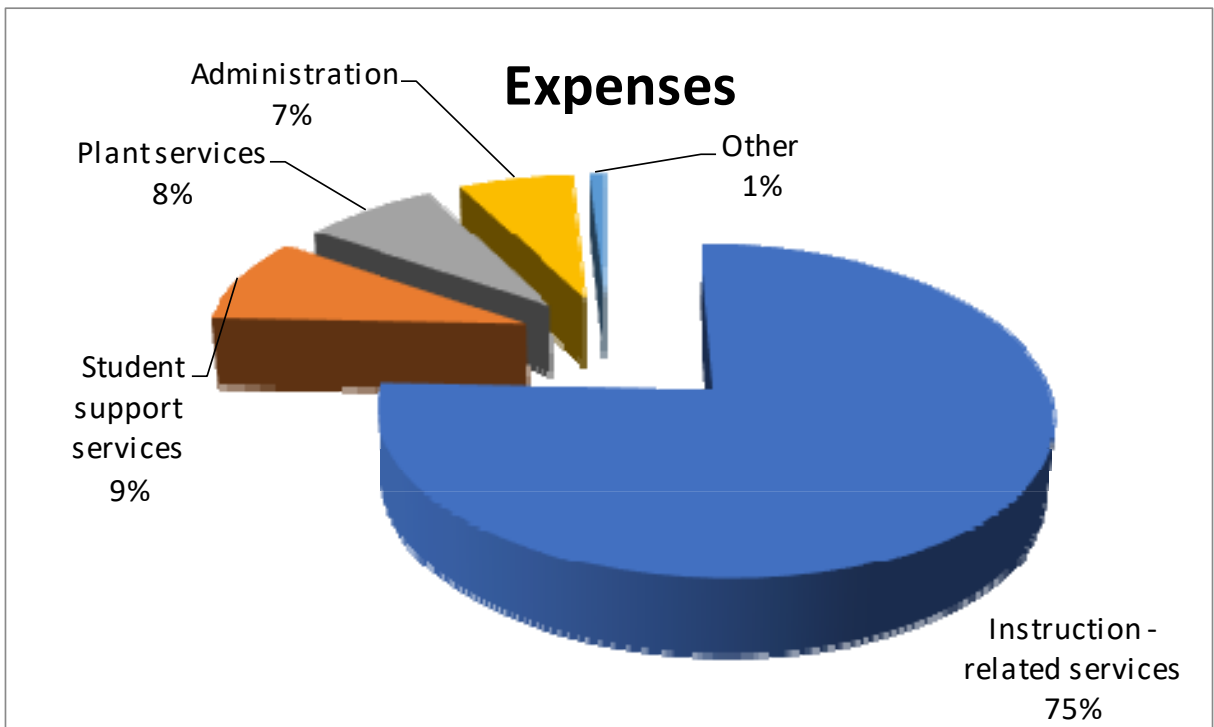
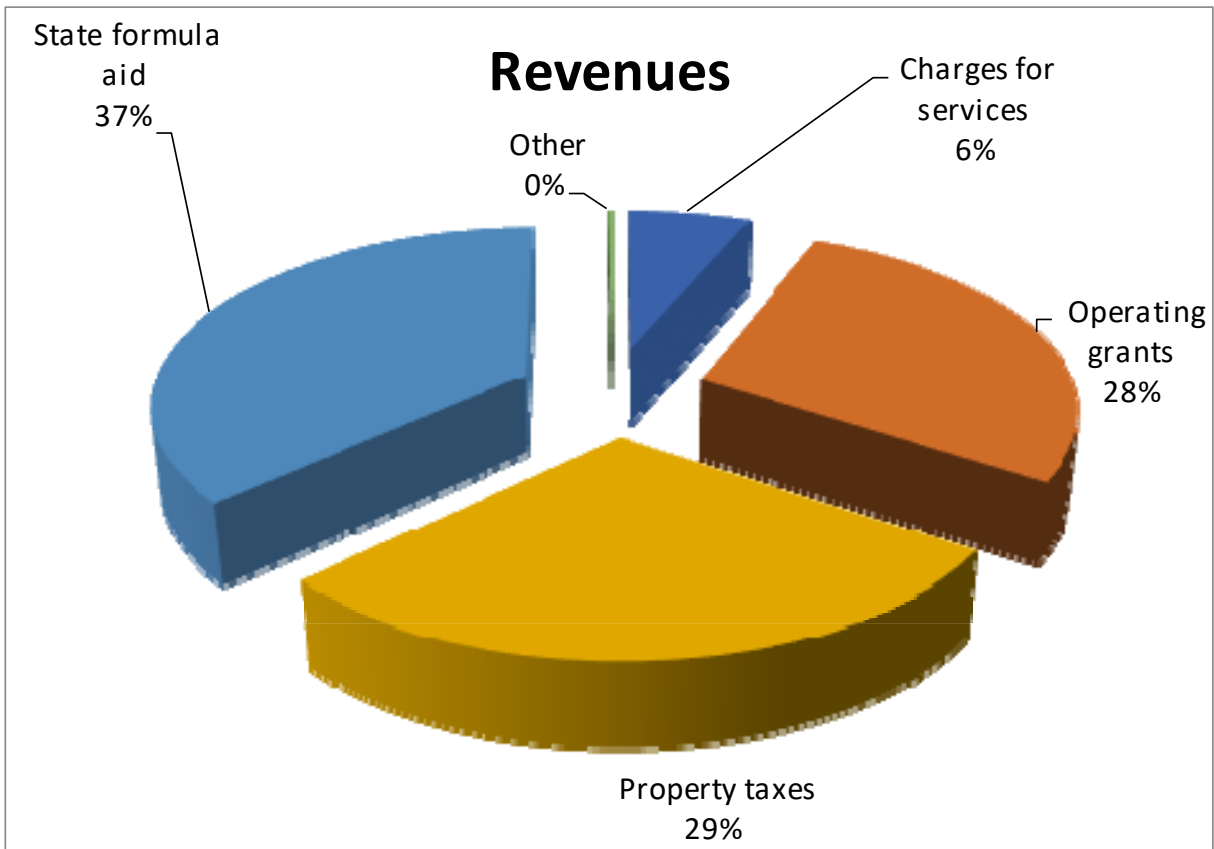
### Change in Net Position

The following table and graphs summarize the changes in net position for the District.

Total revenues for the fiscal year were \$2,023,178. Property taxes and state aid funding accounted for 66% of the District's revenue. Another 28% came from federal and state aid for specific programs, and the remaining 6% came from fees charged for services and miscellaneous sources.

The total cost of all programs and services for the fiscal year was \$2,000,225. Revenues exceeded the District's expenses for the year by \$22,953. The District's expenses are primarily related to educating and caring for students (84%). Administrative activities and plant services of the District account for 15% of the total costs.

June 30	Governmental Activities		Percentage
	2020	2021	Change 2020-21
<b>REVENUES</b>			
<b>Program Revenues</b>			
Charges for services	\$ 222,307	\$ 126,998	-42.9%
Federal and state categorical programs	267,105	566,702	112.2%
<b>General Revenues</b>			
Property taxes	487,292	583,230	19.7%
State formula aid	844,763	742,061	-12.2%
Other	(673)	4,187	722.1%
<b>Total Revenues</b>	<b>1,820,794</b>	<b>2,023,178</b>	<b>11.1%</b>
<b>EXPENSES</b>			
Instruction-related services	1,358,410	1,512,900	11.4%
Student support services	160,573	178,377	11.1%
Plant services	143,231	158,093	10.4%
Administration	137,457	133,649	-2.8%
Other	13,507	17,206	27.4%
<b>Total Expenses</b>	<b>1,813,178</b>	<b>2,000,225</b>	<b>10.3%</b>
<b>Change in Net Position</b>	<b>\$ 7,616</b>	<b>\$ 22,953</b>	<b>201.4%</b>



# Shasta Union Elementary School District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The District's total expenses were \$2,000,225; however, the net cost for these activities was \$1,306,525 after costs paid by those who benefited from the programs and amounts paid by other governments and organizations who subsidized certain programs with grants and contributions.

