

Shasta Union Elementary School District

County of Shasta
Shasta, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2022



Shasta Union Elementary School District

TABLE OF CONTENTS

June 30, 2022

	<u>Page Number</u>
Independent Auditors' Report	1
 FINANCIAL SECTION	
Required Supplementary Information	
Management's Discussion and Analysis	7
 Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of Governmental Fund Balances to Government-Wide Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Net Change in Fund Balances to Change in Net Position	23
Notes to the Financial Statements	25
 Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	61
Notes to the Budgetary Comparison Schedule	62
Schedule of Changes in District's Net OPEB Asset and Related Ratios	63
Schedule of District's Contributions – OPEB	64
Schedule of Investment Returns – OPEB	65
Schedule of District's Proportionate Share of the Net Pension Liability – California State Teachers' Retirement System	66
Schedule of District's Contributions – California State Teachers' Retirement System	67
Schedule of District's Proportionate Share of the Net Pension Liability – California Public Employees' Retirement System	68
Schedule of District's Contributions – California Public Employees' Retirement System	69
Notes to the Required Supplementary Information	70
 OTHER SUPPLEMENTARY INFORMATION SECTION	
Local Educational Agency Organization Structure	72
Schedule of Charter Schools	73
Schedule of Average Daily Attendance	74
Schedule of Instructional Time	75
Schedule of Financial Trends and Analysis	76
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	77
Note to the Other Supplementary Information	78

Shasta Union Elementary School District

TABLE OF CONTENTS

June 30, 2022

(Continued)

	<u>Page Number</u>
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 <i>Government Auditing Standards</i>	80
Independent Auditors' Report on State Compliance and on Internal Control Over State Compliance	82
FINDINGS AND QUESTIONED COSTS SECTION	
Schedule of Findings and Questioned Costs	90
Corrective Action Plan	96
Summary Schedule of Prior Audit Findings	97

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter—Effect of Adopting New Accounting Standard

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 72 to 78 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 74 to 78 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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.



February 28, 2023
Chico, California

FINANCIAL SECTION

Required Supplementary Information

Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

An overview of the Shasta Union Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2022, 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) Statement No. 87, *Leases*, as of July 1, 2021. Therefore, certain accounts fluctuate significantly between fiscal years 2020-21 and 2021-22 due to the standard being applied only from the date of implementation forward.

This management's discussion and analysis (MD&A) should be read in conjunction with the District's financial statements (including notes and supplementary information).

FINANCIAL HIGHLIGHTS

Overall revenues were \$1,937,706. Revenues exceeded expenses by \$143,691.

Total net position in governmental activities was \$2,255,652, an increase of 6.8% from the previous year. The General Fund reported a total fund balance of \$1,022,291.

Enrollment for the District has decreased by 8.77%.

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.

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.

Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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.

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, 2022, was \$2,255,652. Of this amount, (\$269,428) 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 2021-22
	2021	2022	
ASSETS			
Cash and investments	\$ 1,098,250	\$ 1,463,854	33.3%
Receivables	786,157	229,565	-70.8%
Other current assets	2,273	2,476	8.9%
Restricted cash and investments	71,122	88,852	24.9%
Capital assets - net	2,130,454	2,112,628	-0.8%
TOTAL ASSETS	4,088,256	3,897,375	-4.7%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for OPEB	2,836	16,705	489.0%
Deferred outflows of resources for pensions	287,928	307,185	6.7%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	290,764	323,890	11.4%
LIABILITIES			
Accounts payable and other current liabilities	178,752	213,349	19.4%
Advances from grantors	328,388	39,240	-88.1%
Long-term debt	1,432,864	1,005,825	-29.8%
TOTAL LIABILITIES	1,940,004	1,258,414	-35.1%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for OPEB	35,381	28,528	-19.4%
Deferred inflows of resources for pensions	291,674	678,671	132.7%
TOTAL DEFERRED INFLOWS OF RESOURCES	327,055	707,199	116.2%
NET POSITION			
Net investment in capital assets	1,830,454	1,789,895	-2.2%
Restricted	745,191	735,185	-1.3%
Unrestricted	(463,684)	(269,428)	41.9%
TOTAL NET POSITION	\$ 2,111,961	\$ 2,255,652	6.8%

Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Change in Net Position

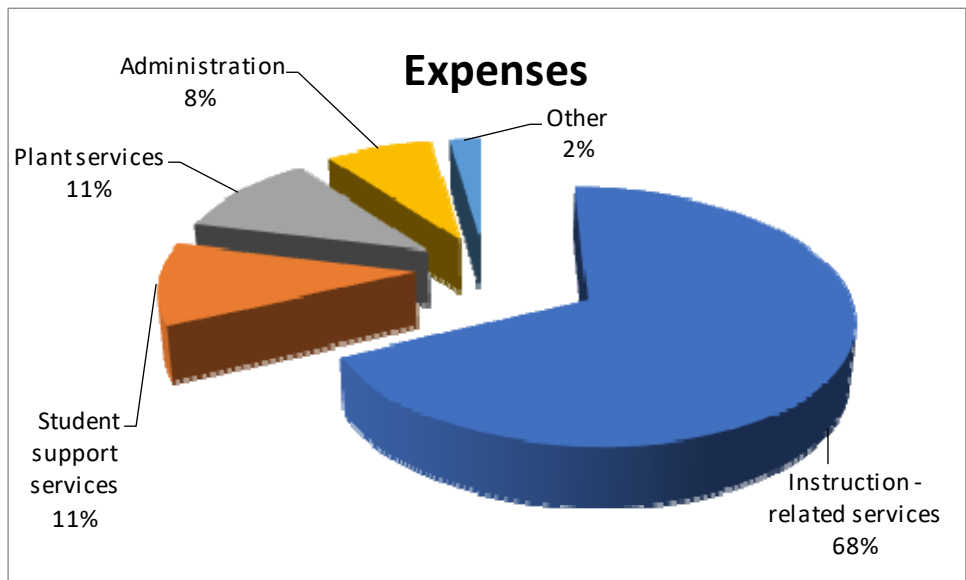
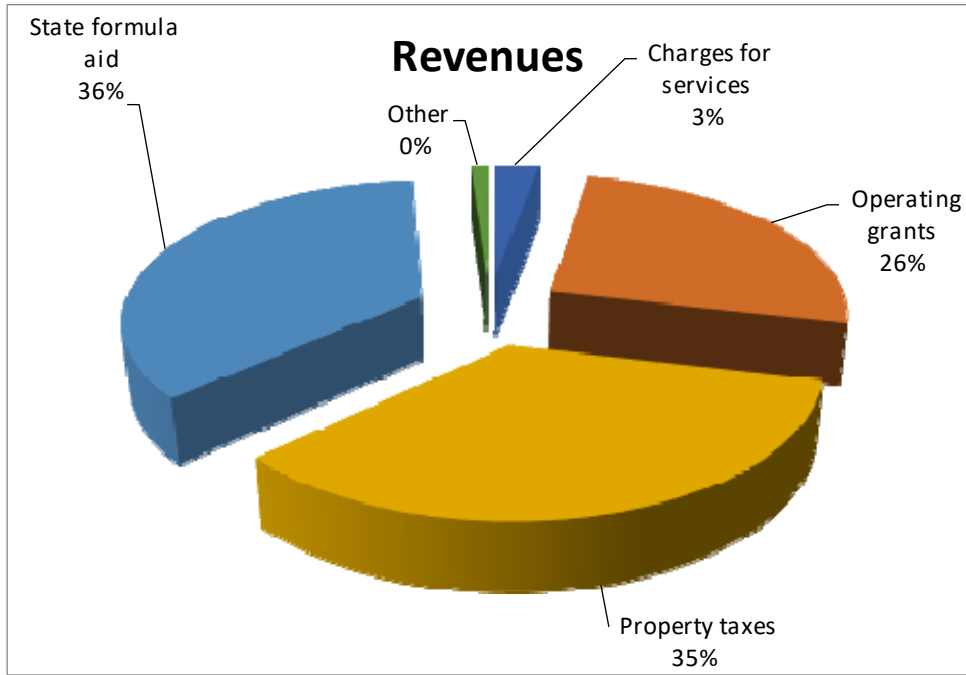
The following table and graphs summarize the changes in net position for the District.

