



# Redding Elementary School District

County of Shasta  
Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2021



# Redding Elementary School District

## TABLE OF CONTENTS

June 30, 2021

---

	<b><u>Page Number</u></b>
Independent Auditors' Report	1
 <b>FINANCIAL SECTION</b>	
 <b>Required Supplementary Information</b>	
Management's Discussion and Analysis	6
 <b>Basic Financial Statements</b>	
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
 <b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	62
Notes to the Budgetary Comparison Schedule	63
Schedule of Changes in District's Net OPEB Liability and Related Ratios	64
Schedule of District's Contributions – OPEB	65
Schedule of Investment Returns – OPEB	66
Schedule of District's Proportionate Share of the Net Pension Liability – California State Teachers' Retirement System	67
Schedule of District's Contributions – California State Teachers' Retirement System	68
Schedule of District's Proportionate Share of the Net Pension Liability – California Public Employees' Retirement System	69
Schedule of District's Contributions – California Public Employees' Retirement System	70
Notes to the Required Supplementary Information	71
 <b>OTHER SUPPLEMENTARY INFORMATION SECTION</b>	
Local Educational Agency Organization Structure	73
Schedule of Charter Schools	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
Schedule of Expenditures of Federal Awards	78
Note to the Other Supplementary Information	80

---

# Redding Elementary School District

## TABLE OF CONTENTS

June 30, 2021

(Continued)

---

### **Page Number**

#### **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>	82
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	84
Independent Auditors' Report on State Compliance	87

#### **FINDINGS AND QUESTIONED COSTS SECTION**

Schedule of Findings and Questioned Costs	91
Corrective Action Plan	94
Summary Schedule of Prior Audit Findings	95

---

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Redding Elementary School District  
Redding, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redding Elementary School District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## INDEPENDENT AUDITORS' REPORT

(Continued)

### ***Opinions***

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

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

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

### ***Other Matters***

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

***Other Information*** Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 73 to 80, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## INDEPENDENT AUDITORS' REPORT

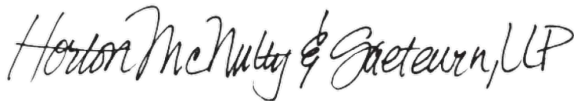
(Continued)

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 75 to 80 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



January 31, 2022  
Chico, California

## **FINANCIAL SECTION**

## **Required Supplementary Information**



# Redding Elementary School District

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### INTRODUCTION

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

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

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

### FINANCIAL HIGHLIGHTS

Overall revenues were \$50,223,056. Revenues exceeded expenses by \$2,835,325.

Total net position in governmental activities was \$3,701,566, an increase of 327.31% from the previous year. The General Fund reported a total fund balance of \$11,805,298.

Enrollment for the District has decreased by 7.0%.

### 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 Fund*: 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.

## **Redding Elementary School District**

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

(Continued)

---

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.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **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 financial 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).

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

---

**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 statement that explains the differences (or relationships) between them.

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

**Net Position**

As shown in the following table, the District's net position as of June 30, 2021, was \$3,701,566. Of this amount, (\$34,033,921) 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 District net position is the result of governmental activities.

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

June 30	Governmental Activities		Percentage Change 2020-21
	2020	2021	
<b>ASSETS</b>			
Cash and investments	\$ 24,765,047 *	\$ 22,066,253	-10.90%
Receivables	5,478,613	15,560,317	184.02%
Inventories	76,225	19,975	-73.79%
Prepaid expenses	190,312	106,002	-44.30%
Restricted cash and investments	1,087,626	1,343,501	23.53%
Capital assets - net of accumulated depreciation	35,654,123	45,864,097	28.64%
<b>TOTAL ASSETS</b>	<b>67,251,946 *</b>	<b>84,960,145</b>	<b>26.33%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	61,205	32,610	-46.72%
Deferred outflows of resources on OPEB	238,671	209,812	-12.09%
Deferred outflows of resources for pensions	9,380,188	9,295,246	-0.91%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,680,064</b>	<b>9,537,668</b>	<b>-1.47%</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	3,221,699	3,398,598	5.49%
Advances from grantors	438,033	7,451,878	1601.21%
Long-term debt	69,869,783	78,094,521	11.77%
<b>TOTAL LIABILITIES</b>	<b>73,529,515</b>	<b>88,944,997</b>	<b>20.97%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for OPEB	553	534,556	96564.74%
Deferred inflows of resources for pensions	2,535,701	1,316,694	-48.07%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,536,254</b>	<b>1,851,250</b>	<b>-27.01%</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,712,632	19,011,745	-8.21%
Restricted for capital projects	17,400,858	11,674,619	-32.91%
Restricted for debt service	1,942,459	3,758,227	93.48%
Restricted for educational programs	315,175	1,465,717	365.05%
Restricted for other purposes	1,032,947 *	1,825,179	76.70%
Unrestricted	(40,537,830)	(34,033,921)	16.04%
<b>TOTAL NET POSITION</b>	<b>\$ 866,241 *</b>	<b>\$ 3,701,566</b>	<b>327.31%</b>

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

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

**Change in Net Position**

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

Total revenues for the fiscal year were \$50,223,056. State aid and federal and state categorical aid for specific programs funding accounted for 72.9% of the District's revenue. Another 24.0% came from property taxes and the remaining 3.1% came from fees, charges for services, and miscellaneous sources.

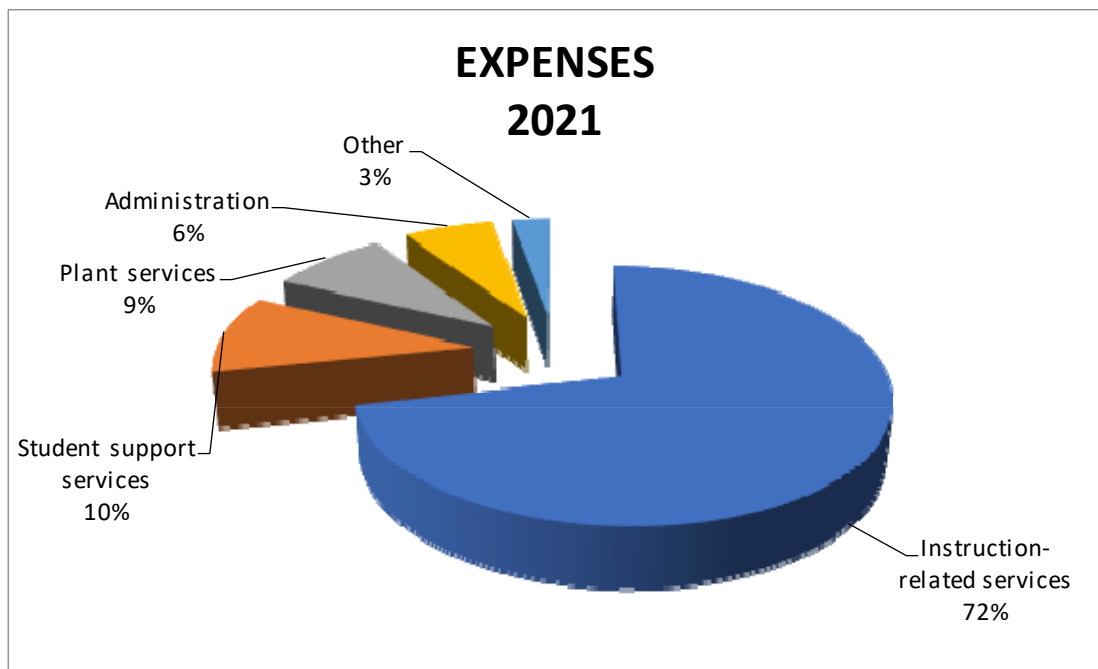
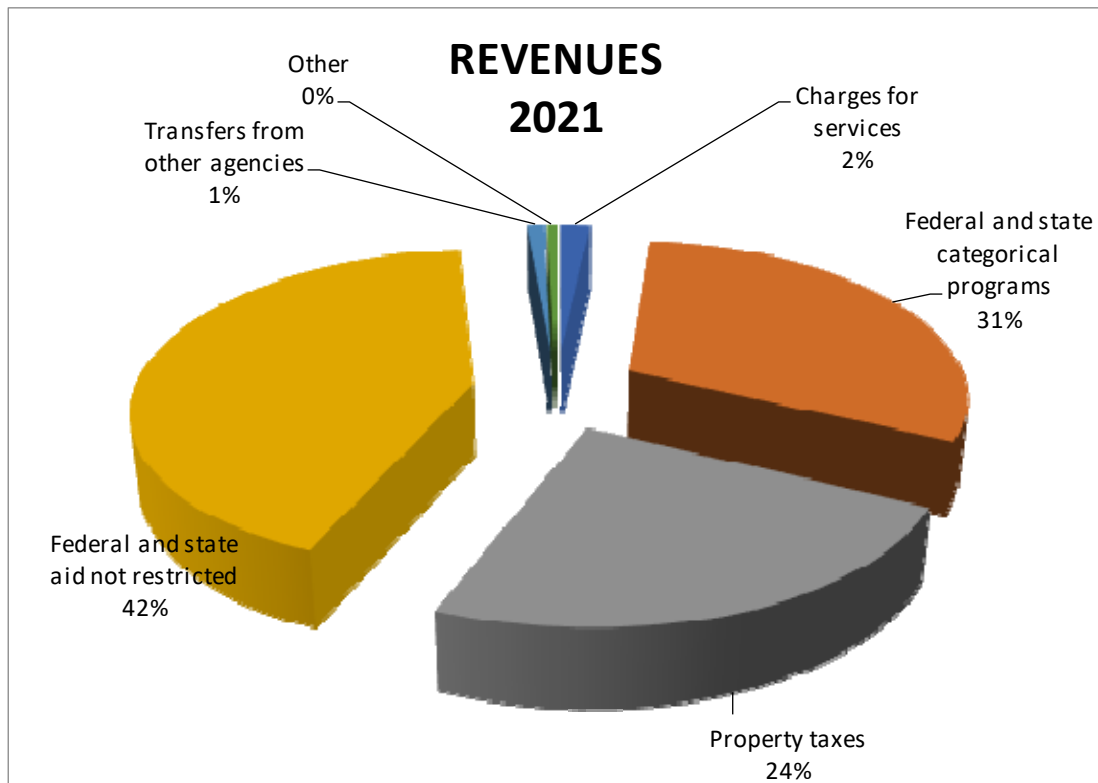
The total cost of all programs and services for the fiscal year was \$47,387,731. Revenues exceeded the District's expenses for the year by \$2,835,325. The District's expenses are primarily related to educating and caring for students (82.0%). Administrative activities of the District account for 6.6% of the total costs.