June 30	Total Cost of Services		Change 2020-21
	2020	2021	
Instruction	\$ 1,149,343	\$ 1,305,894	13.6%
Instruction-related services	209,067	207,006	-1.0%
Pupil services	160,573	178,377	11.1%
Ancillary services	5,227	1,264	-75.8%
General administration	137,457	133,649	-2.8%
Plant services	143,231	158,093	10.4%
Community services	484	-	-100.0%
Other outgo	7,796	15,942	104.5%
<b>Totals</b>	<b>\$ 1,813,178</b>	<b>\$ 2,000,225</b>	<b>10.3%</b>

June 30	Net Cost of Services		Change 2020-21
	2020	2021	
Instruction	\$ 893,947	\$ 779,992	-12.7%
Instruction-related services	202,532	194,831	-3.8%
Pupil services	110,299	99,471	-9.8%
Ancillary services	5,172	1,157	-77.6%
General administration	10,152	105,054	934.8%
Plant services	93,384	110,078	17.9%
Community services	484	-	-100.0%
Other outgo	7,796	15,942	104.5%
<b>Totals</b>	<b>\$ 1,323,766</b>	<b>\$ 1,306,525</b>	<b>-1.3%</b>

**Shasta Union Elementary School District**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Continued)

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds**

The District's governmental funds reported a combined fund balance of \$1,450,662, an increase of \$225,796 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2020	2021	
General	\$ 752,713 *	\$ 891,527	\$ 138,814
Cafeteria Special Revenue	9,257	23,513	14,256
Capital Facilities	462,896	535,622	72,726
<b>Totals</b>	<b>\$ 1,224,866 *</b>	<b>\$ 1,450,662</b>	<b>\$ 225,796</b>

*\* As restated for implementation of GASB Statement No. 84, as amended by GASB Statement No. 92.*

The increase in the General Fund is due primarily to receipt of higher revenues than estimated, in particular from one-time Education Relief funds coupled together with reduced operational expenditures due to the COVID Pandemic.

The increase in the Cafeteria Special Revenue Fund is due primarily to an unanticipated decrease in food costs in addition to unanticipated revenues received due to the COVID19 Pandemic.

The increase in the Capital Facilities Fund is due primarily to a continued increase in receipts of developer fees from a new housing development within the District while maintaining expenditures to planned projects.

**General Fund Budgetary Highlights**

During the course of the year, the District revises its budget as information is available that results in changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received for the General Fund is provided in our annual report as required supplementary information.

The budget amendments for the year typically fell into the following categories:

- Adjustments of revenue to actual enrollment and ADA data.
- Inclusion of new grants.
- Addition of grant and entitlement funds from the prior year.

The District budgeted revenues and other financing sources in the General Fund to exceed expenditures and other financing uses by \$374,343. Actual results for the year reflected a surplus of \$138,814. Actual total revenue was 11.4% less than the final operating budgeted amount. Actual total expenditures were 0.4% less than the final operating budgeted amounts.



# Shasta Union Elementary School District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

### CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

#### Capital Assets

The District has invested \$3,942,058 in capital assets including land, site improvements, buildings, and equipment. During 2020-21, the District installed a generator and HVAC.

June 30	Governmental Activities		Increase (Decrease)
	2020	2021	
Land	\$ 25,000	\$ 25,000	\$ -
Buildings	2,638,673	2,661,654	22,981
Site improvements	657,252	657,252	-
Equipment	598,152	598,152	-
<b>Total Capital Assets</b>	<b>\$ 3,919,077</b>	<b>\$ 3,942,058</b>	<b>\$ 22,981</b>

#### Long-Term Debt

At year end, the District had \$1,432,864 in outstanding long-term debt. Most of the changes in outstanding long-term debt were due to pension and OPEB liabilities.

June 30	Governmental Activities		Increase (Decrease)
	2020	2021	
Compensated absences	\$ 3,182	\$ 2,829	\$ (353)
Direct borrowing note payable	300,000	300,000	-
Net OPEB asset	(8,450)	(47,373)	(38,923)
Net pension liability	1,352,564	1,177,408	(175,156)
<b>Total Long-Term Debt</b>	<b>\$ 1,647,296</b>	<b>\$ 1,432,864</b>	<b>\$ (214,432)</b>

### FACTORS BEARING ON THE DISTRICT'S FUTURE

In the 2020-21 fiscal year the District moved back to in-person instruction. The District was able to maintain fiscal controls throughout the year while experiencing unpredictable costs while operating in the midst of the COVID-19 Pandemic. The District is cautiously optimistic that it will experience a favorable financial future but it is dependent on many factors, including growth of the state economy and an improvement in enrollment. The District will continue to monitor the effects of the COVID-19 Pandemic and the Board of Trustees is prepared to take necessary steps to ensure the District's fiscal solvency.

## **Shasta Union Elementary School District**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

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#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions regarding this report, or for additional financial information, please contact:

Robert Fellingner, Chief Business Official  
Redding School District  
5885 East Bonnyview Road  
Redding, CA 96001

## **Basic Financial Statements**

**Shasta Union Elementary School District**  
**STATEMENT OF NET POSITION**

June 30, 2021	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 1,098,250
Accounts receivable	31,734
Due from other governments	754,423
Inventories	2,273
Restricted cash and investments	71,122
Nondepreciated capital assets	25,000
Depreciated capital assets	3,917,058
Accumulated depreciation	(1,811,604)
<b>TOTAL ASSETS</b>	<b>4,088,256</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred inflows of resources for OPEB	2,836
Deferred outflows of resources for pensions	287,928
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>290,764</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	172,224
Due to other governments	6,528
Advances from grantors	328,388
Long-term obligations:	
Due beyond one year	1,432,864
<b>TOTAL LIABILITIES</b>	<b>1,940,004</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources for OPEB	35,381
Deferred inflows of resources for pensions	291,674
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>327,055</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,830,454
Restricted for capital projects	535,622
Restricted for debt service	71,122
Restricted for educational programs	117,207
Restricted for other purposes	21,240
Unrestricted	(463,684)
<b>TOTAL NET POSITION</b>	<b>\$ 2,111,961</b>

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

**Shasta Union Elementary School District**  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>				
<b>Primary Government</b>				
Governmental activities:				
Instruction	\$ 1,305,894	\$ 72,377	\$ 453,525	\$ (779,992)
Instruction-related services	207,006	-	12,175	(194,831)
Pupil services	178,377	-	78,906	(99,471)
Ancillary services	1,264	-	107	(1,157)
General administration	133,649	17,238	11,357	(105,054)
Plant services	158,093	37,383	10,632	(110,078)
Other outgo	15,942	-	-	(15,942)
<b>Total Governmental Activities</b>	<b>\$ 2,000,225</b>	<b>\$ 126,998</b>	<b>\$ 566,702</b>	<b>(1,306,525)</b>
<b>GENERAL REVENUES</b>				
Property taxes - levied for general purposes				583,230
Federal and state aid not restricted to specific purposes				742,061
Unrestricted investment loss				(2,259)
Miscellaneous				6,446
<b>TOTAL GENERAL REVENUES</b>				<b>1,329,478</b>
<b>Change in Net Position</b>				<b>22,953</b>
<b>Net Position - as Previously Reported</b>				<b>2,017,065</b>
Cumulative effect of change in accounting principles				71,943
<b>Net Position - as Restated</b>				<b>2,089,008</b>
<b>Net Position - End of Year</b>				<b>\$ 2,111,961</b>