Total revenues for the fiscal year were \$1,937,706. Property taxes and state aid funding accounted for 71% of the District's revenue. Another 26% came from federal and state aid for specific programs, and the remaining 3% came from fees charged for services and miscellaneous sources.

The total cost of all programs and services for the fiscal year was \$1,794,015. Revenues exceeded the District's expenses for the year by \$143,691. The District's expenses are primarily related to educating and caring for students (79%). Administrative activities and plant services of the District account for 19% of the total costs.

June 30	Governmental Activities		Percentage
	2021	2022	Change 2021-22
REVENUES			
Program Revenues			
Charges for services	\$ 126,998	\$ 56,206	-55.7%
Federal and state categorical programs	566,702	510,098	-10.0%
General Revenues			
Property taxes	583,230	684,333	17.3%
State formula aid	742,061	707,676	-4.6%
Other	4,187	(20,607)	-592.2%
Total Revenues	2,023,178	1,937,706	-4.2%
EXPENSES			
Instruction-related services	1,512,900	1,219,510	-19.4%
Student support services	178,377	196,137	10.0%
Plant services	158,093	196,917	24.6%
Administration	133,649	139,962	4.7%
Other	17,206	41,489	141.1%
Total Expenses	2,000,225	1,794,015	-10.3%
Change in Net Position	\$ 22,953	\$ 143,691	526.0%

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



Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The District's total expenses were \$1,794,015; however, the net cost for these activities was \$1,227,711 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 2021-22
	2021	2022	
Instruction	\$ 1,305,894	\$ 1,013,735	-22.4%
Instruction-related services	207,006	205,775	-0.6%
Pupil services	178,377	196,137	10.0%
Ancillary services	1,264	3,303	161.3%
General administration	133,649	139,962	4.7%
Plant services	158,093	196,917	24.6%
Other outgo	15,942	37,345	134.3%
Interest on long-term debt	-	841	N/A
Totals	\$ 2,000,225	\$ 1,794,015	-10.3%

June 30	Net Cost of Services		Change 2021-22
	2021	2022	
Instruction	\$ 779,992	\$ 670,839	-14.0%
Instruction-related services	194,831	193,642	-0.6%
Pupil services	99,471	67,147	-32.5%
Ancillary services	1,157	3,297	185.0%
General administration	105,054	133,904	27.5%
Plant services	110,078	131,794	19.7%
Other outgo	15,942	26,247	64.6%
Interest on long-term debt	-	841	N/A
Totals	\$ 1,306,525	\$ 1,227,711	-6.0%

Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The District's governmental funds reported a combined fund balance of \$1,532,158, an increase of \$81,496 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2021	2022	
General	\$ 891,527	\$ 1,022,291	\$ 130,764
Cafeteria Special Revenue	23,513	30,795	7,282
Capital Facilities	535,622	479,072	(56,550)
Totals	\$ 1,450,662	\$ 1,532,158	\$ 81,496

The increase in the General Fund from the prior year is due primarily to the District's receipt and use of education relief funds that were not all spent in the 2021-22 school year. Additional expenditures from these revenues will be spent in subsequent years.

The increase in the Cafeteria Special Revenue Fund is due primarily to unanticipated additional school nutrition revenue while maintaining fiscal control of planned expenditures.

The decrease in the Capital Facilities Fund is due primarily to lower than anticipated receipts of developer fees and the completion of a planned modernization project in the school's multi-purpose facility.

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 \$84,915. Actual results for the year reflected a surplus of \$130,764. Actual total revenue was 1.0% more than the final operating budgeted amount. Actual total expenditures were 1.6% 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 \$4,103,782 in capital assets including land, site improvements, buildings, and equipment. During 2021-22, the District completed modernization of the multi-purpose facility.

June 30	Governmental Activities		Increase (Decrease)
	2021	2022	
Land	\$ 25,000	\$ 25,000	\$ -
Buildings	2,661,654	2,661,654	-
Site improvements	657,252	657,252	-
Equipment	598,152	759,876	161,724
Total Capital Assets	\$ 3,942,058	\$ 4,103,782	\$ 161,724

Long-Term Debt

At year end, the District had \$1,005,825 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)
	2021	2022	
Compensated absences	\$ 2,829	\$ 3,436	\$ 607
Direct borrowing note payable	300,000	300,000	-
Lease liability	-	22,733	22,733
Net OPEB asset	(47,373)	(27,929)	19,444
Net pension liability	1,177,408	707,585	(469,823)
Total Long-Term Debt	\$ 1,432,864	\$ 1,005,825	\$ (427,039)

Shasta Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FACTORS BEARING ON THE DISTRICT'S FUTURE

As most Districts in the state, much of the District's revenue is dependent on the economy of the state as a whole. For the 2021-22 fiscal year, the District received additional, one-time state and federal education relief funds. The District was able to maintain fiscal controls throughout the year while experiencing unpredictable costs and reduced attendance while recovering from the effects 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.