Years Ended June 30	Governmental Activities		Percentage Change 2020-21
	2020	2021	
<b>REVENUES</b>			
<b>Program Revenues</b>			
Charges for services	\$ 695,761	\$ 863,128	24.06%
Federal and state categorical programs	7,433,291	15,320,391	106.11%
<b>General Revenues</b>			
Property taxes	9,879,344	12,058,019	22.05%
Federal and state aid not restricted	22,471,002	21,287,768	-5.27%
Transfers from other agencies	447,413	486,218	8.67%
Other	1,031,774	207,532	-79.89%
<b>TOTAL REVENUES</b>	41,958,585	50,223,056	19.70%
<b>EXPENSES</b>			
Instruction-related services	30,897,212	33,979,310	9.98%
Student support services	4,151,670	4,882,796	17.61%
Plant services	3,718,817	4,093,238	10.07%
Administration	2,888,841	3,121,170	8.04%
Other	1,312,821	1,311,217	-0.12%
<b>TOTAL EXPENSES</b>	42,969,361	47,387,731	10.28%
<b>Change in Net Position</b>	\$ (1,010,776)	\$ 2,835,325	380.51%

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

---

**Governmental Activities**



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

The District's total expenses were \$47,387,731; however, the net cost for these activities was \$31,204,212 after costs paid by those who benefited from the programs and amounts paid by other governments and organizations that subsidized certain programs with grants and contributions.

**Governmental Activities**

Years Ended June 30	Total Cost of Services		Percentage Change 2020-21
	2020	2021	
Instruction	\$ 26,042,448	\$ 28,787,907	10.54%
Instruction-related services	4,854,764	5,191,403	6.93%
Pupil services	4,151,670	4,882,796	17.61%
General administration	2,888,841	3,121,170	8.04%
Plant services	3,718,817	4,093,238	10.07%
Ancillary services	117,408	30,202	-74.28%
Community services	56,086	2,824	-94.96%
Interest on long-term debt	704,645	882,269	25.21%
Other outgo	434,682	395,922	-8.92%
<b>Totals</b>	<b>\$ 42,969,361</b>	<b>\$ 47,387,731</b>	<b>10.28%</b>

Years Ended June 30	Net Cost of Services		Percentage Change 2020-21
	2020	2021	
Instruction	\$ 21,138,553	\$ 17,728,984	-16.13%
Instruction-related services	4,456,298	4,366,034	-2.03%
Pupil services	1,964,894	1,694,831	-13.74%
General administration	2,646,626	2,657,154	0.40%
Plant services	3,653,137	3,746,271	2.55%
Ancillary services	114,322	21,309	-81.36%
Community services	55,852	1,738	-96.89%
Interest on long-term debt	704,645	882,269	25.21%
Other outgo	105,982	105,622	-0.34%
<b>Totals</b>	<b>\$ 34,840,309</b>	<b>\$ 31,204,212</b>	<b>-10.44%</b>

**Redding 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 \$28,669,733, an increase of \$329,521 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2020	2021	
General	\$ 8,019,287	\$ 11,805,298	\$ 3,786,011
Student Activity Special Revenue	19,288 *	24,391	5,103
Charter Schools	935,270	898,144	(37,126)
Cafeteria Special Revenue	1,089,884	1,820,763	730,879
Building	16,431,911	10,212,674	(6,219,237)
Capital Facilities	968,947	1,461,945	492,998
Special Reserve Capital Projects	20,792	31,792	11,000
Bond Interest and Redemption	854,833	2,414,726	1,559,893
<b>Totals</b>	<b>\$ 28,340,212 *</b>	<b>\$ 28,669,733</b>	<b>\$ 329,521</b>

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

The increase in the General Fund from the prior year is due primarily to the District's receipt of one-time stimulus funds that were not all spent in the 2020/21 year. Additional expenditures from these funds will be spent in subsequent years.

The increase in the Student Activity Fund is due to a reduction in planned expenditures in the 2020/21 year.

The decrease in the Charter Schools Fund was as planned for the 2020/21 fiscal year. The charter school was able to carry out expenditures that were funded through the use of reserves for improvements in an outdoor learning center.

The increase in the Cafeteria Special Revenue Fund is due primarily to a change in the School Nutrition Program due to the COVID-19 Pandemic that resulted in additional revenues beyond budgeted estimates. The District was able to locate and make use of alternative sources for product at a reduced cost combined with changes in operations resulted in overall reduction in planned expenditures.

The decrease in the Building Fund is due primarily to the District's spending the remaining 2018 General Obligation bond funds.

The increase in the Capital Facilities Fund is due primarily to increased developer fee revenue from new housing developments within the District's boundaries.

The Special Reserve Capital Projects Fund is to account for revenues and expenditures related to the SELPA Medical Therapy Unit (MTU). The increase is due to receipt of the annual land-use agreement.

The increase in the Bond Interest and Redemption Fund is primarily due to tax receipts exceeding bond redemption and interest payments.



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

---

**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 expenditures and other financing uses to exceed revenues and other financing sources in the General Fund by \$1,334,166. However, actual results for the year reflected an increase of \$3,786,011. Actual total revenue was 9.4% less than the final operating budgeted amount. Actual total expenditures were 0.1% more than the final operating budgeted amounts.

**CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION**

**Capital Assets**

The District has invested \$80,472,459 in capital assets including land, site improvements, buildings, and equipment. During the year, \$12,103,330 was invested in modernization of school sites as well as upgrading security access.

June 30	Governmental Activities		Percentage
	2020	2021	Change 2020-21
Land	\$ 598,918	\$ 598,918	0.00%
Construction in progress	5,234,965	8,852,519	69.10%
Improvement of sites	4,637,354	12,977,924	179.86%
Buildings and improvements	53,356,088	53,356,088	0.00%
Equipment	4,541,804	4,687,010	3.20%
<b>Total Capital Assets</b>	<b>\$ 68,369,129</b>	<b>\$ 80,472,459</b>	<b>17.70%</b>

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

---

**Long-Term Debt**

At year end, the District had \$78,094,521 in outstanding long-term debt. The District's general obligation bond rating is "Aa3." During 2020-21, the District sold \$6,000,000 of the general obligation bonds, Election of 2018, series C, at a \$891,796 premium.

June 30	Governmental Activities		Percentage
	2020	2021	Change 2020-21
General obligation bonds	\$ 21,570,000	\$ 26,810,000	24.29%
Bond issue premiums	2,391,996	3,151,939	31.77%
Capital leases	444,882	361,103	-18.83%
Direct borrowing note payable	4,240,000	4,240,000	0.00%
Compensated absences	151,745	156,337	3.03%
Certificates of participation	2,787,729	2,534,594	-9.08%
Net OPEB liability	2,451,686	1,846,976	-24.67%
Net pension liability	35,831,745	38,993,572	8.82%
<b>Total Long-Term Debt</b>	<b>\$ 69,869,783</b>	<b>\$ 78,094,521</b>	<b>11.77%</b>

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

**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 additional financial information, please contact:

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

## **Basic Financial Statements**

# Redding Elementary School District

## STATEMENT OF NET POSITION

June 30, 2021	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 22,066,253
Accounts receivable	426,426
Due from other governments	15,133,891
Inventories	19,975
Prepaid expenses	106,002
Restricted cash and investments	1,343,501
Nondepreciated capital assets	9,451,437
Depreciated capital assets	71,021,022
Accumulated depreciation	(34,608,362)
<b>TOTAL ASSETS</b>	<b>84,960,145</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	32,610
Deferred outflows of resources for OPEB	209,812
Deferred outflows of resources for pensions	9,295,246
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,537,668</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	2,758,619
Due to other governments	639,979
Advances from grantors	7,451,878
Long-term obligations:	
Due within one year	1,426,101
Due beyond one year	76,668,420
<b>TOTAL LIABILITIES</b>	<b>88,944,997</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources for OPEB	534,556
Deferred inflows of resources for pensions	1,316,694
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,851,250</b>
<b>NET POSITION</b>	
Net investment in capital assets	19,011,745
Restricted for capital projects	11,674,619
Restricted for debt service	3,758,227
Restricted for educational programs	1,465,717
Restricted for other purposes	1,825,179
Unrestricted	(34,033,921)
<b>TOTAL NET POSITION</b>	<b>\$ 3,701,566</b>