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

# Shasta Union Elementary School District

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 539,860	\$ 535,622	\$ 22,768	\$ 1,098,250
Accounts receivable	31,734	-	-	31,734
Due from other governments	745,766	-	8,657	754,423
Restricted cash and investments	71,122	-	-	71,122
Inventories	-	-	2,273	2,273
<b>TOTAL ASSETS</b>	<b>\$ 1,388,482</b>	<b>\$ 535,622</b>	<b>\$ 33,698</b>	<b>\$ 1,957,802</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 162,067	\$ -	\$ 10,157	\$ 172,224
Due to other governments	6,528	-	-	6,528
Advances from grantors	328,360	-	28	328,388
<b>Total Liabilities</b>	<b>496,955</b>	<b>-</b>	<b>10,185</b>	<b>507,140</b>
<b>Fund Balance</b>				
Nonspendable	800	-	2,273	3,073
Restricted	188,329	535,622	21,240	745,191
Assigned	614,898	-	-	614,898
Unassigned	87,500	-	-	87,500
<b>Total Fund Balances</b>	<b>891,527</b>	<b>535,622</b>	<b>23,513</b>	<b>1,450,662</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,388,482</b>	<b>\$ 535,622</b>	<b>\$ 33,698</b>	<b>\$ 1,957,802</b>

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

# Shasta Union Elementary School District

## RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2021

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<b>Total Fund Balances - Governmental Funds</b>	\$ 1,450,662
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 3,942,058
Accumulated depreciation	(1,811,604)

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<b>Total Capital Assets - Net</b>	2,130,454
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Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	1,177,408
Net OPEB asset	(47,373)
Compensated absences	2,829
Direct borrowing note payable	300,000

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<b>Total Long-Term Liabilities</b>	(1,432,864)
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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions	287,928
Deferred inflows of resources relating to pensions	(291,674)

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported:

Deferred outflows of resources relating to OPEB	2,836
Deferred inflows of resources relating to OPEB	(35,381)

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<b>Total Net Position - Governmental Activities</b>	\$ 2,111,961
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*The accompanying notes are an integral part of these financial statements.*

## Shasta Union Elementary School District

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2021	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 583,230	\$ -	\$ -	\$ 583,230
Local control funding formula sources	697,043	-	-	697,043
Other state revenue	204,206	-	3,361	207,567
Federal revenue	207,174	-	62,075	269,249
Other local revenue	184,745	96,105	1,372	282,222
<b>Total Revenues</b>	<b>1,876,398</b>	<b>96,105</b>	<b>66,808</b>	<b>2,039,311</b>
<b>Expenditures</b>				
Current:				
Instruction	1,126,910	-	-	1,126,910
Instruction-related services	201,675	-	-	201,675
Pupil services	98,443	-	71,479	169,922
Ancillary services	1,264	-	-	1,264
General administration	123,947	7,379	-	131,326
Plant services	142,422	-	1,073	143,495
Transfers between agencies	15,942	-	-	15,942
Capital outlay	6,981	16,000	-	22,981
<b>Total Expenditures</b>	<b>1,717,584</b>	<b>23,379</b>	<b>72,552</b>	<b>1,813,515</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>158,814</b>	<b>72,726</b>	<b>(5,744)</b>	<b>225,796</b>
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	-	-	20,000	20,000
Interfund transfers out	(20,000)	-	-	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(20,000)</b>	<b>-</b>	<b>20,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>138,814</b>	<b>72,726</b>	<b>14,256</b>	<b>225,796</b>
<b>Fund Balances - as Previously Reported</b>	<b>680,770</b>	<b>462,896</b>	<b>9,257</b>	<b>1,152,923</b>
Cumulative effect of change in accounting principles	71,943	-	-	71,943
<b>Fund Balances - as Restated</b>	<b>752,713</b>	<b>462,896</b>	<b>9,257</b>	<b>1,224,866</b>
<b>Fund Balances - End of Year</b>	<b>\$ 891,527</b>	<b>\$ 535,622</b>	<b>\$ 23,513</b>	<b>\$ 1,450,662</b>

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



# Shasta Union Elementary School District

## RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION

Year Ended June 30, 2021

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	225,796
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	\$	22,981
Depreciation expense		(171,945)

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<b>Net Capital Outlay</b>	(148,964)
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Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

353

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:

(58,466)

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

4,234

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<b>Change in Net Position of Governmental Activities</b>	\$	22,953
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*The accompanying notes are an integral part of these financial statements.*

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The District is governed by an elected five-member board. The District operates one elementary school in Shasta, California.

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 District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

#### Implementation of New Accounting Standards

**Governmental Accounting Standards Board Statements No. 84 and 92** The District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 92, *Omnibus 2020*, for the fiscal year ended June 30, 2021. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement has been applied retroactively to all periods presented. Accordingly, the District's financial statements have been presented in accordance with the guidance from this statement as follows:

- The Foundation Private-Purpose Trust Fund, reported previously as a fiduciary fund, does not meet the new fiduciary criteria and has been reclassified to the General Fund. Fund balances of the governmental funds and net position of the governmental activities, as of July 1, 2020, have been restated by \$71,943.

#### Basis of Presentation

**Government-Wide Financial Statements** The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function; and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) fees, fines, and charges paid by recipients of goods or services offered by the major programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and unrestricted grants and contributions, are presented as general revenues.

**Fund Financial Statements** Fund financial statements are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the District are described below.

### Governmental Funds

**General Fund** 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.

**Special Revenue Funds** Funds that are established to account for the proceeds from specific resources that are restricted to the financing of particular activities.

1. Cafeteria Special Revenue Fund is used to account separately for federal, state, and local resources received to operate the District's food service program (*California Education Code*, Sections 38091 and 38100).

**Capital Projects Funds** Funds that are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. Capital Facilities Fund is used primarily to account for funds received from fees levied on developers or others as a condition for approving development (*California Education Code*, Sections 17620-17626).

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Governmental Funds:

General Fund

Capital Facilities Fund

Nonmajor Governmental Funds:

Cafeteria Special Revenue Fund

### Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus** On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting** In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### **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 are presented for the General Fund 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 legally cannot exceed appropriations by major object account.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Cash, Cash Equivalents, and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2021, the fair value of the County pool was 100.34% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

## **Shasta Union Elementary School District**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during the year ended June 30, 2021, was \$9,533. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2021, was \$3,589.

#### **Restricted Cash, Cash Equivalents, and Investments**

Certain restricted cash, cash equivalents, and investments are held by a fiscal agency for debt service (General Fund). Restricted cash and cash equivalents are displayed as restricted cash and investments.

#### **Accounts Receivable and Due From Other Governments**

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed, but not received, as of June 30, 2021. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the District has earned or been allocated, but has not received, as of June 30, 2021. At June 30, 2021, no allowance for doubtful accounts was deemed necessary.

#### **Balances Due To/From Other Funds**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Balances due to/from other funds between funds within governmental activities are eliminated in the statement of net position.