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

	Governmental Activities
June 30, 2022	
ASSETS	
Cash and investments	\$ 1,463,854
Accounts receivable	33,860
Due from other governments	195,705
Inventories	2,476
Restricted cash and investments	88,852
Nondepreciated capital assets	25,000
Depreciated capital assets - net	2,065,028
Leased assets - net	22,600
TOTAL ASSETS	3,897,375
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for OPEB	16,705
Deferred outflows of resources for pensions	307,185
TOTAL DEFERRED OUTFLOWS OF RESOURCES	323,890
LIABILITIES	
Accounts payable and other current liabilities	129,937
Due to other governments	83,412
Advances from grantors	39,240
Long-term obligations:	
Due within one year	5,632
Due beyond one year	1,000,193
TOTAL LIABILITIES	1,258,414
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for OPEB	28,528
Deferred inflows of resources for pensions	678,671
TOTAL DEFERRED INFLOWS OF RESOURCES	707,199
NET POSITION	
Net investment in capital assets	1,789,895
Restricted for capital projects	479,072
Restricted for educational programs	256,113
Unrestricted	(269,428)
TOTAL NET POSITION	\$ 2,255,652

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

Shasta Union Elementary School District
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position - Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
Instruction	\$ 1,013,735	\$ 48,470	\$ 294,426	\$ (670,839)
Instruction-related services	205,775	4,844	7,289	(193,642)
Pupil services	196,137	2,390	126,600	(67,147)
Ancillary services	3,303	-	6	(3,297)
General administration	139,962	502	5,556	(133,904)
Plant services	196,917	-	65,123	(131,794)
Other outgo	37,345	-	11,098	(26,247)
Interest on long-term debt	841	-	-	(841)
Total Governmental Activities	\$ 1,794,015	\$ 56,206	\$ 510,098	(1,227,711)
GENERAL REVENUES				
Property taxes - levied for general purposes				684,333
Federal and state aid not restricted to specific purposes				707,676
Unrestricted investment loss				(29,637)
Interagency revenues				8,988
Miscellaneous				42
TOTAL GENERAL REVENUES				1,371,402
Change in Net Position				143,691
Net Position - Beginning of Year				2,111,961
Net Position - End of Year				\$ 2,255,652

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

Shasta Union Elementary School District

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 969,421	\$ 479,072	\$ 15,361	\$ 1,463,854
Accounts receivable	33,649	-	211	33,860
Due from other governments	166,713	-	28,992	195,705
Due from other funds	-	-	1,166	1,166
Restricted cash and investments	88,852	-	-	88,852
Inventories	-	-	2,476	2,476
TOTAL ASSETS	\$ 1,258,635	\$ 479,072	\$ 48,206	\$ 1,785,913
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$ 112,554	\$ -	\$ 17,383	\$ 129,937
Due to other governments	83,412	-	-	83,412
Due to other funds	1,166	-	-	1,166
Advances from grantors	39,212	-	28	39,240
Total Liabilities	236,344	-	17,411	253,755
Fund Balance				
Nonspendable	800	-	2,476	3,276
Restricted	316,646	479,072	28,319	824,037
Assigned	616,345	-	-	616,345
Unassigned	88,500	-	-	88,500
Total Fund Balances	1,022,291	479,072	30,795	1,532,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,258,635	\$ 479,072	\$ 48,206	\$ 1,785,913

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, 2022

Total Fund Balances - Governmental Funds	\$ 1,532,158
---	--------------

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/amortization.

Capital assets at historical cost	\$ 4,103,782
Accumulated depreciation/amortization	(1,991,154)

Total Capital Assets - Net	2,112,628
-----------------------------------	-----------

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	707,585
Net OPEB asset	(27,929)
Compensated absences	3,436
Lease payable	22,733
Direct borrowing note payable	300,000

Total Long-Term Liabilities	(1,005,825)
------------------------------------	-------------

Balance Forward	\$ 2,638,961
------------------------	--------------

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

(Continued)

June 30, 2022

Balance Brought Forward	\$ 2,638,961
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	307,185
Deferred inflows of resources relating to pensions	(678,671)
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	16,705
Deferred inflows of resources relating to OPEB	(28,528)
Total Net Position - Governmental Activities	\$ 2,255,652

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, 2022	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 684,333	\$ -	\$ -	\$ 684,333
Local control funding formula sources	666,055	-	-	666,055
Other state revenue	213,487	-	2,795	216,282
Federal revenue	198,471	-	81,165	279,636
Other local revenue	106,333	365	(264)	106,434
Total Revenues	1,868,679	365	83,696	1,952,740
Expenditures				
Current:				
Instruction	941,727	-	-	941,727
Instruction-related services	205,126	-	-	205,126
Pupil services	132,695	-	76,481	209,176
Ancillary services	3,661	-	-	3,661
General administration	138,737	924	-	139,661
Plant services	193,617	-	1,099	194,716
Transfers between agencies	37,345	-	-	37,345
Debt service:				
Principal	5,517	-	-	5,517
Interest and other charges	841	-	-	841
Capital outlay	77,483	55,991	-	133,474
Total Expenditures	1,736,749	56,915	77,580	1,871,244
Excess (Deficiency) of Revenues Over Expenditures	131,930	(56,550)	6,116	81,496
Other Financing Sources (Uses)				
Interfund transfers in	-	-	1,166	1,166
Interfund transfers out	(1,166)	-	-	(1,166)
Total Other Financing Sources (Uses)	(1,166)	-	1,166	-
Net Change in Fund Balances	130,764	(56,550)	7,282	81,496
Fund Balances - Beginning of Year	891,527	535,622	23,513	1,450,662
Fund Balances - End of Year	\$ 1,022,291	\$ 479,072	\$ 30,795	\$ 1,532,158

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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	81,496
---	----	--------

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 or lease terms as depreciation expense or amortization expense. The difference between capital outlay expenditures and depreciation/amortization expense for the period is:

Expenditures for capital outlay	\$	133,474
Depreciation/amortization expense		(179,550)

Net Capital Outlay		(46,076)
---------------------------	--	----------

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

5,517

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:

(607)

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:

102,083

Balance Forward	\$	142,413
------------------------	----	---------

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

(Continued)

Year Ended June 30, 2022

Balance Brought Forward	\$ 142,413
--------------------------------	------------

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:

1,278

Change in Net Position of Governmental Activities	\$ 143,691
--	------------

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

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

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

The District adopted the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2021. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement has been applied as of the beginning of the period of implementation. The implementation did not affect fund balance or net position, and has resulted in the following changes as of July 1, 2021:

- Initial right-to-use leased asset and lease liability of \$28,250.