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

**Redding Elementary School District**  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position - Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
Instruction	\$ 28,787,907	\$ 175,359	\$ 10,883,564	\$ (17,728,984)
Instruction-related services	5,191,403	131,427	693,942	(4,366,034)
Pupil services	4,882,796	119,503	3,068,462	(1,694,831)
Ancillary services	30,202	-	8,893	(21,309)
Community services	2,824	-	1,086	(1,738)
General administration	3,121,170	3,925	460,091	(2,657,154)
Plant services	4,093,238	161,621	185,346	(3,746,271)
Other outgo	395,922	271,293	19,007	(105,622)
Interest on long-term debt	882,269	-	-	(882,269)
Total Governmental Activities	\$ 47,387,731	\$ 863,128	\$ 15,320,391	(31,204,212)
GENERAL REVENUES				
Property taxes - levied for general purposes				9,136,250
Property taxes - levied for debt service				2,363,768
Property taxes - levied for other specific purposes				558,001
Federal and state aid not restricted to specific purposes				21,287,768
Unrestricted investment earnings				(349)
Interagency revenues				486,218
Miscellaneous				207,881
TOTAL GENERAL REVENUES				34,039,537
Change in Net Position				2,835,325
Net Position - as Previously Reported				846,953
Cumulative effect of change in accounting principles				19,288
Net Position - as Restated				866,241
Net Position - End of Year				\$ 3,701,566

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

**Redding Elementary School District**  
BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,111,731	\$ 11,346,494	\$ 6,608,028	\$ 22,066,253
Accounts receivable	376,350	-	50,076	426,426
Due from other governments	14,949,038	-	184,853	15,133,891
Due from other funds	123,948	-	54,539	178,487
Inventories	-	-	19,975	19,975
Prepaid expenditures	91,406	-	14,596	106,002
Restricted cash and investments	1,343,501	-	-	1,343,501
<b>TOTAL ASSETS</b>	<b>\$ 20,995,974</b>	<b>\$ 11,346,494</b>	<b>\$ 6,932,067</b>	<b>\$ 39,274,535</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 1,093,877	\$ 1,133,820	\$ 106,761	\$ 2,334,458
Due to other governments	590,382	-	49,597	639,979
Due to other funds	54,539	-	123,948	178,487
Advances from grantors	7,451,878	-	-	7,451,878
<b>Total Liabilities</b>	<b>9,190,676</b>	<b>1,133,820</b>	<b>280,306</b>	<b>10,604,802</b>
<b>Fund Balances</b>				
Nonspendable	102,506	-	35,321	137,827
Restricted	2,767,820	10,212,674	5,743,248	18,723,742
Assigned	6,970,133	-	873,192	7,843,325
Unassigned	1,964,839	-	-	1,964,839
<b>Total Fund Balances</b>	<b>11,805,298</b>	<b>10,212,674</b>	<b>6,651,761</b>	<b>28,669,733</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,995,974</b>	<b>\$ 11,346,494</b>	<b>\$ 6,932,067</b>	<b>\$ 39,274,535</b>

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

# Redding Elementary School District

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

June 30, 2021

---

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 28,669,733</b>
---	----------------------

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets at historical cost	\$ 80,472,459
Accumulated depreciation	(34,608,362)

---

<b>Total Capital Assets - Net</b>	<b>45,864,097</b>
-----------------------------------	-------------------

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owed at the end of the period was:

(424,161)

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:

General obligation bonds	29,961,939
Net pension liability	38,993,572
Net OPEB liability	1,846,976
Compensated absences	156,337
Certificates of participation	2,534,594
Capital leases	361,103
Direct borrowing notes payable	4,240,000
Deferred loss on refunding	(32,610)

---

<b>Total Long-Term Liabilities</b>	<b>( 78,061,911)</b>
------------------------------------	----------------------

<b>Balance Forward</b>	<b>\$ ( 3,952,242)</b>
------------------------	------------------------

---

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

## Redding Elementary School District

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

June 30, 2021

<b>Balance Brought Forward</b>	\$ (3,952,242)
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	9,295,246
Deferred inflows of resources relating to pensions	(1,316,694)
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	209,812
Deferred inflows of resources relating to OPEB	(534,556)
<b>Total Net Position - Governmental Activities</b>	<b>\$ 3,701,566</b>

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



# Redding Elementary School District

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

Year Ended June 30, 2021	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 9,136,250	\$ -	\$ 2,363,768	\$ 11,500,018
Local control funding formula sources	18,641,606	-	1,951,342	20,592,948
Other state revenue	5,686,963	-	416,778	6,103,741
Federal revenue	6,251,321	-	2,321,015	8,572,336
Other local revenue	3,117,240	(64,387)	1,077,877	4,130,730
<b>Total Revenues</b>	<b>42,833,380</b>	<b>(64,387)</b>	<b>8,130,780</b>	<b>50,899,773</b>
<b>Expenditures</b>				
Current:				
Instruction	25,201,713	-	1,675,279	26,876,992
Instruction-related services	4,603,068	-	305,000	4,908,068
Pupil services	2,849,034	-	1,694,422	4,543,456
Ancillary services	29,583	-	828	30,411
Community services	2,824	-	-	2,824
General administration	2,514,551	-	240,235	2,754,786
Plant services	3,498,514	90,547	197,296	3,786,357
Transfers between agencies	189,259	-	-	189,259
Debt service:				
Principal	83,779	-	980,000	1,063,779
Interest and other charges	13,391	-	983,231	996,622
Issuance costs and discounts	-	165,000	-	165,000
Capital outlay	61,653	11,911,640	129,538	12,102,831
<b>Total Expenditures</b>	<b>39,047,369</b>	<b>12,167,187</b>	<b>6,205,829</b>	<b>57,420,385</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,786,011</b>	<b>(12,231,574)</b>	<b>1,924,951</b>	<b>(6,520,612)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt	-	6,012,337	-	6,012,337
Other sources	-	-	891,796	891,796
Other uses	-	-	(54,000)	(54,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>6,012,337</b>	<b>837,796</b>	<b>6,850,133</b>
<b>Net Change in Fund Balances</b>	<b>3,786,011</b>	<b>(6,219,237)</b>	<b>2,762,747</b>	<b>329,521</b>
<b>Fund Balances - as Previously Reported</b>	<b>8,019,287</b>	<b>16,431,911</b>	<b>3,869,726</b>	<b>28,320,924</b>
Cumulative effect of change in accounting principles	-	-	19,288	19,288
<b>Fund Balances - as Restated</b>	<b>8,019,287</b>	<b>16,431,911</b>	<b>3,889,014</b>	<b>28,340,212</b>
<b>Fund Balances - End of Year</b>	<b>\$ 11,805,298</b>	<b>\$ 10,212,674</b>	<b>\$ 6,651,761</b>	<b>\$ 28,669,733</b>

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

## Redding Elementary School District

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

Year Ended June 30, 2021

---

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 329,521</b>
---	-------------------

---

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	\$ 12,103,330
Depreciation expense	(1,893,356)

---

<b>Net Capital Outlay</b>	<b>10,209,974</b>
---------------------------	-------------------

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:

1,063,779

Debt proceeds: In governmental funds, proceeds from long-term debt are recognized as other financing sources. In the government-wide statements, proceeds from long-term debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from long-term debt, net of issue premium or discount, were:

(6,891,796)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was:

(22,040)

---

<b>Balance Forward</b>	<b>\$ 4,689,438</b>
------------------------	---------------------

---

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

## Redding Elementary School District

### RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION (Continued)

Year Ended June 30, 2021

<b>Balance Brought Forward</b>	\$ 4,689,438
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:	(4,592)
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:	(2,027,762)
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:	41,848
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:	136,393
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,835,325</b>

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

The District is governed by an elected five-member board. The District operates six elementary schools, one intermediate school, and one community day school in Redding, California. The District is the sponsoring local educational agency for two charter schools.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's, *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

#### Implementation of New Accounting Standards

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

- The Student Body Fund, reported previously as a fiduciary fund, does not meet the new fiduciary criteria and has been reclassified to the Student Activity Special Revenue Fund, a governmental fund. Fund balances of the governmental funds and net position of the governmental activities, as of July 1, 2020, have been restated by \$19,288.
- The Warrant/Pass-Through Fund, reported previously as a fiduciary fund, does not meet the new fiduciary criteria and has been moved to the General Fund, a governmental fund. This action did not affect fund balance of the General Fund and net position of governmental activities as of July 1, 2020.

# Redding Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

### Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary government:  
Redding Elementary School District

Blended component units:  
Stellar Charter School

Criteria for determining if other entities are potential component units, which should be reported within the District's basic financial statements, are identified and described in the GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District is financially accountable and other organizations that the nature and significance of their relationship with the District is such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

**Blended Component Units** Separate legal entities that meet the component unit criteria described above, and whose governing body is the same or substantially the same as the District's governing board or the component unit, that provide services entirely to the District. These component units' funds are blended into those of the District by appropriate activity type to compose the primary government presentation.