#### **Inventories**

Inventories consist of supplies and materials. Expenses are recorded as the supplies and materials are consumed. Inventories are valued on the average cost method for purchased supplies and materials. Donated commodities' inventory is valued at its fair value at the time of donation.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year, except for buildings and improvements for which a higher capitalization threshold of \$25,000 or more is used. All fixed assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives in years by type of asset is as follows:

School buildings	50
Portable classrooms	25
Site improvements	20
Equipment	5-20
Vehicles	8

### Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### Advances From Grantors

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Advances from grantors are recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### **Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations, fiduciary fund operations, or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. All long-term debt to be repaid from fiduciary resources is reported as liabilities in the fiduciary fund statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

### **Compensated Absences**

The liability for earned but unused vacation leave is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), which will only be recognized as an outflow of resources (expense/expenditures) in the future. District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes 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 would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.



# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### Equity Classifications

**Government-Wide Statements** Equity is classified as net position and displayed in three components:

*Net Investment in Capital Assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

*Unrestricted Net Position:* Consists of any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Fund Statements** Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

*Nonspendable Fund Balance:* Consists of amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted Fund Balance:* Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

*Committed Fund Balance:* Consists of amounts that can be used only for specific purposes determined by a formal action of the District's Board of Trustees. The District's Board of Trustees is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or budget adoption approved by the District's Board of Trustees.

*Assigned Fund Balance:* Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

*Unassigned Fund Balance:* Consists of the residual balance in the General Fund that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

## Shasta Union Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than 5% of total General Fund operating expenditures and other financing uses. In the event that the balance drops below the established minimum level, the District's Board of Trustees will develop a plan to replenish the fund balance to the established minimum.

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

#### **Local Control Funding Formula Grant and Property Tax**

The District's local control funding formula (LCFF) grant is received from a combination of local property taxes and state apportionments.

Shasta 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. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively.

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.

Property taxes are recorded as LCFF sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's LCFF provides a base grant per average daily attendance (ADA), which varies by grade span, plus supplemental and concentration grants that reflect student demographic factors and categorical programs.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### Revenue – Nonexchange Transactions

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. 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 required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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.

### Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental funds – by character:
  - Current (further classified by function)
  - Debt service
  - Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

### OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Shasta Union Elementary School District**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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#### **Pensions**

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

#### **Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2021	Maturities	Fair Value
Deposits (1)		\$ 900
<b>Investments That Are Not Securities (2)</b>		
County treasurer's investment pool	20.5 months average	1,097,350
<b>Total Cash and Investments Per Government-Wide Statement of Net Position</b>		<b>\$ 1,098,250</b>

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.
- (2) **Investments That Are Not Securities** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

#### Restricted Cash and Investments

The following is a summary of restricted cash and investments with fiscal agent:

June 30, 2021	Fair Value
Deposits (1)	\$ 71,122

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

#### Credit Risk – Investments

*California Government Code*, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District has no investment policy that would further limit its investment choices. The District's investment in the County investment pool is unrated.

## Shasta Union Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### **Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2021:

- County treasurer's investment pool of \$1,097,350 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

#### **Concentration of Credit Risk – Investments**

*California Government Code*, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

*California Government Code*, Section 53601, places the following concentration limits on the District's investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2021		<b>General Fund</b>
Other	\$	31,734

### 4. DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following:

June 30, 2021	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Due From</b>		
Federal government	\$ 403,078	\$ 8,048
State government	251,718	609
Local governments	90,970	-
<b>Total</b>	<b>\$ 745,766</b>	<b>\$ 8,657</b>

### 5. INTERFUND TRANSFERS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers are as follows:

<b>Interfund Transfer Out</b>	<b>Interfund Transfer In</b>		
General	Cafeteria Special Revenue	\$	20,000

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no transfers that were not routine or inconsistent with the activities of the funds making the transfer.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Nondepreciated Capital Assets</b>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
<b>Nondepreciated Capital Assets</b>				
Buildings	2,638,673	22,981	-	2,661,654
Site improvements	657,252	-	-	657,252
Equipment and vehicles	598,152	-	-	598,152
<b>Total Depreciated Capital Assets</b>	<b>3,894,077</b>	<b>22,981</b>	<b>-</b>	<b>3,917,058</b>
<b>Totals at Historical Cost</b>	<b>3,919,077</b>	<b>22,981</b>	<b>-</b>	<b>3,942,058</b>
<b>Less: Accumulated Depreciation</b>				
Buildings	1,233,271	103,757	-	1,337,028
Site improvements	130,330	40,079	-	170,409
Equipment and vehicles	276,058	28,109	-	304,167
<b>Total Accumulated Depreciation</b>	<b>1,639,659</b>	<b>171,945</b>	<b>-</b>	<b>1,811,604</b>
<b>Total Depreciated Capital Assets - Net</b>	<b>2,254,418</b>	<b>(148,964)</b>	<b>-</b>	<b>2,105,454</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS - NET</b>	<b>\$ 2,279,418</b>	<b>\$ (148,964)</b>	<b>\$ -</b>	<b>\$ 2,130,454</b>

Depreciation expense was charged to governmental activities as follows:

Year Ended June 30, 2021	
<b>Governmental Activities</b>	
Instruction	\$ 169,625
Pupil services	2,320
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 171,945</b>



# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2021	General Fund	Other Governmental Funds
Vendors	\$ 161,108	\$ 10,132
Salaries and benefits	619	-
Other	340	25
<b>Total</b>	<b>\$ 162,067</b>	<b>\$ 10,157</b>

### 8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2021	General Fund
<b>Due To</b>	
Local governments	\$ 6,528

### 9. DIRECT BORROWING NOTE PAYABLE

On December 20, 2016, the District was selected to receive a loan under the provisions of *California Education Code*, Section 17456, totaling \$300,000. The provisions of the loan required the District to deposit \$17,647 into a sinking fund annually for 17 years which began December 20, 2017, to repay the loan due on December 20, 2033. As of June 30, 2021, the principal balance outstanding was \$300,000. The note is due on December 20, 2033.

### 10. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt:

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 3,182	\$ -	\$ 353	\$ 2,829	\$ -
Direct borrowing note payable	300,000	-	-	300,000	-
Net OPEB asset	(8,450)	(38,923)	-	(47,373)	-
Net pension liability	1,352,564	-	175,156	1,177,408	-
<b>Total</b>	<b>\$ 1,647,296</b>	<b>\$ (38,923)</b>	<b>\$ 175,509</b>	<b>\$ 1,432,864</b>	<b>\$ -</b>

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 11. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2021	General Fund	Capital Facilities Fund	Governmental	Other Funds
<b>Nonspendable</b>				
Reserved for:				
Revolving cash	\$ 800	\$ -	\$ -	-
Inventories	-	-	-	2,273
<b>Total Nonspendable</b>	<b>\$ 800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,273</b>
<b>Restricted</b>				
Restricted for:				
Capital projects	\$ -	\$ 535,622	\$ -	-
Debt service	71,122	-	-	-
Federal and state categoricals	117,207	-	-	21,240
<b>Total Restricted</b>	<b>\$ 188,329</b>	<b>\$ 535,622</b>	<b>\$ -</b>	<b>21,240</b>
<b>Assigned</b>				
Assigned for:				
Fiscal stability	\$ 333,325	\$ -	\$ -	-
Textbook adoption	50,000	-	-	-
Technology needs	50,000	-	-	-
School donations account	26,303	-	-	-
Other assignments	155,270	-	-	-
<b>Total Assigned</b>	<b>\$ 614,898</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Unassigned</b>				
Designated for economic uncertainties	\$ 87,500	\$ -	\$ -	-

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 12. JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Northern California Schools Insurance Group (NCSIG), Shasta-Trinity Schools Insurance Group (STSIG), Schools Excess Liability Fund (SELF), and Northern California Regional Excess Liability Fund (ReLiEF). 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 JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its 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.