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.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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)

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)

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, 2022, the fair value of the County pool was 96.69% 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)

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, 2022, was \$53,713. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2022, was \$50,124.

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, 2022. 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, 2022. At June 30, 2022, 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.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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. Capital assets also include right-to-use leased assets, the measurement of which is described later in this section.

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. Amortization of all right-to-use assets is recorded as an allocated expense in the statement of activities with accumulated amortization reflected in the statement of net position. Amortization of right-to-use assets is provided over the shorter of the lease period or the assets' estimated useful lives. 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, including contracts giving the District the right to use leased assets, 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.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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)

Leases

Lessee The District recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the asset's useful life or the life of the lease.

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The District uses the following key estimates and assumptions:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt in the government-wide statement of net position.

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."

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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, 2022	Maturities	Fair Value
Deposits (1)		\$ 900
Investments That Are Not Securities (2)		
County treasurer's investment pool	21.8 months average	1,462,954
Total Cash and Investments Per Government-Wide Statement of Net Position		\$ 1,463,854

- (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, 2022	Fair Value
Deposits (1)	\$ 88,852

- (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)

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, 2022:

- County treasurer's investment pool of \$1,462,954 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, 2022	General Fund	Governmental Funds	Other Funds
Other	\$ 33,649	\$	211

4. DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following:

June 30, 2022	General Fund	Governmental Funds	Other Funds
Due From			
Federal government	\$ 117,828	\$	28,164
State government	31,137		828
Local governments	17,748		-
Total	\$ 166,713	\$	28,992

5. INTERFUND TRANSFERS AND BALANCES DUE TO/FROM OTHER FUNDS

Balances Due To/From Other Funds

Balances due to/from other funds in the fund financial statements are as follows:

Due From Other Funds	Due to Other Funds		
Cafeteria Special Revenue	General	\$	1,166

The specific purposes of the balances due to/from other funds are as follows:

Cafeteria Special Revenue Fund due from the General Fund to finance excess expenditures.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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:

Interfund Transfer Out	Interfund Transfer In		
General	Cafeteria Special Revenue	\$	1,166

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, 2022	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Depreciated Capital Assets				
Buildings and improvements	3,318,906	-	-	3,318,906
Equipment and vehicles	598,152	133,474	-	731,626
Total Depreciated Capital Assets	3,917,058	133,474	-	4,050,532
Less: Accumulated Depreciation				
Buildings and improvements	1,507,437	143,964	-	1,651,401
Equipment and vehicles	304,167	29,936	-	334,103
Total Accumulated Depreciation	1,811,604	173,900	-	1,985,504
Total Depreciated Capital Assets - Net	2,105,454	(40,426)	-	2,065,028
Leased Assets				
Equipment	-	28,250	-	28,250
Less: Accumulated amortization	-	5,650	-	5,650
Total Leased Assets - Net	-	22,600	-	22,600
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	\$ 2,130,454	\$ (17,826)	\$ -	\$ 2,112,628

Depreciation/amortization expense was charged to governmental activities as follows:

Year Ended June 30, 2022	
Governmental Activities	
Instruction	\$ 177,424
Pupil services	2,126
Total Depreciation/Amortization Expense - Governmental Activities	\$ 179,550

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2022	General Fund	Other Governmental Funds
Vendors	\$ 110,943	\$ 17,373
Salaries and benefits	1,522	-
Other	89	10
Total	\$ 112,554	\$ 17,383

8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2022	General Fund
Due To	
State government	\$ 83,412

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, 2022, the principal balance outstanding was \$300,000. The note is due on December 20, 2033.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. LEASE LIABILITY

The District has entered into a five-year lease agreement as lessee for the acquisition and use of a copier. An initial lease liability was recorded in the amount of \$28,250 as of July 1, 2021. At June 30, 2022, the value of the lease liability was \$22,733. The District is required to make monthly principal and interest payments of \$530. The lease has an interest rate of 3.6%. The agreement does not contain a purchase option. Conditions of the lease do not provide for variable payments or residual value guarantees. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2022, was \$28,250 and had accumulated amortization of \$5,650. The amount of interest cost incurred during the year ended June 30, 2022, was \$840, all of which was charged to expenses. There were no variable or other payments recognized for the year ended June 30, 2022, that were not previously included in the measurement of the lease liability.

The future lease payments are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 5,632	\$ 726	\$ 6,358
2024	5,838	520	6,358
2025	6,052	306	6,358
2026	5,211	86	5,297
Total	\$ 22,733	\$ 1,638	\$ 24,371

11. CHANGES IN LONG-TERM DEBT

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

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Compensated absences	\$ 2,829	\$ 607	\$ -	\$ 3,436	\$ -
Direct borrowing note payable	300,000	-	-	300,000	-
Lease liability	-	28,250	5,517	22,733	5,632
Net OPEB asset	(47,373)	19,444	-	(27,929)	-
Net pension liability	1,177,408	-	469,823	707,585	-
Total	\$ 1,432,864	\$ 48,301	\$ 475,340	\$ 1,005,825	\$ 5,632

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2022	General Fund	Capital Facilities Fund	Governmental Funds	Other Funds
Nonspendable				
Reserved for:				
Revolving cash	\$ 800	\$ -	\$ -	-
Inventories	-	-	-	2,476
Total Nonspendable	\$ 800	\$ -	\$ -	2,476
Restricted				
Restricted for:				
Capital projects	\$ -	\$ 479,072	\$ -	-
Debt service	88,852	-	-	-
Federal and state categoricals	227,794	-	-	28,319
Total Restricted	\$ 316,646	\$ 479,072	\$ -	28,319
Assigned				
Assigned for:				
Fiscal stability	\$ 326,681	\$ -	\$ -	-
Textbook adoption	150,000	-	-	-
Other assignments	139,664	-	-	-
Total Assigned	\$ 616,345	\$ -	\$ -	-
Unassigned				
Designated for economic uncertainties	\$ 88,500	\$ -	\$ -	-

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. 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.

14. 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.

15. 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, health care, and excess liability coverage.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. 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, 2022	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers'				
Retirement Plan	\$ 351,743	\$ 184,064	\$ 541,270	\$ (38,953)
CalPERS School Employer Pool	355,842	123,121	137,401	66,862
Total	\$ 707,585	\$ 307,185	\$ 678,671	\$ 27,909

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.