**Discretely Presented Component Units** Separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, the District has no discretely presented component units.

### Blended Component Units

The component unit that is blended into the reporting activity of the District's report is as follows:

Stellar Charter School is included in the Charter Schools Fund. Stellar Charter School was created on July 19, 1999, through the authority established in the *California Education Code*, Section 47602 (Charter Schools Act of 1992), for the purpose of providing educational services to elementary school and high school level residents of Shasta County and contiguous counties. Stellar Secondary Charter High School combined into Stellar Charter School as of July 1, 2017.

# Redding Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

### 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.

**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.

# Redding Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

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. Student Activity Special Revenue Fund is used to account for the transactions of the associated student body in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*California Education Code*, Section 48930-48938).
2. Charter Schools Fund is used to report separately the activities of Stellar Charter School.
3. 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. Building Fund exists primarily to account separately for proceeds from the sale of bonds (*California Education Code*, Section 15146).
2. 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).
3. Special Reserve Fund is used to account for resources designated for capital outlay projects (*California Education Code*, Section 42840).

**Debt Service Funds** Funds that are established to account for the accumulation of resources for the payment of the principal and interest on long-term debt.

1. Bond Interest and Redemption Fund is used to account for the repayment of bonds (*California Education Code*, Sections 15125-15262).

**Redding 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  
Building Fund

Nonmajor Governmental Funds:

Student Activity Special Revenue Fund  
Charter Schools Fund  
Cafeteria Special Revenue Fund  
Capital Facilities Fund  
Special Reserve Capital Projects Fund  
Bond Interest and Redemption 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.



## Redding 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, 2021, the fair value of the County pool was 100.34% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

## **Redding 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, 2021, was \$261,446. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2021, was \$80,455.

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

Certain restricted cash, cash equivalents, and investments are held by a fiscal agency for the redemption of notes payable (General Fund). Restricted cash and cash equivalents are combined with investments and displayed as restricted cash and investments.

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

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

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

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

#### **Inventories and Prepaid Expenses**

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. Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

#### **Bond Premiums**

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. In the governmental funds, these costs are reported as an other financing sources when the related liability is incurred.

# Redding Elementary School District

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

### Certificates of Participation Premiums

On the government-wide financial statements, certificates of participation (COP) premiums are deferred and amortized over the term of the COP using the effective-interest method. COP premiums are presented as an increase of the face amount of the COP payable. In the governmental funds, these costs are reported as an other financing sources when the related liability is incurred.

### Fixed Assets

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

### Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$15,000 or more and an estimated useful life in excess of one year, except for buildings and improvements for which a higher capitalization threshold of \$50,000 or more is used. All fixed assets are valued at historical cost, or estimated historical cost if the actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

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

School buildings	20-50
Portable classrooms	25
Site improvements	20
Equipment	5-15
Vehicles	8

### Fund Financial Statements

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

### Advances From Grantors

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

## **Redding Elementary School District**

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

(Continued)

---

#### **Long-Term Debt**

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

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

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

#### **Compensated Absences**

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

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

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

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

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

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

The District also has a deferred loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

#### Equity Classifications

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

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

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

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

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

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

*Restricted Fund Balance:* Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, or the 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.

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

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 General Fund expenditures and other financing uses.

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

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

The District's Local Control Funding Formula (LCFF) grant is received from a combination of local property taxes and state apportionments.

Shasta County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively.

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

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

#### **Revenue – Nonexchange Transactions**

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Expenditures and Expenses**

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

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

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

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

### **OPEB**

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

### **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.

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

---

**2. CASH AND INVESTMENTS**

The following is a summary of cash and investments:

June 30, 2021	Maturities	Fair Value
Deposits (1)		\$ 36,241
<b>Investments That Are Not Securities (2)</b>		
County treasurer's investment pool	20.5 months average	22,030,012
<b>Total Cash and Investments Per Government-Wide Statement of Net Position</b>		<b>\$ 22,066,253</b>

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

**Restricted Cash and Investments**

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

June 30, 2021	Fair Value
Deposits (1)	\$ 1,343,501

- (1) **Deposits** The carrying amount of restricted 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.



## Redding 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, 2021:

- County treasurer's investment pool of \$22,030,012 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.

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

			Other Governmental Funds
June 30, 2021	General Fund		
Other	\$ 376,350	\$	50,076

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

---

**4. DUE FROM OTHER GOVERNMENTS**

Due from other governments consisted of the following:

June 30, 2021	General Fund	Other Governmental Funds
<b>Due From</b>		
Federal government	\$ 13,039,262	\$ 126,050
State government	1,255,392	58,803
Local governments	654,384	-
<b>Total</b>	<b>\$ 14,949,038</b>	<b>\$ 184,853</b>

**5. 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	
General	Charter Schools	\$ 11,797
General	Cafeteria Special Revenue	112,151
Charter Schools	General	54,539
<b>Total</b>		<b>\$ 178,487</b>

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

General Fund due from the Charter Schools Fund for reimbursement of expenditures paid by the General Fund;

General Fund due from the Cafeteria Special Revenue Fund for indirect costs and reimbursement of No Kid Hungry expenditures; and

Charter Schools Fund due from the General Fund for in-lieu property taxes.

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**6. CAPITAL ASSETS**

Capital assets activity is as follows:

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Nondepreciated Capital Assets</b>				
Land	\$ 598,918	\$ -	\$ -	\$ 598,918
Construction in progress	5,234,965	12,008,728	8,391,174	8,852,519
<b>Total Nondepreciated Capital Assets</b>	<b>5,833,883</b>	<b>12,008,728</b>	<b>8,391,174</b>	<b>9,451,437</b>
<b>Depreciated Capital Assets</b>				
Buildings	53,356,088	-	-	53,356,088
Site improvements	4,637,354	8,340,570	-	12,977,924
Equipment and vehicles	4,541,804	145,206	-	4,687,010
<b>Total Depreciated Capital Assets</b>	<b>62,535,246</b>	<b>8,485,776</b>	<b>-</b>	<b>71,021,022</b>
<b>Totals at Historical Cost</b>	<b>68,369,129</b>	<b>20,494,504</b>	<b>8,391,174</b>	<b>80,472,459</b>
<b>Less: Accumulated Depreciation</b>				
Buildings	27,856,672	1,200,784	-	29,057,456
Site improvements	2,364,756	394,125	-	2,758,881
Equipment and vehicles	2,493,578	298,447	-	2,792,025
<b>Total Accumulated Depreciation</b>	<b>32,715,006</b>	<b>1,893,356</b>	<b>-</b>	<b>34,608,362</b>
<b>Total Depreciated Capital Assets - Net</b>	<b>29,820,240</b>	<b>6,592,420</b>	<b>-</b>	<b>36,412,660</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS - NET</b>	<b>\$ 35,654,123</b>	<b>\$ 18,601,148</b>	<b>\$ 8,391,174</b>	<b>\$ 45,864,097</b>

Depreciation expense was charged to governmental activities as follows:

Year Ended June 30, 2021		
<b>Governmental Activities</b>		
Instruction	\$	1,617,973
Pupil services		128,350
General administration		142,168
Plant services		4,865
<b>Total Depreciation Expense - Governmental Activities</b>	\$	1,893,356

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**7. ACCOUNTS PAYABLE**

Accounts payable consisted of the following:

June 30, 2021	General Fund	Building Fund	Other Governmental Funds
Vendors	\$ 1,016,590	\$ 1,133,820	\$ 106,761
Salaries and benefits	73,289	-	-
Other	3,998	-	-
<b>Total</b>	<b>\$ 1,093,877</b>	<b>\$ 1,133,820</b>	<b>\$ 106,761</b>

**8. DUE TO OTHER GOVERNMENTS**

Due to other governments consisted of the following:

June 30, 2021	General Fund	Other Governmental Funds
<b>Due To</b> State government	\$ 590,382	\$ 49,597

**9. BONDED DEBT**

The outstanding general obligation bonded debt is as follows:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2020	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2021
2008	3.00-4.00%	2023	\$ 8,085,000	\$ 100,000	\$ -	\$ 30,000	\$ 70,000
2011	2.00-4.00%	2022	8,320,000	960,000	-	475,000	485,000
2018	3.13-5.00%	2048	10,000,000	9,760,000	-	255,000	9,505,000
2020	1.63-4.00%	2049	12,000,000	10,750,000	-	-	10,750,000
2021	0.25-4.00%	2050	6,000,000	-	6,000,000	-	6,000,000
<b>Total</b>			<b>\$ 44,405,000</b>	<b>\$ 21,570,000</b>	<b>\$ 6,000,000</b>	<b>\$ 760,000</b>	<b>\$ 26,810,000</b>

The amount of interest cost incurred during the year ended June 30, 2021, was \$918,210, all of which was charged to expenses.