### 13. COMMITMENTS AND CONTINGENCIES

#### Federal and State Allowances, Awards, and Grants

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

#### COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The ongoing pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly-evolving situation. The impact of the pandemic on the District's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to assess the overall impact of COVID-19 on the District's future. However, if the pandemic continues, the disease could have a material adverse effect on the District's results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the District's operations and financial performance.

### 14. 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 joint powers agreements for property, liability, workers' compensation, and health care coverage.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 15. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS, and classified employees are members of CalPERS.

#### Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2021	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers'				
Retirement Plan	\$ 677,553	\$ 150,962	\$ 291,674	\$ 74,750
CalPERS School Employer Pool	499,855	136,966	-	103,302
<b>Total</b>	<b>\$ 1,177,408</b>	<b>\$ 287,928</b>	<b>\$ 291,674</b>	<b>\$ 178,052</b>

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of activities.

#### California State Teachers' Retirement System

**Plan Description** Certificated employees of the District participate in STRP, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at [www.calstrs.com](http://www.calstrs.com).

**Benefits Provided** STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

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

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

**Contributions** Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2021, were \$67,616.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2021

District's proportionate share of the net pension liability	\$	677,553
State's proportionate share of the net pension liability associated with the District		349,276
<b>Total</b>	<b>\$</b>	<b>1,026,829</b>

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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 and the state, actuarially determined. At June 30, 2021, the District's proportion was 0.001%.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

State Teachers' Retirement Law also requires the state to contribute 10.328% of the members' creditable earnings from the fiscal year ending in the prior calendar year. *California Education Code*, Section 22950.6 appropriated an additional \$2,246,000,000 from the state's General Fund for the 2018–19 fiscal year to be transferred to the Teachers' Retirement Fund to reduce school employers' contributions and unfunded liabilities for the 2019-20 and 2020-21 fiscal years. For the year ended June 30, 2021, the District recognized pension expense of \$10,921 and revenue of \$10,921 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,196	\$ 19,096
Net difference between projected and actual earnings on pension plan investments	16,091	-
Change in assumptions	66,059	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	272,578
District contributions subsequent to the measurement date	67,616	-
<b>Total</b>	<b>\$ 150,962</b>	<b>\$ 291,674</b>

The \$67,616 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2022	\$ (40,853)
2023	(24,243)
2024	(17,574)
2025	(38,127)
2026	(87,597)
Thereafter	66
<b>Total</b>	<b>\$ (208,328)</b>

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Actuarial Assumptions** The total pension liability in the June 30, 2019, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

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Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public equity	42%	4.80%
Private equity	13%	6.30%
Real estate	15%	3.60%
Inflation sensitive	6%	3.30%
Fixed income	12%	1.30%
Risk mitigating strategies	10%	1.80%
Cash/liquidity	2%	-0.40%
<b>Total</b>	<b>100%</b>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers were made at statutory contribution rates in accordance with the rate increases pursuant to Chapter 47, Statutes of 2014 (AB 1469). Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assumes that contributions, benefit payments, and administrative expenses occurred midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.



# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

June 30, 2021	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 1,023,688	\$ 677,553	\$ 391,770

**Pension Plan Fiduciary Net Position** Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Comprehensive Annual Financial Report* (CAFR).

### California Public Employees' Retirement System

**Plan Description** Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided** The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions** Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2020-21 fiscal year was 20.70%. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were \$51,970.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2021, the District reported a net pension liability of \$499,855 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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 school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.00163%.

For the year ended June 30, 2021, the District recognized pension expense of \$103,302. *California Government Code*, Section 20825.2 appropriated \$904,000,000 from the state's General Fund for fiscal year 2018-19 to be transferred to the Public Employees' Retirement Fund, to reduce school employers' contributions and unfunded liabilities for the 2019-20 through 2021-22 fiscal years. For the year ended June 30, 2021, the District recognized pension expense of \$14,727 and revenue of \$14,727 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 24,791	\$ -
Net difference between projected and actual earnings on pension plan investments	10,405	-
Change in assumptions	1,833	-
Changes in proportion and differences between District contributions and proportionate share of contributions	47,967	-
District contributions subsequent to the measurement date	51,970	-
<b>Total</b>	<b>\$ 136,966</b>	<b>\$ -</b>

The \$51,970 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2022	\$ 35,749
2023	24,681
2024	18,614
2025	5,952
<b>Total</b>	<b>\$ 84,996</b>

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Actuarial Assumptions** The total pension liability in the June 30, 2019, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

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Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%

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Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
<b>Total</b>	<b>100%</b>		

**Discount Rate** The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

June 30, 2021	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 718,633	\$ 499,855	\$ 318,281

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

### 16. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2020-21 pursuant to *California Education Code*, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

#### Plan Description and Benefits Provided

The District provides postemployment health care benefits to qualifying employees through a single-employer defined benefit health care plan administered by the District. The District provides postemployment health care benefits to certificated employees and management who retire from the District on or after attaining age 55 with at least 15 years of service, ten of which must be with the District, for a maximum of ten years or until the retiree reaches age 65. The District provides medical, dental, and vision coverage for eligible certificated retirees and their dependents with a monthly contribution of up to \$450 per month.

The District also provides postemployment health care benefits to all classified employees and their dependents who retire from the District on or after reaching age 55 with at least 15 years of service to the District. The classified retirees shall be included in the program for a maximum of ten years or until the retiree reaches age 65. For classified retirees, the District contributes up to \$250 per month.

#### Employees Covered

Employees covered by the benefit terms of the Plan consisted of:

June 30, 2021

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Inactive Plan members or beneficiaries currently receiving benefit payments	-
Active Plan members	9
<b>Total</b>	<b>9</b>

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#### Contributions

The District's agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District's Board of Trustees through the collective bargaining process. The members receiving benefits contributions vary depending on the level of coverage selected. For the fiscal year ended June 30, 2021, no contributions were made to the plan.

#### Net OPEB Asset

The District's net OPEB asset for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The total OPEB liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021, using standard update procedures. The June 30, 2021, total OPEB liability was based on the actuarial methods and assumptions as shown below.

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### Actuarial Assumptions

The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age, level percent of pay
Actuarial assumptions:	
Salary increases	3.00%
Inflation rate	2.75%
Investment rate of return	7.25% <sup>(1)</sup>
Healthcare cost trend rate	5.80%

*(1) Net of OPEB plan investment expense*

Mortality is based on Mortality Rates from CalSTRS Experience Analysis (2015-2018) for certificated employees and Mortality Rates from CalPERS Experience Study (1997-2015) for classified employees.

### Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by Plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by Plan assets.

### Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined by the California Employers' Retiree Benefit Trust (CERBT) using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

As of June 30, 2021, the long-term expected rate of return on Plan investments was 7.25%. The target allocation of the Plan's investments for each major investment class in the Plan's portfolio are as follows:

<b>Investment Class</b>	<b>Target Allocation</b>
Global Equity	59.00%
U.S. fixed income	25.00%
Real estate investment trusts	8.00%
Treasury inflation-protected securities	5.00%
Commodities	3.00%

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### Changes in the Net OPEB Asset

The changes in the net OPEB asset for the Plan are as follows:

Year Ended June 30, 2021	
<b>Total OPEB Liability</b>	
Service cost	\$ 4,086
Interest	2,801
Difference between expected and actual experience	(28,127)
Changes of assumptions	1,433
<b>Net Change in Total OPEB Liability</b>	<b>(19,807)</b>
<b>Total OPEB Liability - Beginning of Year</b>	<b>61,247</b>
<b>Total OPEB Liability - End of Year (a)</b>	<b>41,440</b>
<b>Plan Fiduciary Net Position</b>	
Net investment income	19,184
Administrative expense	(68)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>19,116</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>69,697</b>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>88,813</b>
<b>Plan Net OPEB Asset - End of Year ((a) - (b))</b>	<b>\$ (47,373)</b>
Plan fiduciary net position as a percentage of the total OPEB liability	214.32%
Covered-employee payroll	\$ 443,503
District's net OPEB asset as a percentage of covered-employee payroll	10.68%

### Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's net OPEB asset calculated using the discount rate of 7.25%, as well as the District's net OPEB asset if it was calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB asset	\$ (45,634)	\$ (47,373)	\$ (49,082)

# Shasta Union Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the District's net OPEB asset calculated using the healthcare cost trend rate of 5.80%, as well as the District's net OPEB asset if it was calculated using a healthcare trend rate that is one percentage point lower (4.80%) or one percentage point higher (6.80%) than the current rate:

June 30, 2021	1% Decrease (4.80%)	Health Cost Trend Rates (5.80%)	1% Increase (6.80%)
Net OPEB asset	\$ (50,553)	\$ (47,373)	\$ (43,823)

### Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued OPEB financial report. CalPERS issues a publicly available financial report that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$(4,234). At June 30, 2021, 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 expected and actual experience	\$ -	\$ 24,109
Net difference between projected and actual earnings on Plan investments	1,608	11,272
Change in assumptions	1,228	-
<b>Total</b>	<b>\$ 2,836</b>	<b>\$ 35,381</b>

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

#### Year Ending June 30

2022	\$ (6,067)
2023	(6,045)
2024	(6,180)
2025	(6,624)
2026	(3,813)
Thereafter	(3,816)
<b>Total</b>	<b>\$ (32,545)</b>



## **Required Supplementary Information**

**Shasta Union Elementary School District**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

Year Ended June 30, 2021	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 490,432	\$ 599,250	\$ 583,230	\$ (16,020)
Local control funding formula sources	676,080	673,666	697,043	23,377
Other state revenue	81,606	227,506	204,206	(23,300)
Federal revenue	106,907	484,829	207,174	(277,655)
Other local revenue	120,400	133,012	184,745	51,733
<b>Total Revenues</b>	<b>1,475,425</b>	<b>2,118,263</b>	<b>1,876,398</b>	<b>(241,865)</b>
<b>Expenditures</b>				
Certificated salaries	415,837	453,793	483,371	(29,578)
Classified salaries	185,374	211,363	245,444	(34,081)
Employee benefits	253,538	283,561	281,091	2,470
Books and supplies	72,524	103,978	101,999	1,979
Services and other operating	515,169	648,272	582,756	65,516
Capital outlay	-	6,981	6,981	-
Other outgo	7,796	15,972	15,942	30
<b>Total Expenditures</b>	<b>1,450,238</b>	<b>1,723,920</b>	<b>1,717,584</b>	<b>6,336</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>25,187</b>	<b>394,343</b>	<b>158,814</b>	<b>(235,529)</b>
<b>Other Financing Sources (Uses)</b>				
Interfund transfers out	(7,206)	(20,000)	(20,000)	-
<b>Net Change in Fund Balances</b>	<b>17,981</b>	<b>374,343</b>	<b>138,814</b>	<b>(235,529)</b>
<b>Fund Balances - as Previously Reported</b>	<b>680,770</b>	<b>680,770</b>	<b>680,770</b>	<b>-</b>
Cumulative effect of change in accounting principles	-	-	71,943	71,943
<b>Fund Balances - as Restated</b>	<b>680,770</b>	<b>680,770</b>	<b>752,713</b>	<b>71,943</b>
<b>Fund Balances - End of Year</b>	<b>\$ 698,751</b>	<b>\$ 1,055,113</b>	<b>\$ 891,527</b>	<b>\$ (163,586)</b>

See the accompanying notes to this budgetary comparison schedule.

**Shasta Union Elementary School District**  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's Governing Board annually adopts a budget for the General Fund of the District. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule of the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budget as amended. Unexpended appropriations on the annual budget lapse at the end of each fiscal year.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceeded appropriations by the following amounts:

June 30, 2021	<b>General Fund</b>	
Certificated salaries	\$	29,578
Classified salaries	\$	34,081

These excess expenditures were offset by unexpended appropriations in other categories.

## Shasta Union Elementary School District

### SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB ASSET AND RELATED RATIOS

Years Ended June 30	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 4,086	\$ 4,295	\$ 4,472	\$ 4,342
Interest	2,801	4,140	3,268	2,753
Difference between expected and actual experience	(28,127)	-	-	-
Changes of assumptions	1,433	-	-	-
<b>Net Change In Total OPEB Liability</b>	<b>(19,807)</b>	<b>8,435</b>	<b>7,740</b>	<b>7,095</b>
<b>Total OPEB Liability - Beginning of Year</b>	<b>61,247</b>	<b>52,812</b>	<b>45,072</b>	<b>37,977</b>
<b>Total OPEB Liability - End of Year (a)</b>	<b>41,440</b>	<b>61,247</b>	<b>52,812</b>	<b>45,072</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	-	4,282	-	5,672
Net investment income	19,184	2,392	3,695	3,974
Administrative expense	(68)	(57)	(51)	(46)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>19,116</b>	<b>6,617</b>	<b>3,644</b>	<b>9,600</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>69,697</b>	<b>63,080</b>	<b>59,436</b>	<b>49,836</b>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>88,813</b>	<b>69,697</b>	<b>63,080</b>	<b>59,436</b>
<b>Net OPEB Asset - End of Year ((a) - (b))</b>	<b>\$ (47,373)</b>	<b>\$ (8,450)</b>	<b>\$ (10,268)</b>	<b>\$ (14,364)</b>
Plan fiduciary net position as a percentage of total OPEB liability	214.32%	113.80%	119.44%	131.87%
Covered-employee payroll	\$ 443,503	\$ 605,447	\$ 551,733	\$ 554,608
District's net OPEB asset as a percentage of covered-employee payroll	10.68%	1.40%	1.86%	2.59%

See the accompanying notes to the required supplementary information.