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)

- **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 2021-22 was 16.92% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2022, were \$70,364.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2022, 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, 2022

District's proportionate share of the net pension liability	\$	351,743
State's proportionate share of the net pension liability associated with the District		176,987
Total	\$	528,730

The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2022, 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 10.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. For the year ended June 30, 2022, the District recognized pension expense of \$34,681 and revenue of \$34,681 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 881	\$ 37,440
Net difference between projected and actual earnings on pension plan investments	-	278,258
Change in assumptions	49,822	-
Changes in proportion and differences between District contributions and proportionate share of contributions	62,997	225,572
District contributions subsequent to the measurement date	70,364	-
Total	\$ 184,064	\$ 541,270

The \$70,364 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (91,789)
2024	(84,415)
2025	(107,270)
2026	(116,331)
2027	(34,548)
Thereafter	6,783
Total	\$ (427,570)

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions The total pension liability in the June 30, 2020, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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

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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018.

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
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%
Total	100%	

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 statutory contribution rates. 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.

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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
June 30, 2022			
District's proportionate share of the net pension liability	\$ 716,023	\$ 351,743	\$ 49,398

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

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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 2021-22 fiscal year was 22.91%. The District's contributions to CalPERS for the fiscal year ended June 30, 2022, were \$59,628.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2022, the District reported a net pension liability of \$355,842 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.00175%.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$66,862. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,623	\$ 839
Net difference between projected and actual earnings on pension plan investments	-	136,562
Changes in proportion and differences between District contributions and proportionate share of contributions	52,870	-
District contributions subsequent to the measurement date	59,628	-
Total	\$ 123,121	\$ 137,401

The \$59,628 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (3,505)
2024	(9,753)
2025	(22,669)
2026	(37,981)
Total	\$ (73,908)

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions The total pension liability in the June 30, 2020, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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%

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, 2020, 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%
Total	100%		

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, 2022	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 600,000	\$ 355,842	\$ 153,139

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

17. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2021-22 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)

18. 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, 2022

Inactive Plan members or beneficiaries currently receiving benefit payments	-
Active Plan members	9
Total	9

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, 2022, 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, 2022, using an annual actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using standard update procedures. The June 30, 2022, 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, 2022
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% ⁽¹⁾
Healthcare cost trend rate	5.60% ⁽²⁾

(1) Net of OPEB plan investment expense

(2) 5.60% for 2022 decreasing to 5.4% for 2023, 5.20% for 2024-2069, and 4.00% for 2070 and later years.

Preretirement mortality for certificated participants was based on Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Preretirement mortality for classified participants was based on Preretirement Mortality Rates from CalPERS Experience Study (1997-2015).

Postretirement mortality for certificated participants was based on Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Postretirement mortality for classified participants was based on Postretirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

As of June 30, 2022, the long-term expected rate of return on the Plan investments was 7.25%. The target allocation of the Plan's investments for each major investment class, as well as the expected real rate of return, in the Plan's portfolio are as follows:

Investment Class	Target Allocation	Real Rate of Return
Global equity	59.00%	5.50%
U.S. fixed income	25.00%	1.50%
Real estate investment trusts	8.00%	1.20%
Treasury inflation-protected securities	5.00%	3.70%
Commodities	3.00%	0.60%

Changes in the Net OPEB Asset

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

Year Ended June 30, 2022

Total OPEB Liability		
Service cost	\$	4,209
Interest		3,310
Net Change in Total OPEB Liability		7,519
Total OPEB Liability - Beginning of Year		41,440
Total OPEB Liability - End of Year (a)		48,959
Plan Fiduciary Net Position		
Net investment income		(11,850)
Administrative expense		(75)
Net Change in Plan Fiduciary Net Position		(11,925)
Plan Fiduciary Net Position - Beginning of Year		88,813
Plan Fiduciary Net Position - End of Year (b)		76,888
Plan Net OPEB Asset - End of Year ((a) - (b))	\$	(27,929)
Plan fiduciary net position as a percentage of the total OPEB liability		157.05%
Covered-employee payroll	\$	718,854
District's net OPEB asset as a percentage of covered-employee payroll		3.89%

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB asset	\$ (25,981)	\$ (27,929)	\$ (29,833)

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 5.60%, as well as the District's net OPEB asset if it was calculated using a healthcare trend rate that is one percentage point lower (4.60%) or one percentage point higher (6.60%) than the current rate:

June 30, 2022	1% Decrease (4.60%)	Health Cost Trend Rates (5.60%)	1% Increase (6.60%)
Net OPEB asset	\$ (31,912)	\$ (27,929)	\$ (23,450)

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.

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$(1,278). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 20,091
Net difference between projected and actual earnings on Plan investments	15,682	8,437
Change in assumptions	1,023	-
Total	\$ 16,705	\$ 28,528

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	
2023	\$ (2,381)
2024	(2,516)
2025	(2,960)
2026	(150)
2027	(3,816)
Total	\$ (11,823)

Shasta Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. FUTURE GASB IMPLEMENTATION

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This statement improves financial reporting by establishing a definition for SBITA and providing uniform guidance for accounting and financial reporting for transactions that meet this definition. This statement establishes that a SBITA results in a right-to-use asset—an intangible asset—and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2022, will have on the District's financial statements, if any.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2023, will have on the District's financial statements, if any.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement outlines a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2024, will have on the District's financial statements, if any.

Required Supplementary Information

Shasta Union Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2022	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 587,745	\$ 692,907	\$ 684,333	\$ (8,574)
Local control funding formula sources	746,550	652,468	666,055	13,587
Other state revenue	72,430	154,317	213,487	59,170
Federal revenue	163,023	175,313	198,471	23,158
Other local revenue	139,893	175,700	106,333	(69,367)
Total Revenues	1,709,641	1,850,705	1,868,679	17,974
Expenditures				
Certificated salaries	419,389	489,735	488,619	1,116
Classified salaries	265,760	200,862	204,321	(3,459)
Employee benefits	290,850	271,668	287,150	(15,482)
Books and supplies	104,154	42,015	43,536	(1,521)
Services and other operating	672,534	662,692	591,937	70,755
Capital outlay	-	84,605	77,483	7,122
Other outgo	15,972	14,213	37,345	(23,132)
Debt service:				
Principal	-	-	5,517	(5,517)
Interest and other charges	-	-	841	(841)
Total Expenditures	1,768,659	1,765,790	1,736,749	29,041
Excess (Deficiency) of Revenues Over Expenditures	(59,018)	84,915	131,930	47,015
Other Financing Sources (Uses)				
Interfund transfers out	(29,802)	-	(1,166)	(1,166)
Net Change in Fund Balances	(88,820)	84,915	130,764	45,849
Fund Balances - Beginning of Year	891,527	891,527	891,527	-
Fund Balances - End of Year	\$ 802,707	\$ 976,442	\$ 1,022,291	\$ 45,849

See the accompanying notes to this budgetary comparison schedule.