**Redding Elementary School District****NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 960,000	\$ 1,026,093	\$ 1,986,093
2023	380,000	1,076,713	1,456,713
2024	310,000	1,062,213	1,372,213
2025	65,000	1,054,713	1,119,713
2026	90,000	1,051,613	1,141,613
2027-2031	1,190,000	5,155,088	6,345,088
2032-2036	2,795,000	4,776,447	7,571,447
2037-2041	4,845,000	4,053,272	8,898,272
2042-2046	7,665,000	2,737,200	10,402,200
2047-2050	8,510,000	737,125	9,247,125
<b>Total</b>	<b>\$ 26,810,000</b>	<b>\$ 22,730,477</b>	<b>\$ 49,540,477</b>

**10. CAPITAL LEASE**

The District leases vehicles under an agreement which provides for title to pass upon expiration of the lease period. The cost of the vehicles is included in the statement of net position as depreciated capital assets and was \$709,166 at June 30, 2021. Accumulated depreciation of the leased vehicles at June 30, 2021, was \$317,647. Depreciation of the assets under the capital lease is included in depreciation expense and amounted to \$88,646 for the year ended June 30, 2021. The amount of interest cost incurred during the year ended June 30, 2021, was \$11,290, all of which was charged to expenses.

Future minimum lease payments are as follows:

Year Ending June 30	Lease Payments
2022	\$ 97,170
2023	97,170
2024	97,169
2025	97,169
<b>Total</b>	<b>388,678</b>
Less: Amount representing interest	27,575
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 361,103</b>

The District will receive no sublease rental revenues nor pay for any contingent rentals for these vehicles.

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

#### 11. DIRECT BORROWING NOTES PAYABLE

On September 18, 2014, the District was selected to receive a loan under the provisions of *California Education Code*, Section 17456, totaling \$2,740,000. The provisions of the loan require the District to deposit \$161,176 annually for 17 years beginning September 24, 2015, into a sinking fund, which earns interest of 4.57%, to repay the loan due on September 24, 2031. As of June 30, 2021, the principal balance outstanding was \$2,740,000. The note is due September 24, 2031.

On December 20, 2016, the District was selected to receive a loan under the provisions of *California Education Code*, Section 17456, totaling \$1,500,000. The provisions of the loan require the District to deposit \$88,235 annually for 17 years beginning December 20, 2017, into a sinking fund to repay the loan due on December 20, 2033. As of June 30, 2021, the principal balance outstanding was \$1,500,000. The note is due December 20, 2033.

#### 12. CERTIFICATES OF PARTICIPATION

On March 22, 2018, the District issued \$3,065,000 of certificates of participation. The interest rates range from 2.00% to 5.00%. The final maturity is September 1, 2029. The outstanding principal balance as of June 30, 2021, was \$2,420,000. The amount of interest cost incurred during the year ended June 30, 2021, was \$106,252, all of which was charged to expenses.

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ending June 30	Principal		Interest		Total
2022	\$	225,000	\$	92,100	\$ 317,100
2023		235,000		82,900	317,900
2024		250,000		73,200	323,200
2025		255,000		63,100	318,100
2026		270,000		52,600	322,600
2027-2030		1,185,000		94,000	1,279,000
<b>Total</b>	\$	2,420,000	\$	457,900	\$ 2,877,900

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

---

**13. CHANGES IN LONG-TERM DEBT**

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

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 151,745	\$ 4,592	\$ -	\$ 156,337	\$ -
General obligation bonds	21,570,000	6,000,000	760,000	26,810,000	960,000
Bond issue premiums	2,391,996	891,796	131,853	3,151,939	126,246
Capital leases	444,882	-	83,779	361,103	86,300
Direct borrowing notes payable	4,240,000	-	-	4,240,000	-
Certificates of participation	2,640,000	-	220,000	2,420,000	225,000
COP issue premiums	147,729	-	33,135	114,594	28,555
Net OPEB liability	2,451,686	-	604,710	1,846,976	-
Net pension liability	35,831,745	3,161,827	-	38,993,572	-
<b>Total</b>	<b>\$ 69,869,783</b>	<b>\$ 10,058,215</b>	<b>\$ 1,833,477</b>	<b>\$ 78,094,521</b>	<b>\$ 1,426,101</b>

**Redding Elementary School District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**14. FUND BALANCES COMPONENTS**

Fund balances are composed of the following:

June 30, 2021	General Fund	Building Fund	Other Governmental Funds
<b>Nonspendable</b>			
Reserved for:			
Revolving cash	\$ 11,100	\$ -	\$ 750
Inventories	-	-	19,975
Prepaid expenditures	91,406	-	14,596
<b>Total Nonspendable</b>	<b>\$ 102,506</b>	<b>\$ -</b>	<b>\$ 35,321</b>
<b>Restricted</b>			
Restricted for:			
Capital projects	\$ -	\$ 10,212,674	\$ 1,461,945
Debt service	1,343,501	-	2,414,726
Student activities	-	-	24,391
Federal and state categoricals	1,424,319	-	1,842,186
<b>Total Restricted</b>	<b>\$ 2,767,820</b>	<b>\$ 10,212,674</b>	<b>\$ 5,743,248</b>
<b>Assigned</b>			
Assigned for:			
Fiscal stability	\$ 4,540,064	\$ -	\$ -
Textbook adoption	500,000	-	-
Technology needs	750,000	-	-
School bus replacement	1,000,000	-	-
Site balances	180,069	-	-
Charter schools	-	-	841,400
Capital projects	-	-	31,792
<b>Total Assigned</b>	<b>\$ 6,970,133</b>	<b>\$ -</b>	<b>\$ 873,192</b>
<b>Unassigned</b>			
Designated for economic uncertainties	\$ 1,964,839	\$ -	\$ -



## **Redding Elementary School District**

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

(Continued)

---

#### **15. 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), Northern California Regional Liability Excess Fund (ReLiEF), and Schools Excess Liability Fund (SELF). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The 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.

#### **16. 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.

**Redding Elementary School District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**Construction Project Commitments**

Construction project commitments are as follows:

	<b>Remaining Construction Commitment</b>
June 30, 2021	
Cypress School modernization	\$ 537,380
Sequoia Middle School modernization - Increment 1	2,396,060
<b>Total</b>	<b>\$ 2,933,440</b>

**17. 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.

**18. 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:

	<b>Net Pension Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
June 30, 2021				
CalSTRS State Teachers'				
Retirement Plan	\$ 25,466,732	\$ 6,453,444	\$ 1,284,088	\$ 3,231,753
CalPERS School Employer Pool	13,526,840	2,841,802	32,606	2,608,549
<b>Total</b>	<b>\$ 38,993,572</b>	<b>\$ 9,295,246</b>	<b>\$ 1,316,694</b>	<b>\$ 5,840,301</b>

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

---

#### California State Teachers' Retirement System

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

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

- **CalSTRS 2% at 60** CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.
- **CalSTRS 2% at 62** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

**Contributions** Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2021, were \$2,434,618.

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

June 30, 2021

District's proportionate share of the net pension liability	\$ 25,466,732
State's proportionate share of the net pension liability associated with the District	13,127,997
<b>Total</b>	<b>\$ 38,594,729</b>

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2021, the District's proportion was 0.026%.

State Teachers' Retirement Law also requires the state to contribute 10.328% of the members' creditable earnings from the fiscal year ending in the prior calendar year. *California Education Code*, Section 22950.6 appropriated an additional \$2,246,000,000 from the state's General Fund for the 2018-19 fiscal year to be transferred to the Teachers' Retirement Fund to reduce school employers' contributions and unfunded liabilities for the 2019-20 and 2020-21 fiscal years. For the year ended June 30, 2021, the District recognized pension expense of \$410,466 and revenue of \$410,466 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 44,937	\$ 717,749
Net difference between projected and actual earnings on pension plan investments	604,785	-
Change in assumptions	2,482,917	-
Changes in proportion and differences between District contributions and proportionate share of contributions	886,187	566,339
District contributions subsequent to the measurement date	2,434,618	-
<b>Total</b>	<b>\$ 6,453,444</b>	<b>\$ 1,284,088</b>

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$2,434,618 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ 287,644
2023	807,915
2024	1,164,106
2025	462,658
2026	9,937
Thereafter	2,478
<b>Total</b>	<b>\$ 2,734,738</b>

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

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

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

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
June 30, 2021			
District's proportionate share of the net pension liability	\$ 38,476,685	\$ 25,466,732	\$ 14,725,184

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

### California Public Employees' Retirement System

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

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

**Contributions** Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2020-21 fiscal year was 20.70%. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were \$1,377,921.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2021, the District reported a net pension liability of \$13,526,840 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.04409%.

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$2,608,549. *California Government Code*, Section 20825.2 appropriated \$904,000,000 from the state's General Fund for fiscal year 2018-19 to be transferred to the Public Employees' Retirement Fund, to reduce school employers' contributions and unfunded liabilities for the 2019-20 through 2021-22 fiscal years. For the year ended June 30, 2021, the District recognized pension expense of \$398,534 and revenue of \$398,534 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 670,890	\$ -
Net difference between projected and actual earnings on pension plan investments	281,586	-
Change in assumptions	49,603	-
Changes in proportion and differences between District contributions and proportionate share of contributions	461,802	32,606
District contributions subsequent to the measurement date	1,377,921	-
<b>Total</b>	<b>\$ 2,841,802</b>	<b>\$ 32,606</b>

The \$1,377,921 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2022	\$	476,326
2023		454,478
2024		353,727
2025		146,744
<b>Total</b>	<b>\$</b>	<b>1,431,275</b>



## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

---

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

---

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

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

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
June 30, 2021			
District's proportionate share of the net pension liability	\$ 19,447,299	\$ 13,526,840	\$ 8,613,156

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

## 19. EARLY RETIREMENT INCENTIVE PROGRAM

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

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 20. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

### Plan Description and Benefits Provided

The District provides postemployment medical and dental benefits to permanent certificated employees who retire from the District on or after attaining age 50, with at least ten years of service for a maximum of ten years or until the retiree reaches age 65. Additionally, the District provides postemployment health care benefits to classified employees who retire from the District on or after attaining age 62 with at least 15 years of service for three years or until the retiree reaches age 65, whichever comes first.