**Shasta Union Elementary School District**  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

Years Ended June 30	2021		2020		2019		2018	
Actuarially determined contribution	\$	2,180	\$	3,711	\$	3,603	\$	3,603
Contributions in relation to the actuarially determined contribution		-		(4,282)		-		(5,672)
<b>Contribution Deficiency (Excess)</b>	\$	2,180	\$	(571)	\$	3,603	\$	(2,069)
Covered-employee payroll	\$	443,503	\$	605,447	\$	551,733	\$	554,608
Contributions as a percentage of covered-employee payroll		0.00%		0.71%		0.00%		1.02%

*See the accompanying notes to the required supplementary information.*

## Shasta Union Elementary School District

### SCHEDULE OF INVESTMENT RETURNS - OPEB

Years Ended June 30	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	27.49%	3.75%	6.18%	7.87%

## Shasta Union Elementary School District

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2021		2020		2019	
District's proportion of the net pension liability (asset)	0.001%		0.001%		0.001%	
District's proportionate share of the net pension liability (asset)	\$	677,553	\$	903,160	\$	919,070
State's proportionate share of the net pension liability (asset) associated with the District		349,276		492,738		526,213
<b>Total</b>	\$	1,026,829	\$	1,395,898	\$	1,445,283
District's covered-employee payroll	\$	383,123	\$	407,832	\$	468,073
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		176.85%		221.45%		196.35%
Plan fiduciary net position as a percentage of the total pension liability		71.80%		72.60%		71.00%

Years Ended June 30	2018		2017		2016		2015	
District's proportion of the net pension liability (asset)	0.001%		0.001%		0.001%		0.001%	
District's proportionate share of the net pension liability (asset)	\$	924,800	\$	808,810	\$	673,240	\$	584,370
State's proportionate share of the net pension liability (asset) associated with the District		547,108		460,509		356,069		352,871
<b>Total</b>	\$	1,471,908	\$	1,269,319	\$	1,029,309	\$	937,241
District's covered-employee payroll	\$	459,738	\$	422,423	\$	417,905	\$	361,629
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		201.16%		191.47%		161.10%		161.59%
Plan fiduciary net position as a percentage of the total pension liability		69.00%		70.00%		74.00%		77.00%

See the accompanying notes to the required supplementary information.

## Shasta Union Elementary School District

### SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2021		2020		2019	
Contractually required contribution	\$	67,616	\$	65,514	\$	66,395
Contributions in relation to the contractually required contribution		(67,616)		(65,514)		(66,395)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	383,123	\$	407,832	\$	468,073
Contributions as a percentage of covered-employee payroll		17.65%		16.06%		14.18%

Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	67,543	\$	57,835	\$	45,326	\$	37,110
Contributions in relation to the contractually required contribution		(67,543)		(57,835)		(45,326)		(37,110)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	459,738	\$	422,423	\$	417,905	\$	361,629
Contributions as a percentage of covered-employee payroll		14.69%		13.69%		10.85%		10.26%

See the accompanying notes to the required supplementary information.



## Shasta Union Elementary School District

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30		2021		2020		2019
District's proportion of the net pension liability (asset)		0.00163%		0.00154%		0.00148%
District's proportionate share of the net pension liability (asset)	\$	499,855	\$	449,404	\$	394,615
District's covered-employee payroll	\$	308,924	\$	213,769	\$	194,379
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		161.81%		210.23%		203.01%
Plan fiduciary net position as a percentage of the total pension liability		70.00%		70.00%		70.80%

Years Ended June 30		2018		2017		2016		2015
District's proportion of the net pension liability (asset)		0.00133%		0.00140%		0.00170%		0.00170%
District's proportionate share of the net pension liability (asset)	\$	317,506	\$	276,501	\$	250,582	\$	192,991
District's covered-employee payroll	\$	170,291	\$	170,406	\$	192,906	\$	175,236
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		186.45%		162.26%		129.90%		110.13%
Plan fiduciary net position as a percentage of the total pension liability		71.90%		73.90%		79.40%		83.50%

See the accompanying notes to the required supplementary information.

## Shasta Union Elementary School District

### SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2021		2020		2019	
Contractually required contribution	\$	51,970	\$	60,923	\$	38,611
Contributions in relation to the contractually required contribution		(51,970)		(60,923)		(38,611)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	308,924	\$	213,769	\$	194,379
Contributions as a percentage of covered-employee payroll		16.82%		28.50%		19.86%

Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	30,189	\$	23,650	\$	20,188	\$	22,707
Contributions in relation to the contractually required contribution		(30,189)		(23,650)		(20,188)		(22,707)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	170,291	\$	170,406	\$	192,906	\$	175,236
Contributions as a percentage of covered-employee payroll		17.73%		13.88%		10.47%		12.96%

See the accompanying notes to the required supplementary information.

# Shasta Union Elementary School District

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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### 1. NET OPEB LIABILITY

#### Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2021.

#### Changes in Assumptions

For the measurement period ended June 30, 2021, inflation was reduced from 3.00% to 2.75% and healthcare cost trend rate was increased from 5.00% to 5.80% to reflect changes in market conditions.

### 2. PENSION – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

#### Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2020.

#### Changes in Assumptions

On January 31, 2020, the CalSTRS board adopted new actuarial assumptions based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018. These assumptions were reflected in the valuation dated June 30, 2019.

### 3. PENSION – CALIFORNIA STATE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

#### Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2020.

#### Changes in Assumptions

There were no significant changes of assumptions during the measurement period ended June 30, 2020.

**OTHER SUPPLEMENTARY INFORMATION SECTION**

# Shasta Union Elementary School District

## LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2021

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The Shasta Union Elementary School District is located in Shasta County and was established in 1853. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school.

### GOVERNING BOARD

<b>Name</b>	<b>Office</b>	<b>Term Expires</b>
Roger Longnecker	President	2022
Betty Harrison-Smith	Clerk	2024
Lou Gerard	Member	2024
Sharon Brisolara	Member	2022
Curtis Gallo	Member	2022

### ADMINISTRATION

Robert J. Adams  
Superintendent

Robert Fellingner  
Chief Business Official

**Shasta Union Elementary School District**

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2021

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The District is not the sponsoring local educational agency for any charter schools.

*See the accompanying note to the other supplementary information.*

# Shasta Union Elementary School District

## SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2021

	<b>Required Instructional Days</b>	<b>Actual Instructional Days Offered</b>	<b>Approved J-13A Credited Days*</b>	<b>Traditional Calendar Days</b>	<b>Multitrack Calendar Days</b>	<b>Status</b>
Kindergarten	180	178	2	180	N/A	Complied
Grade 1	180	177	2	179	N/A	Did not comply
Grade 2	180	177	2	179	N/A	Did not comply
Grade 3	180	177	2	179	N/A	Did not comply
Grade 4	180	177	2	179	N/A	Did not comply
Grade 5	180	177	2	179	N/A	Did not comply
Grade 6	180	177	2	179	N/A	Did not comply
Grade 7	180	177	2	179	N/A	Did not comply
Grade 8	180	177	2	179	N/A	Did not comply

*\*The District received an approved Form J-13A for two emergency closure days.*

*See the accompanying note to the other supplementary information.*

**Shasta Union Elementary School District**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

Years Ended June 30	(Budget) 2022	2021	2020	2019
<b>General Fund</b>				
Revenues and other financial sources	\$ 1,992,594	\$ 1,876,398	\$ 1,590,048 *	\$ 3,545,137 *
Expenditures	1,764,661	1,717,584	1,541,731 *	3,386,146 *
Other uses and transfers out	29,802	20,000	-	8
<b>Total Outgo</b>	<b>1,794,463</b>	<b>1,737,584</b>	<b>1,541,731 *</b>	<b>3,386,154 *</b>
<b>Change in Fund Balance</b>	<b>198,131</b>	<b>138,814</b>	<b>48,317 *</b>	<b>158,983 *</b>
<b>Ending Fund Balance</b>	<b>\$ 1,089,658</b>	<b>\$ 891,527</b>	<b>\$ 752,713 *</b>	<b>\$ 704,396 *</b>
Available reserves	\$ 90,705	\$ 87,500	\$ 80,000	\$ 80,000
Designated for economic uncertainties	\$ 90,705	\$ 87,500	\$ 80,000	\$ 80,000
Available reserves as a percentage of total outgo	5%	5%	5%	2%
Total long-term debt	\$ 1,432,864	\$ 1,432,864	\$ 1,647,296	\$ 1,611,918
Average daily attendance at P-2	123	137 **	137	140

\* As restated for implementation of GASB Statement No. 84, as amended by GASB Statement No. 92.