Shasta Union Elementary School District
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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, 2022		General Fund
Classified salaries	\$	3,459
Employee benefits	\$	15,482
Books and supplies	\$	1,521
Other outgo	\$	23,132
Debt service - principal	\$	5,517
Debt service - interest and other charges	\$	841

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	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 4,209	\$ 4,086	\$ 4,295	\$ 4,472	\$ 4,342
Interest	3,310	2,801	4,140	3,268	2,753
Difference between expected and actual experience	-	(28,127)	-	-	-
Changes of assumptions	-	1,433	-	-	-
Net Change In Total OPEB Liability	7,519	(19,807)	8,435	7,740	7,095
Total OPEB Liability - Beginning of Year	41,440	61,247	52,812	45,072	37,977
Total OPEB Liability - End of Year (a)	48,959	41,440	61,247	52,812	45,072
Plan Fiduciary Net Position					
Contributions - employer	-	-	4,282	-	5,672
Net investment income	(11,850)	19,184	2,392	3,695	3,974
Administrative expense	(75)	(68)	(57)	(51)	(46)
Net Change in Plan Fiduciary Net Position	(11,925)	19,116	6,617	3,644	9,600
Plan Fiduciary Net Position - Beginning of Year	88,813	69,697	63,080	59,436	49,836
Plan Fiduciary Net Position - End of Year (b)	76,888	88,813	69,697	63,080	59,436
Net OPEB Asset - End of Year ((a) - (b))	\$ (27,929)	\$ (47,373)	\$ (8,450)	\$ (10,268)	\$ (14,364)
Plan fiduciary net position as a percentage of total OPEB liability	157.05%	214.32%	113.80%	119.44%	131.87%
Covered-employee payroll	\$ 718,854	\$ 443,503	\$ 605,447	\$ 551,733	\$ 554,608
District's net OPEB asset as a percentage of covered-employee payroll	3.89%	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	2022		2021		2020		2019		2018	
Actuarially determined contribution	\$	2,245	\$	2,180	\$	3,711	\$	3,603	\$	3,603
Contributions in relation to the actuarially determined contribution		-		-		(4,282)		-		(5,672)
Contribution Deficiency (Excess)	\$	2,245	\$	2,180	\$	(571)	\$	3,603	\$	(2,069)
Covered-employee payroll	\$	718,854	\$	443,503	\$	605,447	\$	551,733	\$	554,608
Contributions as a percentage of covered-employee payroll		0.00%		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	2022	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	-13.38%	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	2022	2021	2020		
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)	\$ 351,743	\$ 677,553	\$ 903,160		
State's proportionate share of the net pension liability (asset) associated with the District	176,987	349,276	492,738		
Total	\$ 528,730	\$1,026,829	\$1,395,898		
District's covered-employee payroll	\$ 418,675	\$ 383,123	\$ 407,832		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	84.01%	176.85%	221.45%		
Plan fiduciary net position as a percentage of the total pension liability	87.20%	71.80%	72.60%		
Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.001%	0.001%	0.001%	0.001%	0.001%
District's proportionate share of the net pension liability (asset)	\$ 919,070	\$ 924,800	\$ 808,810	\$ 673,240	\$ 584,370
State's proportionate share of the net pension liability (asset) associated with the District	526,213	547,108	460,509	356,069	352,871
Total	\$1,445,283	\$1,471,908	\$1,269,319	\$1,029,309	\$ 937,241
District's covered-employee payroll	\$ 468,073	\$ 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	196.35%	201.16%	191.47%	161.10%	161.59%
Plan fiduciary net position as a percentage of the total pension liability	71.00%	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	2022	2021	2020
Contractually required contribution	\$ 70,364	\$ 67,616	\$ 65,514
Contributions in relation to the contractually required contribution	(70,364)	(67,616)	(65,514)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 418,675	\$ 383,123	\$ 407,832
Contributions as a percentage of covered-employee payroll	16.81%	17.65%	16.06%

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 66,395	\$ 67,543	\$ 57,835	\$ 45,326	\$ 37,110
Contributions in relation to the contractually required contribution	(66,395)	(67,543)	(57,835)	(45,326)	(37,110)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 468,073	\$459,738	\$ 422,423	\$ 417,905	\$ 361,629
Contributions as a percentage of covered-employee payroll	14.18%	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	2022	2021	2020
District's proportion of the net pension liability (asset)	0.00175%	0.00163%	0.00154%
District's proportionate share of the net pension liability (asset)	\$ 355,842	\$ 499,855	\$ 449,404
District's covered-employee payroll	\$ 251,063	\$ 308,924	\$ 213,769
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.73%	161.81%	210.23%
Plan fiduciary net position as a percentage of the total pension liability	81.00%	70.00%	70.00%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.00148%	0.00133%	0.00140%	0.00170%	0.00170%
District's proportionate share of the net pension liability (asset)	\$ 394,615	\$ 317,506	\$ 276,501	\$ 250,582	\$ 192,991
District's covered-employee payroll	\$ 194,379	\$ 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	203.01%	186.45%	162.26%	129.90%	110.13%
Plan fiduciary net position as a percentage of the total pension liability	70.80%	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	2022	2021	2020
Contractually required contribution	\$ 59,628	\$ 51,970	\$ 60,923
Contributions in relation to the contractually required contribution	(59,628)	(51,970)	(60,923)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 251,063	\$ 308,924	\$ 213,769
Contributions as a percentage of covered-employee payroll	23.75%	16.82%	28.50%

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 38,611	\$ 30,189	\$ 23,650	\$ 20,188	\$ 22,707
Contributions in relation to the contractually required contribution	(38,611)	(30,189)	(23,650)	(20,188)	(22,707)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 194,379	\$ 170,291	\$ 170,406	\$ 192,906	\$ 175,236
Contributions as a percentage of covered-employee payroll	19.86%	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

1. NET OPEB LIABILITY

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2022.

Changes in Assumptions

For the measurement period ended June 30, 2022, the healthcare cost trend rate decreased from 5.80% to 5.60% 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, 2021.