The District provides these benefits through their retiree health program, a single-employer defined benefit health care plan administered by the District.

### Employees Covered

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

Inactive Plan members or beneficiaries currently receiving benefit payments	37
Active Plan members	248
<b>Total</b>	<b>285</b>

### 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. Currently, the District's policy is to contribute to the Plan on a pay-as-you-go basis. For the fiscal year ended June 30, 2021, the District contributed \$267,680 representing premium payments on behalf of retired employees.

### Net OPEB Liability

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

**Redding Elementary School District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

---

**Actuarial Assumptions**

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

---

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age, Level Percent of Pay
Actuarial assumptions:	
Investment rate of return	7.25% <sup>(1)</sup>
Inflation rate	2.75%
Salary increases	3.00%
Healthcare cost trend rate	5.80% <sup>(2)</sup>

---

*(1) Net of OPEB plan investment expense*

*(2) 5.80% for 2021 decreasing to 5.40% 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 6.98%. The discount rate is based on a blend of the long-term expected rate of return on Plan investments and Fidelity GO AA 20 Municipal Index 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 Employer's Retiree Benefit Trust (CERBT) using a building-block method in which best-estimate ranges of expected future real rates 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.

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

As of June 30, 2021, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

<b>Investment Class</b>	<b>Target Allocation</b>	<b>Real Rate of Return</b>
Global ex-U.S. Equity	59.00%	550.00%
U.S. fixed income	25.00%	150.00%
Treasury inflation-protected securities	5.00%	120.00%
Real estate	8.00%	370.00%
Commodities	3.00%	60.00%

### Changes in the Net OPEB Liability

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

Year Ended June 30, 2021

<b>Total OPEB Liability</b>	
Service cost	\$ 149,577
Interest	185,419
Difference between expected and actual experience	(218,495)
Changes in assumptions or other inputs	(246,901)
Benefit payments - including refunds of employee contributions	(278,468)
<b>Net Change in Total OPEB Liability</b>	(408,868)
<b>Total OPEB Liability - Beginning of Year</b>	3,165,709
<b>Total OPEB Liability - End of Year (a)</b>	2,756,841
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	267,680
Net investment income	196,538
Benefit payments - including refunds of employee contributions	(267,680)
Administrative expense	(696)
<b>Net Change in Plan Fiduciary Net Position</b>	195,842
<b>Plan Fiduciary Net Position - Beginning of Year</b>	714,023
<b>Plan Fiduciary Net Position - End of Year (b)</b>	909,865
<b>Net OPEB Liability - End of Year ((a) - (b))</b>	\$ 1,846,976
Plan fiduciary net position as a percentage of the total OPEB liability	33.00%
Covered-employee payroll	\$ 16,417,676
District's net OPEB liability as a percentage of covered-employee payroll	11.25%

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

The following presents the District's net OPEB liability calculated using the discount rate of 6.98%, as well as the District's net OPEB liability if it was calculated using a discount rate that is one percentage point lower (5.98%) or one percentage point higher (7.98%) than the current rate:

June 30, 2021	1% Decrease (5.98%)	Current Discount Rate (6.98%)	1% Increase (7.98%)
Net OPEB liability	\$ 1,998,592	\$ 1,846,976	\$ 1,705,169

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

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

June 30, 2021	1% Decrease (4.80%)	Health Cost Trend Rates (5.80%)	1% Increase (6.80%)
Net OPEB liability	\$ 1,738,451	\$ 1,846,976	\$ 1,969,745

#### Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$236,620. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 192,544
Net difference between projected and actual earnings on plan investments	18,388	115,537
Change in assumptions or other inputs	191,424	226,475
<b>Total</b>	<b>\$ 209,812</b>	<b>\$ 534,556</b>

## Redding Elementary School District

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Year Ending June 30		
2022	\$	(46,609)
2023		(46,335)
2024		(47,965)
2025		(53,191)
2026		(24,378)
Thereafter		(106,266)
<b>Total</b>	<b>\$</b>	<b>(324,744)</b>

## 21. FUTURE GASB IMPLEMENTATION

In June 2017, GASB issued Statement No. 87, *Leases*. 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. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2021, will have on the District's financial statements, if any.

## **Required Supplementary Information**



**Redding Elementary School District**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

Year Ended June 30, 2021	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,257,466	\$ 9,049,400	\$ 9,136,250	\$ 86,850
Local control funding formula sources	17,286,395	18,718,145	18,641,606	(76,539)
Other state revenue	3,152,688	5,543,890	5,686,963	143,073
Federal revenue	2,695,836	11,176,633	6,251,321	(4,925,312)
Other local revenue	2,726,901	2,809,542	3,117,240	307,698
<b>Total Revenues</b>	<b>34,119,286</b>	<b>47,297,610</b>	<b>42,833,380</b>	<b>(4,464,230)</b>
<b>Expenditures</b>				
Certificated salaries	13,868,720	14,841,602	15,234,629	(393,027)
Classified salaries	6,220,481	6,610,628	7,079,861	(469,233)
Employee benefits	8,790,962	9,195,708	9,031,564	164,144
Books and supplies	1,184,181	2,291,272	2,411,674	(120,402)
Services and other operating	5,112,944	5,792,536	5,025,271	767,265
Capital outlay	-	28,000	61,653	(33,653)
Other outgo	178,994	149,717	105,547	44,170
Debt service:				
Principal	83,779	83,779	83,779	-
Interest and other charges	13,391	13,391	13,391	-
<b>Total Expenditures</b>	<b>35,453,452</b>	<b>39,006,633</b>	<b>39,047,369</b>	<b>(40,736)</b>
<b>Net Change in Fund Balances</b>	<b>(1,334,166)</b>	<b>8,290,977</b>	<b>3,786,011</b>	<b>(4,504,966)</b>
<b>Fund Balances - Beginning of Year</b>	<b>8,019,287</b>	<b>8,019,287</b>	<b>8,019,287</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 6,685,121</b>	<b>\$ 16,310,264</b>	<b>\$ 11,805,298</b>	<b>\$ (4,504,966)</b>

See the accompanying notes to this budgetary comparison schedule.

**Redding 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 annual budget lapse at the end of each fiscal year.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceeded appropriations by the following amounts:

<u>June 30, 2021</u>	<u>General Fund</u>
Certificated salaries	\$ 393,027
Classified salaries	\$ 469,233
Books and supplies	\$ 120,402
Capital outlay	\$ 33,653

These excess expenditures were offset by unexpended appropriations in other categories and were funded by actual revenues in excess of actual expenditures.

# Redding Elementary School District

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

Years Ended June 30	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 149,577	\$ 195,733	\$ 176,280	\$ 171,146
Interest	185,419	190,111	191,928	192,449
Difference between expected and actual experience	(218,495)	-	-	-
Changes in assumptions and other inputs	(246,901)	206,357	40,559	-
Benefit payments - including refunds of employee contributions	(278,468)	(349,744)	(384,005)	(356,832)
<b>Net Change In Total OPEB Liability</b>	(408,868)	242,457	24,762	6,763
<b>Total OPEB Liability - Beginning of Year</b>	3,165,709	2,923,252	2,898,490	2,891,727
<b>Total OPEB Liability - End of Year (a)</b>	2,756,841	3,165,709	2,923,252	2,898,490
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	267,680	349,744	434,005	406,832
Net investment income	196,538	24,486	37,494	40,806
Benefit payments	(267,680)	(349,744)	(384,005)	(356,832)
Administrative expense	(696)	(594)	(514)	(465)
<b>Net Change in Plan Fiduciary Net Position</b>	195,842	23,892	86,980	90,341
<b>Plan Fiduciary Net Position - Beginning of Year</b>	714,023	690,131	603,151	512,810
<b>Plan Fiduciary Net Position - End of Year (b)</b>	909,865	714,023	690,131	603,151
<b>Net OPEB Liability - End of Year ((a) - (b))</b>	\$ 1,846,976	\$ 2,451,686	\$ 2,233,121	\$ 2,295,339
Plan fiduciary net position as a percentage of total OPEB liability	33.00%	22.55%	23.61%	20.81%
Covered-employee payroll	\$ 16,417,676	\$ 20,353,925	\$ 19,446,259	\$ 16,560,841
District's net OPEB liability as a percentage of covered-employee payroll	11.25%	12.05%	11.48%	13.86%

See the accompanying notes to the required supplementary information.