\*\* Pursuant to California Education Code, Section 43502, the District was funded based on 2019-20 ADA.

The General Fund balance has increased by \$187,131 over the past two years. The fiscal year 2021-22 budget projects an increase of \$198,131 (22.2%). For a district this size, the state recommends available reserves of at least 5% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has not incurred an operating deficit in any of the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Total long-term debt has decreased by \$179,054 over the past two years.

Average daily attendance has decreased by three over the past two years. The District anticipated ADA to decline by 14 during fiscal year 2021-22.

See the accompanying note to the other supplementary information.



**Shasta Union Elementary School District**

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

## WITH AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2021

	General Fund	Cafeteria Special Revenue Fund	Capital Facilities Fund	Foundation Private- Purpose Trust Fund
<b>Annual Financial and Budget Report Fund Balances</b>	\$ 871,225	\$ 32,915	\$ 544,684	\$ 72,256
<b>Adjustments Increasing (Decreasing) the Fund Balances</b>				
Understatement of cash and investments	72,256	-	-	-
Overstatement of cash and investments	-	-	(9,062)	(72,256)
Overstatement of accounts receivable	-	(9,402)	-	-
Overstatement of due from other governments	(17,989)	-	-	-
Understatement of accounts payable and other current liabilities	(33,965)	-	-	-
<b>Net Adjustments</b>	20,302	(9,402)	(9,062)	(72,256)
<b>Audited Financial Statements Fund Balances</b>	\$ 891,527	\$ 23,513	\$ 535,622	\$ -

*See the accompanying note to the other supplementary information.*

**PURPOSE OF SCHEDULES**

**Schedule of Charter Schools**

This schedule lists all charter schools sponsored by the District and indicates whether or not the charter school is included in the audit of the District.

**Schedule of Instructional Time**

The District received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District met or exceeded its local funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *California Education Code*, Sections 43501, 43502, 46208, and 43504.

**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.

**Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of each fund, as reported in the annual financial and budget report, to the audited financial statements.

## **OTHER REPORTS SECTION**

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees  
Shasta Union Elementary School District  
Shasta, 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 of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shasta Union Elementary School District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated May 18, 2022.

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' 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**

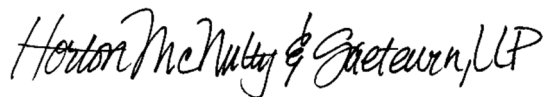
(Continued)

***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 18, 2022  
Chico, California

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees  
Shasta Union Elementary School District  
Shasta, California

### **Compliance**

We have audited the Shasta Union Elementary School District's (the District) compliance with the types of state compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2021. The applicable state compliance requirements are identified in the table below.

### **Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of the District's management.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

**INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE**

(Continued)

June 30, 2021	Procedures Performed
Attendance and distance learning	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	No
Instructional time	Yes
Instructional materials	Yes
Ratios of administrative employees to teachers	No
Classroom teacher salaries	No
Early retirement incentive	No
Gann limit calculation	Yes
School accountability report card	Yes
K-3 grade span adjustment	Yes
Apprenticeship: Related and supplemental instruction	Not applicable
Comprehensive school safety plan	Yes
District of choice	No
California Clean Energy Jobs Act	No
Proper expenditure of education protection account funds	Yes
Unduplicated local control funding formula pupil counts	Yes
Charter schools:	
Independent study-course based	No
Attendance	No
Mode of instruction	No
Nonclassroom-based instruction/independent study	No
Determination of funding for nonclassroom-based instruction	No
Charter school facility grant program	No

Kindergarten continuance steps 1a and 1b were not performed because the District did not have any students enrolled in kindergarten during 2020-21 that turned six years old by September 1. The audit procedure related to ratios of administrative employees to teachers does not apply since the District has only one school and one administrator (*California Education Code*, Section 41402). The audit procedure related to classroom teacher salaries does not apply since the District did not maintain class sizes greater than 28 pupils (*California Education Code*, Section 41374). District of choice steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice.

## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

(Continued)

Since the District did not participate in the following programs during 2020-21, all steps related to them were not performed:

- Early retirement incentive
- California Clean Energy Jobs Act

Since the District did not sponsor any charter schools during 2020-21, all steps related to the following were not performed:

- Independent study-course based
- Attendance
- Mode of instruction
- Nonclassroom-based instruction/independent study
- Determination of funding for nonclassroom-based instruction
- Charter school facility grant program

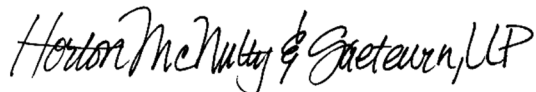
### ***Opinion on State Compliance***

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance with the state compliance requirements referred to above that are required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on state compliance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



May 18, 2022  
Chico, California



## **FINDINGS AND QUESTIONED COSTS SECTION**

**Shasta Union Elementary School District**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2021

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**SECTION I**  
**SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

**STATE AWARDS**

Compliance over state programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for state programs:	Unmodified

**Shasta Union Elementary School District**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2021  
(Continued)

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**SECTION II FINDINGS**  
**FINANCIAL STATEMENTS AUDIT**

None.

**SECTION III FINDINGS**  
**FEDERAL AWARDS AUDIT**

None.

**Shasta Union Elementary School District**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2021  
 (Continued)

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**SECTION IV FINDINGS**  
**STATE AWARDS AUDIT**

**STATE COMPLIANCE (Instructional Time)**  
 40000 (2021-001)

**State Compliance**

**Condition** During our test over compliance with Instructional Time, it was noted that the last day of the school year was a minimum day and instructional time was 40 minutes short for grades 1 through 3 and 50 minutes short for grades 4 through 8.

**Criteria** Pursuant to *California Education Code*, Sections 43501 and 43502(c), a local education agency is required to satisfy minimum instructional day requirements as follows: 230 instructional minutes in grades 1 to 3 inclusive, and 240 instructional minutes in grades 4 to 8, inclusive.

**Effect** The District is subject to an instructional time penalty for not offering the required daily instructional minutes for grades 1 through 3 and grades 4 through 8 for one day. The District is required to return to the California Department of Education (CDE) funding totaling \$5,695 that was received. The amount is calculated by using the CDE’s penalty calculator which multiplies the affected grade level ADA by the derived value or the ADA. That result is multiplied by the proportion of days short to the number of days required as follows:

Year Ended June 30, 2021	Grades 1-3	Grades 4-6	Grades 7-8	Totals
Affected grade level ADA	50.78	42.53	20.50	113.81
Derived value of ADA by grade span	\$ 9,304.66	\$ 8,555.08	\$ 8,808.95	
Number of days required	180	180	180	
Number of days short	1	1	1	
<b>Instructional Day Penalty</b>	<b>\$ 2,646</b>	<b>\$ 2,038</b>	<b>\$ 1,011</b>	<b>\$ 5,695</b>

**Cause** Due to an administrative oversight, the instructional minutes offered on the last school day for 2020-21 totaled 190 minutes across all grade spans.

**Recommendation** We recommend that the District monitor compliance with instructional time requirements by reviewing instructional minutes and days throughout the year. We also recommend that the District return funding totaling \$5,695 to the California Department of Education.

**Response** The District’s administration will adopt procedures during the 2021-22 fiscal year to comply with the recommendation and return funding in the amount of \$5,695 to the California Department of Education.

**Shasta Union Elementary School District**

**CORRECTIVE ACTION PLAN**

June 30, 2021

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Not applicable: there are no current-year findings related to federal awards.

**Shasta Union Elementary School District**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2021

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None.