Changes in Assumptions

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

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, 2021.

Changes in Assumptions

There were no significant changes of assumptions during the measurement period ended June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION SECTION

Shasta Union Elementary School District

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2022

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

Name	Office	Term Expires
Vacant	President	2022
Betty Harrison-Smith	Clerk	2024
Lou Gerard	Member	2022
Curtis Gallo	Member	2022
Ayla Tucker	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, 2022

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 AVERAGE DAILY ATTENDANCE

Year Ended June 30, 2022

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	47	46	34	34
Grades 4 through 6	30	31	22	23
Grades 7 through 8	16	16	16	16
ELEMENTARY TOTALS	93	93	72	73

**Includes opportunity classes, home and hospital, and special day classes.*

See the accompanying note to the other supplementary information.

Shasta Union Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2022

	Minutes Requirement	Days Requirement	Actual Minutes Offered	Actual Days Offered	Approved J-13A Credited Minutes*	Approved J-13A Credited Days*	Total Traditional Calendar Minutes	Total Traditional Calendar Days	Multitrack Calendar Days	Status
Kindergarten	36,000	180	52,930	180	-	-	52,930	180	N/A	Complied
Grade 1	50,400	180	52,930	180	-	-	52,930	180	N/A	Complied
Grade 2	50,400	180	52,930	180	-	-	52,930	180	N/A	Complied
Grade 3	50,400	180	52,930	180	-	-	52,930	180	N/A	Complied
Grade 4	54,000	180	58,380	180	-	-	58,380	180	N/A	Complied
Grade 5	54,000	180	58,380	180	-	-	58,380	180	N/A	Complied
Grade 6	54,000	180	58,380	180	-	-	58,380	180	N/A	Complied
Grade 7	54,000	180	58,380	180	-	-	58,380	180	N/A	Complied
Grade 8	54,000	180	58,380	180	-	-	58,380	180	N/A	Complied

**The District did not apply for any Form J-13A 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) 2023	2022	2021	2020
General Fund				
Revenues and other financial sources	\$ 1,505,579	\$ 1,868,679	\$ 1,876,398	\$ 1,590,048
Expenditures	1,570,154	1,736,749	1,717,584	1,541,731
Other uses and transfers out	-	1,166	20,000	-
Total Outgo	1,570,154	1,737,915	1,737,584	1,541,731
Change in Fund Balance	(64,575)	130,764	138,814	48,317
Ending Fund Balance	\$ 957,716	\$ 1,022,291	\$ 891,527	\$ 752,713
Available reserves	\$ 88,500	\$ 88,500	\$ 87,500	\$ 80,000
Designated for economic uncertainties	\$ 88,500	\$ 88,500	\$ 87,500	\$ 80,000
Available reserves as a percentage of total outgo	6%	5%	5%	5%
Total long-term debt	\$ 1,000,193	\$ 1,005,825	\$ 1,432,864	\$ 1,647,296
Average daily attendance at P-2	95	72	137 *	137

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

The General Fund balance has increased by \$269,578 over the past two years. The fiscal year 2022-23 budget projects a decrease of \$64,575 (-6.3%). 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 deficit during the 2022-23 fiscal year. Total long-term debt has decreased by \$641,471 over the past two years.

Average daily attendance has decreased by 65 over the past two years. The District anticipates ADA to increase by 23 during fiscal year 2022-23.

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, 2022

	General Fund
Annual Financial and Budget Report Fund Balances	\$ 926,537
Adjustments Increasing (Decreasing) the Fund Balances	
Understatement of cash and investments	69,645
Overstatement of accounts receivable	(6,076)
Overstatement of due from other governments	(11,913)
Overstatement of due to other governments	44,098
Net Adjustments	95,754
Audited Financial Statements Fund Balances	\$ 1,022,291

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 Average Daily Attendance

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

Schedule of Instructional Time

The District 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, 2022; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated February 28, 2023.

Report on 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

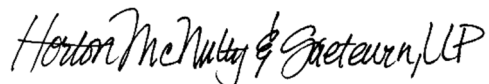
(Continued)

Report on 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.



February 28, 2023
Chico, California

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

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

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Shasta Union Elementary School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Independent Study

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the state compliance requirements applicable to independent study.

Unmodified Opinion on Each of the Other State Programs

In our opinion, the District complied, in all material respects, with the other laws and regulations of the state programs noted in the table on pages 85 and 86 for the year ended June 30, 2022.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE

(Continued)

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding independent study as described in items 2022-001. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to independent study.

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE

(Continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

June 30, 2022	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher certification and misassignments	Yes
C. Kindergarten continuance	Yes
D. Independent study	Yes
E. Continuation education	Not applicable
F. Instructional time	Yes
G. Instructional materials	Yes
H. Ratios of administrative employees to teachers	No
I. Classroom teacher salaries	No
J. Early retirement incentive	No
K. Gann limit calculation	Yes
L. School accountability report card	Yes
M. Juvenile court schools	Not applicable
N. Middle and early college high schools	Not applicable
O. K-3 grade span adjustment	Yes
P. Transportation maintenance of effort	Yes
Q. Apprenticeship: Related and supplemental instruction	No
R. Comprehensive school safety plan	Yes
S. District of choice	No
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	No
U. After/Before school education and safety program:	
After school	No
Before school	No
General requirements	No
V. Proper expenditure of education protection account funds	Yes
W. Unduplicated local control funding formula pupil counts	Yes
X. Local control and accountability plan	Yes
Y. Independent study-course based	No
Z. Immunizations	Yes
AZ. Educator effectiveness	Yes
BZ. Expanded learning opportunities grant (ELO-G)	Yes
CZ. Career technical education incentive grant	No
DZ. In-person instruction grant	Yes

**INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

June 30, 2022	Procedures Performed
Charter schools:	
AA. Attendance	No
BB. Mode of instruction	No
CC. Nonclassroom-based instruction/independent study	No
DD. Determination of funding for nonclassroom-based instruction	No
EE. Annual instructional minutes – classroom based	No
FF. Charter school facility grant program	No

The audit procedure related to ratios of administrative employees to teachers (H) 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 (I) does not apply since the District does not have 101 or more units of average daily attendance. District of choice (S) steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice. California Clean Energy Jobs Act (T) steps 1 and 2 were not performed because the District did not have any expenditures during 2021-22 from California Clean Energy Jobs Act funds. California Clean Energy Jobs Act step 4 was not performed because the District had no final completion reports due during 2021-22.