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

Years Ended June 30	<b>2021</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>
Actuarially determined contribution	\$	245,337	\$	311,763	\$	321,115	\$ 312,274
Contributions in relation to the actuarially determined contribution		(267,680)		(349,744)		(434,005)	(406,832)
<b>Contribution Deficiency (Excess)</b>	\$	(22,343)	\$	(37,981)	\$	(112,890)	\$ (94,558)
Covered-employee payroll	\$	16,417,676	\$	20,353,925	\$	19,446,259	\$ 16,560,841
Contributions as a percentage of covered-employee payroll		1.63%		1.72%		2.23%	2.46%

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

**Redding Elementary School District**  
SCHEDULE OF INVESTMENT RETURNS - OPEB

Years Ended June 30	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	27.49%	3.50%	6.18%	7.75%

## Redding Elementary School District

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

Years Ended June 30	2021	2020	2019
District's proportion of the net pension liability (asset)	0.026%	0.026%	0.026%
District's proportionate share of the net pension liability (asset)	\$ 25,466,732	\$ 23,482,160	\$ 23,895,820
State's proportionate share of the net pension liability (asset) associated with the District	13,127,997	12,811,189	13,681,542
<b>Total</b>	<b>\$ 38,594,729</b>	<b>\$ 36,293,349</b>	<b>\$ 37,577,362</b>
District's covered-employee payroll	\$ 14,100,404	\$ 13,818,710	\$ 13,604,685
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	180.61%	169.93%	175.64%
Plan fiduciary net position as a percentage of the total pension liability	71.80%	72.60%	71.00%

Years Ended June 30	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.025%	0.026%	0.027%	0.027%
District's proportionate share of the net pension liability (asset)	\$ 23,120,000	\$ 21,029,060	\$ 17,053,967	\$ 14,121,402
State's proportionate share of the net pension liability (asset) associated with the District	13,677,708	11,973,231	9,613,857	9,527,527
<b>Total</b>	<b>\$ 36,797,708</b>	<b>\$ 33,002,291</b>	<b>\$ 26,667,824</b>	<b>\$ 23,648,929</b>
District's covered-employee payroll	\$ 13,470,548	\$ 12,904,147	\$ 12,111,982	\$ 11,625,948
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	171.63%	162.96%	140.80%	121.46%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.00%	74.00%	77.00%

See the accompanying notes to the required supplementary information.

# Redding Elementary School District

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

Years Ended June 30	2021		2020		2019	
Contractually required contribution	\$	2,434,618	\$	2,411,169	\$	2,249,686
Contributions in relation to the contractually required contribution		(2,434,618)		(2,411,169)		(2,249,686)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	14,100,404	\$	13,818,710	\$	13,604,685
Contributions as a percentage of covered-employee payroll		17.27%		17.45%		16.54%

Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	1,963,156	\$	1,694,595	\$	1,384,615	\$	1,075,544
Contributions in relation to the contractually required contribution		(1,963,156)		(1,694,595)		(1,384,615)		(1,075,544)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	13,470,548	\$	12,904,147	\$	12,111,982	\$	11,625,948
Contributions as a percentage of covered-employee payroll		14.57%		13.13%		11.43%		9.25%

See the accompanying notes to the required supplementary information.

# **Redding Elementary School District**

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

<b>Years Ended June 30</b>	<b>2021</b>		<b>2020</b>		<b>2019</b>
District's proportion of the net pension liability (asset)	0.04409%		0.04240%		0.04178%
District's proportionate share of the net pension liability (asset)	\$	13,526,840	\$	12,349,585	\$ 11,139,863
District's covered-employee payroll	\$	6,382,024	\$	5,877,599	\$ 5,541,884
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	211.95%		210.11%		201.01%
Plan fiduciary net position as a percentage of the total pension liability	70.00%		70.00%		70.80%

<b>Years Ended June 30</b>	<b>2018</b>		<b>2017</b>		<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.04232%		0.03880%		0.03880%	0.03250%
District's proportionate share of the net pension liability (asset)	\$	10,102,901	\$	7,663,024	\$ 6,194,647	\$ 3,573,621
District's covered-employee payroll	\$	5,431,178	\$	4,660,024	\$ 4,172,840	\$ 3,388,120
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.02%		164.44%		148.45%	105.48%
Plan fiduciary net position as a percentage of the total pension liability	71.90%		73.90%		79.40%	83.50%

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



# Redding Elementary School District

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

Years Ended June 30	2021		2020		2019	
Contractually required contribution	\$	1,377,921	\$	1,258,599	\$	1,061,612
Contributions in relation to the contractually required contribution		(1,377,921)		(1,258,599)		(1,061,612)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	6,382,024	\$	5,877,599	\$	5,541,884
Contributions as a percentage of covered-employee payroll		21.59%		21.41%		19.16%

Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	860,710	\$	754,282	\$	552,073	\$	491,185
Contributions in relation to the contractually required contribution		(860,710)		(754,282)		(552,073)		(491,185)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	5,431,178	\$	4,660,024	\$	4,172,840	\$	3,388,120
Contributions as a percentage of covered-employee payroll		15.85%		16.19%		13.23%		14.50%

See the accompanying 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, 2021.

The discount rate was reduced from 7.13% to 6.98% during the measurement period ended June 30, 2021, due to a decrease in the Municipal Bond 20-Year High Grade Rate Index.

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

## **OTHER SUPPLEMENTARY INFORMATION SECTION**

## Redding Elementary School District

### LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2021

---

The Redding Elementary School District is located in Shasta County and was established in 1873. There were no changes in the boundaries of the District during the current year. The District is currently operating six elementary schools, one intermediate school, and one community day school. The District is the sponsoring local educational agency for two charter schools.

#### GOVERNING BOARD

Name	Office	Term Expires
Nathan Fairchild	Vice President	2022
Peggy O'Lea	Clerk	2022
Steve Martinez	Member	2024
Bruce Ross	Member	2022
Michelle Holmgren	Member	2022

#### ADMINISTRATION

Robert J. Adams  
Superintendent

Robert Fellingner  
Chief Business Official

## Redding Elementary School District

### SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2021

---

Charter school sponsored by the District that is included in the audit of the District:

**Charter Number**

---

Stellar Charter School

#0490

---

Charter school sponsored by the District that is excluded from the audit of the District:

**Charter Number**

---

Monarch Learning Center

#0307

---

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

## Redding Elementary School District

### SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2021

	Required Instructional Days	Actual Instructional Days Offered	Approved J-13A Credited Days*	Traditional Calendar Days	Multitrack Calendar Days	Status
Kindergarten	180	180	-	180	N/A	Complied
Grade 1	180	180	-	180	N/A	Complied
Grade 2	180	180	-	180	N/A	Complied
Grade 3	180	180	-	180	N/A	Complied
Grade 4	180	180	-	180	N/A	Complied
Grade 5	180	180	-	180	N/A	Complied
Grade 6	180	180	-	180	N/A	Complied
Grade 7	180	180	-	180	N/A	Complied
Grade 8	180	180	-	180	N/A	Complied

*\*The District did not request any Form J-13A emergency closure days.*

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

# **Redding Elementary School District** **SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

Years Ended June 30	(Budget) 2022		2021	2020	2019			
General Fund								
Revenues and other financial sources	\$	40,495,075	\$	42,833,380	\$	36,897,615	\$	36,991,028
Expenditures		41,963,081		39,047,369		35,479,116		35,747,461
Change in Fund Balance		(1,468,006)		3,786,011		1,418,499		1,243,567
Ending Fund Balance	\$	10,337,292	\$	11,805,298	\$	8,019,287	\$	6,600,788
Available reserves	\$	2,110,625	\$	1,964,839	\$	1,786,426	\$	1,799,844
Designated for economic uncertainties	\$	2,110,625	\$	1,964,839	\$	1,786,426	\$	1,799,844
Available reserves as a percentage of total outgo		5%		5%		5%		5%
Total long-term debt	\$	76,668,420	\$	78,094,521	\$	69,869,783	\$	57,738,950
Average daily attendance at P-2		2,911		3,015 *		3,015		3,000

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

The General Fund balance has increased by \$5,204,510 over the past two years. The 2021-22 budget projects a decrease of \$1,468,006 (12.4%). For a district this size, the state recommends available reserves of at least 3% 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. An operating deficit is anticipated during the 2021-22 fiscal year. Total long-term debt has increased by \$20,355,571 over the past two years.

Average daily attendance has increased by 15 over the past two years. The District anticipates ADA to decline by 104 during fiscal year 2021-22.

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

## **Redding Elementary School District**

### **RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2021

---

The fund balances for all funds, as reported in the annual financial and budget report, equal the corresponding balances in the audited financial statements.

---

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



**Redding Elementary School District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2021

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>FEDERAL PROGRAMS</b>			
<b>U.S. Department of Education</b>			
<b>Passed Through California Department of Education</b>			
<b>Special Education Cluster</b>			
Special Education - IDEA Basic Local Assistance	84.027	13379	\$ 643,343
Special Education - IDEA Basic Local Assistance	84.027	10115	7,536
<b>Total Special Education Cluster</b>			650,879
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	652,806
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund	84.425D	15547	1,693,680
COVID-19 - Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	174,804
<b>Total Education Stabilization Fund</b>			2,521,290
<b>ESEA - Title I, Part A Grants</b>			
ESEA - Title I, Part A, Basic Grants	84.010A	14329	791,431
ESEA - School Improvement Funding for LEAs	84.010A	15438	78,166
<b>Total ESEA - Title I, Part A Grants</b>			869,597
ESEA - Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	92,628
ESEA - Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	8,876
<b>Total U.S. Department of Education</b>			4,143,270
<b>Subtotal Forward</b>			\$ 4,143,270

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

**Redding Elementary School District****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2021

(Continued)

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>FEDERAL PROGRAMS</b>			
<b>Subtotal Brought Forward</b>			<b>\$ 4,143,270</b>
<b>U.S. Department of Treasury</b>			
<b>Passed Through California Department of Education</b>			
COVID-19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	2,011,635
<b>Passed Through County of Shasta</b>			
COVID-19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019		2,864
<b>Total U.S. Department of Treasury</b>			<b>2,014,499</b>
<b>U.S. Department of Agriculture</b>			
<b>Passed Through California Department of Education</b>			
<b>Child Nutrition Cluster</b>			
Summer Food Service Program Operations	10.559	13004	1,640,832
<b>Nonmonetary Assistance</b>			
Food Donation	10.555		118,000
<b>Total Child Nutrition Cluster</b>			<b>1,758,832</b>
Child and Adult Care Food	10.558	13393	545,755
<b>Passed Through Shasta County Office of Education</b>			
Schools and Roads - Grants to Counties	10.666	10044	31,788
<b>Total U.S. Department of Agriculture</b>			<b>2,336,375</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 8,494,144</b>

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

## **PURPOSE OF SCHEDULES**

### **Schedule of Charter Schools**

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

### **Schedule of Instructional Time**

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

### **Schedule of Financial Trends and Analysis**

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

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

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

### **Schedule of Expenditures of Federal Awards**

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **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  
Redding Elementary School District  
Redding, 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 Redding Elementary School District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated January 31, 2022.

***Internal Control Over Financial Reporting***

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

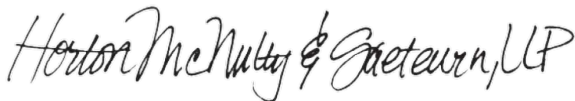
(Continued)

***Compliance and Other Matters***

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

**Purpose of This Report**

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



January 31, 2022  
Chico, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Trustees  
Redding Elementary School District  
Redding California

**Report on Compliance for Each Major Federal Program**

We have audited Redding Elementary School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

(Continued)

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

(Continued)

**Purpose of This Report**

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

A handwritten signature in black ink that reads "Horton McNulty & Gaetean, LLP". The signature is written in a cursive, flowing style.

January 31, 2022  
Chico, California

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees  
Redding Elementary School District  
Redding, California

### **Compliance**

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

### ***Management's Responsibility***

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

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

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

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

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

(Continued)

June 30, 2021	Procedures Performed
Attendance and distance learning	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Instructional time	Yes
Instructional materials	Yes
Ratios of administrative employees to teachers	Yes
Classroom teacher salaries	Yes
Early retirement incentive	No
Gann limit calculation	Yes
School accountability report card	Yes
K-3 grade span adjustment	Yes
Apprenticeship: Related and supplemental instruction	No
Comprehensive school safety plan	Yes
District of choice	No
California Clean Energy Jobs Act	No
Proper expenditure of education protection account funds	Yes
Unduplicated local control funding formula pupil counts	Yes
Charter schools:	
Independent study-course based	No
Attendance	Yes
Mode of instruction	Yes
Nonclassroom-based instruction/independent study	Yes
Determination of funding for nonclassroom-based instruction	Yes
Charter school facility grant program	No

District of choice steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice. Testing was not performed for California Clean Energy Jobs Act because the District did not have any expenditures during 2020-21 from California Clean Energy Jobs Act funds.

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

Early retirement incentive  
Apprenticeship: Related and supplemental instruction

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

(Continued)

Since the District did not sponsor any charter schools that participated in the following programs, all steps related to the following were not performed:

Independent study-course based  
Charter school facility grant program

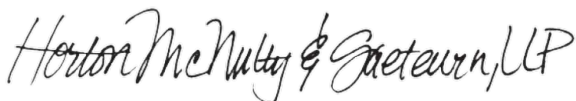
### ***Opinion on State Compliance***

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

### ***Other Matters***

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

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



January 31, 2022  
Chico, California

## **FINDINGS AND QUESTIONED COSTS SECTION**

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

---

**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

**FEDERAL AWARDS**

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
AL No. 84.425 COVID-19 – Education Stabilization Fund (ESF)	
AL No. 21.019 COVID-19 – Coronavirus Relief Fund (CRF)	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE AWARDS**

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

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

---

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

None.

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

None.

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

**CLASSROOM COMPENSATION**  
61000 (2021-001)

**State Compliance**

**Condition** The District is not in compliance with the required minimum percentage for payment of classroom compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom compensation was 58.81% for the fiscal year ended June 30, 2021.

**Criteria** *California Education Code*, Section 41372(b), requires the District to expend 60% or greater of the District's current expense of education for payment of classroom compensation. The *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Procedure I, Classroom Teacher Salaries, requires auditors to determine whether the District met the percentage requirements.

**Effect** The current expense of education for the District was \$33,833,054, and classroom compensation was \$19,898,072, resulting in a deficiency of \$402,613.

**Cause** The District received one-time grants during the year that were not spent on classroom compensation.

**Recommendation** The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom compensation. The District should deposit the deficiency of \$402,613 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$402,613 to the amounts to be expended for compensation of classroom personnel during the next fiscal year.

**Response** The District applied for an exemption.



## **Redding Elementary School District**

### **CORRECTIVE ACTION PLAN**

June 30, 2021

---

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

**LOCAL CONTROL ACCOUNTABILITY PLAN**

62000 (2020-001)

**State Compliance**

**Condition** The District did not maintain supporting documents that the local control and accountability plan or approved annual update was presented to the English learner parent advisory committee in accordance with *California Education Code*, Section 52062(a)(2).

**Criteria** *California Education Code*, Section 52062(a)(2) requires that the superintendent of the school district present the local control and accountability plan or approved annual update to the English learner parent advisory committee for review and comment.

**Effect** The District is not in compliance with the requirements of *California Education Code*, Section 52062(a)(2).

**Cause** The District could not locate meeting minutes or other supporting documents for the presentation to the English Learner parent advisory committee.

**Recommendation** We recommend that the District maintain documentation to support the presentation of the local control and accountability plan or approved annual update to the English learner parent advisory committee to support compliance with *California Education Code*, Section 52062(a)(2).

**Current Status** Since Senate Bill 98 provided that LEAs are not required to adopt a Local Control and Accountability Plan for 2020-21 school year, the status of this finding will be updated for the 2021-22 fiscal year audit.

**Redding Elementary School District**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2021  
(Continued)

---

**STATE COMPLIANCE (After School Education and Safety Program)**  
40000 (2020-002)

**State Compliance**

**Condition** For compliance with the After School Education and Safety Program, we selected three school sites for testing. The results for the two school sites with exceptions are noted below.

We selected ten students and one month for testing at Sycamore Elementary School and noted the following:

1. For ten of ten students, reasons for early release from the program were not noted on the sign-out sheets.
2. There were inconsistencies between group rosters that were used to compile number of students served and parent sign-in/out sheets. There were five instances where the students were marked absent on the rosters, but parents signed the students out; thus, it appears that the students were present. There was one instance in which the time out was noted, but a parent signature was not present on the sign-out sheet.
3. For one of the ten students tested, the parent did not notate time out for the entire month on the sign-out sheet.

We selected three students and one month for testing at Sequoia Middle School and noted the following:

1. There were five instances where students who signed in to the Before School program after the halfway point were counted as present.
2. There were two instances where the sign-in time was not noted and the students were counted as present. We were unable to determine whether these pupils were properly counted, since we could not ascertain whether the students signed in before or after the halfway point.

**Criteria** Per *California Education Code*, Section 8484.8(e)(6), a grantee shall submit semiannual attendance data and results to facilitate evaluation and compliance in accordance with the provisions established by the California Department of Education. The reported number of students on the After School Attendance Report should agree to the sign-in sheets which document pupil participation.

*California Education Code*, Section 8483(a)(1) requires every after-school program to establish a policy regarding reasonable early release of students from the program. The District's established policies require documentation of the reason for the early release. Early release from the program should be in accordance with the established policy and indicated on the sign-out sheets.

Per *California Education Code*, Section 8483(a)(2)(B), a pupil who attends less than one half of the daily program hours shall not be counted for the purposes of attendance.

**Redding Elementary School District**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2021  
(Continued)

---

**Effect** The District understated the 2019-20 First Half After School Attendance Report by five students and overstated the 2019-20 First Half Before School Attendance Report by five students. The District was out of compliance with its established policies in regards to documentation of reason for early release.

**Cause** Sign-in/out sheets were not reconciled to the rosters that were used to compile number of students served. Sign-in/out sheets were not monitored for parent signatures and/or notation of reasons for early release.

**Recommendation** We recommend that the daily attendance reporting be reviewed for accuracy against the daily sign-in/out sheets prior to submission of the Before/After-School Attendance Report. We recommend that the reason for early release be documented on the sign-out sheets. The California Department of Education, as directed by Senate Bill 98, has waived the provisions of *California Education Code*, Section 8483(a)(1), for the 2020-21 school year to provide the flexibility to serve pupils during the COVID-19 pandemic. The District should monitor early release requirements for 2021-22 to ensure compliance.

**Current Status** Since the provisions of *California Education Code*, Section 8483(a)(1) was waived for the 2020-21 school year, the status of this finding will be updated for the 2021-22 fiscal year audit.