Since the District did not participate in the following programs during 2021-22 or the program is not applicable to elementary school districts, all steps related to them were not performed:

- E. Continuation education
- J. Early retirement incentives
- M. Juvenile court schools
- N. Middle and early college high schools
- Q. Apprenticeship: Related and supplemental instruction
- U. After/Before school education and safety program
- Y. Independent study-course based
- CZ. Career technical education incentive grant

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE

(Continued)

Since the District did not sponsor any charter schools during 2021-22, all steps related to the following were not performed:

- AA. Attendance
- BB. Mode of instruction
- CC. Nonclassroom-based instruction/independent study
- DD. Determination of funding for nonclassroom-based instruction
- EE. Annual instructional minutes – classroom based
- FF. Charter school facility grant program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on state compliance is not modified with respect to these matters.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit and 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 it.

Report on Internal Control Over Compliance

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

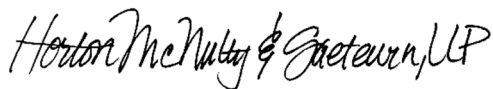
**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



February 28, 2023
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

Shasta Union Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

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

Internal control 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:	Qualified

Shasta Union Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(Continued)

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

SECTION IV FINDINGS
STATE AWARDS AUDIT

STATE COMPLIANCE (Independent Study)
40000 (2022-001)

Material Noncompliance

Condition During our testing over independent study, we noted that the following required language was not included in the District's long-term independent study learning agreements:

1. The manner, time, frequency, and place for communicating with the student's parent/guardian regarding the student's academic progress.
2. The level of satisfactory educational progress as defined in *California Education Code*, section 51747(b)(2)(A)-(D).
3. A statement detailing the academic or other supports that will be provided to address the needs of pupils such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

We also noted that the above language was not included in the short-term independent study learning agreement. Additionally, the following required language was not included in the District's short-term independent study learning agreements:

1. Confirms access or provides access to all students to the connectivity and devices adequate to participate in the educational program and complete the assigned work.
2. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.

Criteria *California Education Code*, Section 51747 requires that learning agreements with specific required elements be in place.

Shasta Union Elementary School District
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2022
 (Continued)

Effect The District was not in compliance with the provisions of *California Education Code*, Section 51747. As a result, the average daily attendance (ADA) in the Second Period Attendance School District report was overstated by 20.14 ADA and ADA in the Annual Attendance School report was overstated by 19.30 ADA. The disallowed ADA and derived value, which includes all independent study ADA generated by the District, is as follows:

Grade Span	TK/K-3	4-6	7-8	Totals
Second Period Report	11.61	8.18	0.35	20.14
Annual Report	10.90	8.14	0.26	19.30
Derived value of ADA by grade span	\$ 9,776.32	\$ 8,988.52	\$ 9,254.41	
Calculated derived value of ADA	\$ 113,503	\$ 73,526	\$ 3,239	\$ 190,268

Pursuant to *California Education Code*, Section 42238.5, the District’s principal apportionment is calculated based on the greater of current-year or prior-year ADA. As the prior year ADA is greater than the amended 2021-22 ADA, the above noted decrease in ADA will not affect the District’s 2021-22 principal apportionment, although it may affect future years’ apportionments.

Cause Due to being the first year of dramatic change to the independent study program, certain requirements were overlooked.

Context The sample is statistically valid. It appears the noncompliance is pervasive and significant to the program.

Repeat Finding No, this is not a repeat finding.

Recommendation We recommend that the District amend the Second Period and Annual Attendance School District reports to exclude the ADA noted above, and implement policies and procedures to comply with the provisions of *California Education Code*, Section 51747.

Response The District’s administration will seek relief for material compliance, and implement procedures during the 2022-23 fiscal year to comply with the recommendation.

Shasta Union Elementary School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(Continued)

STATE COMPLIANCE (Immunizations)
40000 (2022-002)

State Compliance

Condition During our test work over immunizations, it was noted that one of three transitional kindergarten through first grade pupils selected for testing was enrolled prior to having their required second dose of measles and varicella vaccines. The pupil was eligible to receive their second dose prior to enrollment as the first dose had been received greater than four months prior to enrollment. The pupil was not excluded from average daily attendance (ADA) reported to the California Department of Education.

Criteria Pursuant to *California Code of Regulations*, Title 17, Section 6025, pupils entering transitional kindergarten or kindergarten, or first grade if kindergarten is skipped, must provide a valid immunization record documenting administration of two doses of varicella vaccine and two doses of measles vaccine, or have on file a current medical exemption from immunization before admission. Pupils that have had one dose of immunizations within four months prior to enrollment, may be conditionally enrolled and monitored for the second dose. Pupils who fail to obtain the required immunizations or have a valid exemption on file shall be excluded from attendance.

Effect The District was not in compliance with the provisions of *California Code of Regulations*, Title 17, Section 6025. As a result, ADA reported to the California Department of Education in Second Period Attendance School District report is overstated by 0.92 ADA and ADA in the Annual Attendance School District report was overstated by 0.92 ADA. The disallowed ADA and derived value, which includes ADA reported for the one student from the date of enrollment through the end of the school year (student had not received second dose by the end of the year), is as follows:

Grade	K
Second Period Report	0.92
Annual Report	0.92
Derived value of ADA for TK-3 grade span	\$ 9,776.32
Calculated derived value of ADA	\$ 8,994

Pursuant to *California Education Code*, Section 42238.5, the District's principal apportionment is calculated based on the greater of current-year or prior-year ADA. As the prior year ADA is greater than the amended 2021-22 ADA, the above disallowance will not affect the District's 2021-22 principal apportionment.

Cause Unknown.

Context The sample is statistically valid. The noncompliance noted appears isolated.

Repeat Finding No, this is not a repeat finding.

Shasta Union Elementary School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

(Continued)

Recommendation We recommend the District implement procedures to monitor required immunizations, and exclude pupils from attendance until required immunizations are received. We also recommend that the District amend the Second Period and Annual Attendance School District reports for the disallowed ADA.

Response The District's management will implement procedures during the 2022-23 fiscal year to comply with the recommendation, and will amend the Second Period and Annual Attendance School District reports for the disallowed ADA.

Shasta Union Elementary School District

CORRECTIVE ACTION PLAN

June 30, 2022

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, 2022

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 required number of days offered 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	
Instructional Day Penalty	\$ 2,646	\$ 2,038	\$ 1,011	\$ 5,695

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.

Repeat Finding No, this is not a repeat finding.

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.

Current Status Fully implemented.