



Redding Elementary School District

County of Shasta
Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2022



Redding Elementary School District

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 76 to 85, 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.

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 78 to 85 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 14, 2023
Chico, California

FINANCIAL SECTION

Required Supplementary Information

INTRODUCTION

An overview of Redding Elementary School District's (the District) financial activities for the fiscal year ended June 30, 2022, is provided in this discussion and analysis of the District's financial performance.

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) Statement No. 87, *Leases*, as of July 1, 2021. The implementation of this standard had no impact on the current-year financial statements.

FINANCIAL HIGHLIGHTS

Overall revenues were \$50,107,431. Revenues exceeded expenses by \$3,161,835.

Total net position in governmental activities was \$6,863,401, an increase of 85.42% from the previous year. The General Fund reported a total fund balance of \$12,540,339.

Enrollment for the District has decreased by 5.37%.

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, 2022, was \$6,863,401. Of this amount, (\$27,671,069) 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
	2021	2022	Change 2021-22
ASSETS			
Cash and investments	\$ 22,066,253	\$ 22,968,050	4.09%
Receivables	15,560,317	5,190,736	-66.64%
Inventories	19,975	56,422	182.46%
Prepaid expenses	106,002	180,166	69.96%
Restricted cash and investments	1,343,501	1,596,182	18.81%
Capital assets - net of accumulated depreciation	45,864,097	50,177,697	9.41%
TOTAL ASSETS	84,960,145	80,169,253	-5.64%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	32,610	9,028	-72.32%
Deferred outflows of resources on OPEB	209,812	331,207	57.86%
Deferred outflows of resources for pensions	9,295,246	8,507,811	-8.47%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,537,668	8,848,046	-7.23%
LIABILITIES			
Accounts payable and other liabilities	3,398,598	5,505,546	61.99%
Advances from grantors	7,451,878	820,551	-88.99%
Long-term debt	78,094,521	60,245,989	-22.86%
TOTAL LIABILITIES	88,944,997	66,572,086	-25.15%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for OPEB	534,556	490,426	-8.26%
Deferred inflows of resources for pensions	1,316,694	15,091,386	1046.16%
TOTAL DEFERRED INFLOWS OF RESOURCES	1,851,250	15,581,812	741.69%
NET POSITION			
Net investment in capital assets	19,011,745	19,085,172	0.39%
Restricted for capital projects	11,674,619	6,627,643	-43.23%
Restricted for debt service	3,758,227	3,828,582	1.87%
Restricted for educational programs	1,465,717	2,755,992	88.03%
Restricted for other purposes	1,825,179	2,237,081	22.57%
Unrestricted	(34,033,921)	(27,671,069)	18.70%
TOTAL NET POSITION	\$ 3,701,566	\$ 6,863,401	85.42%

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.

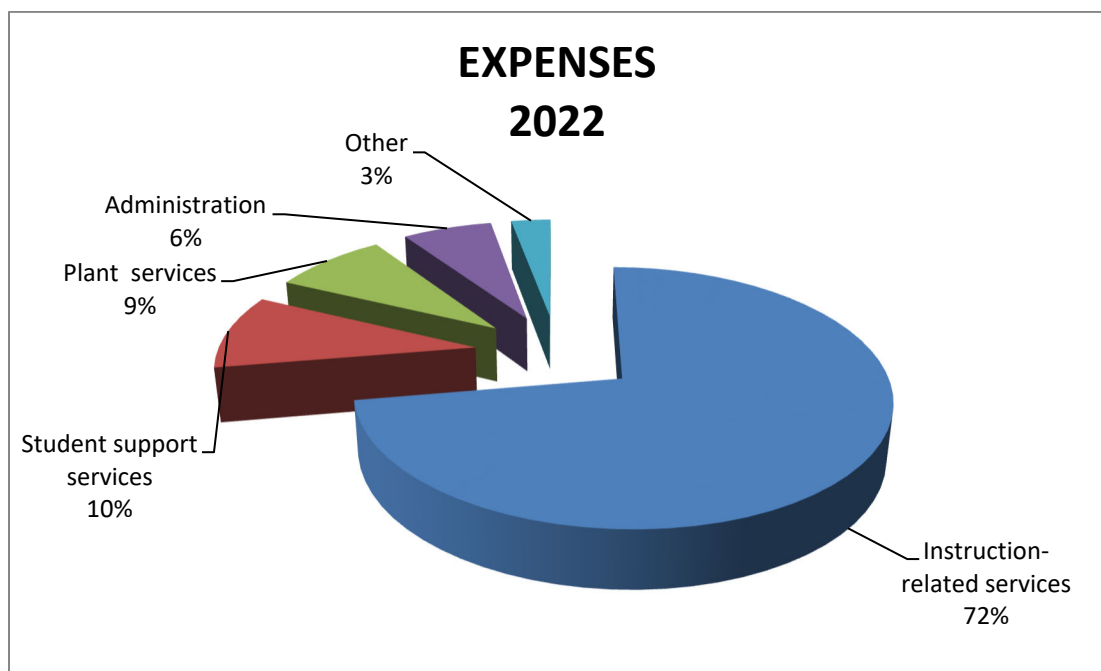
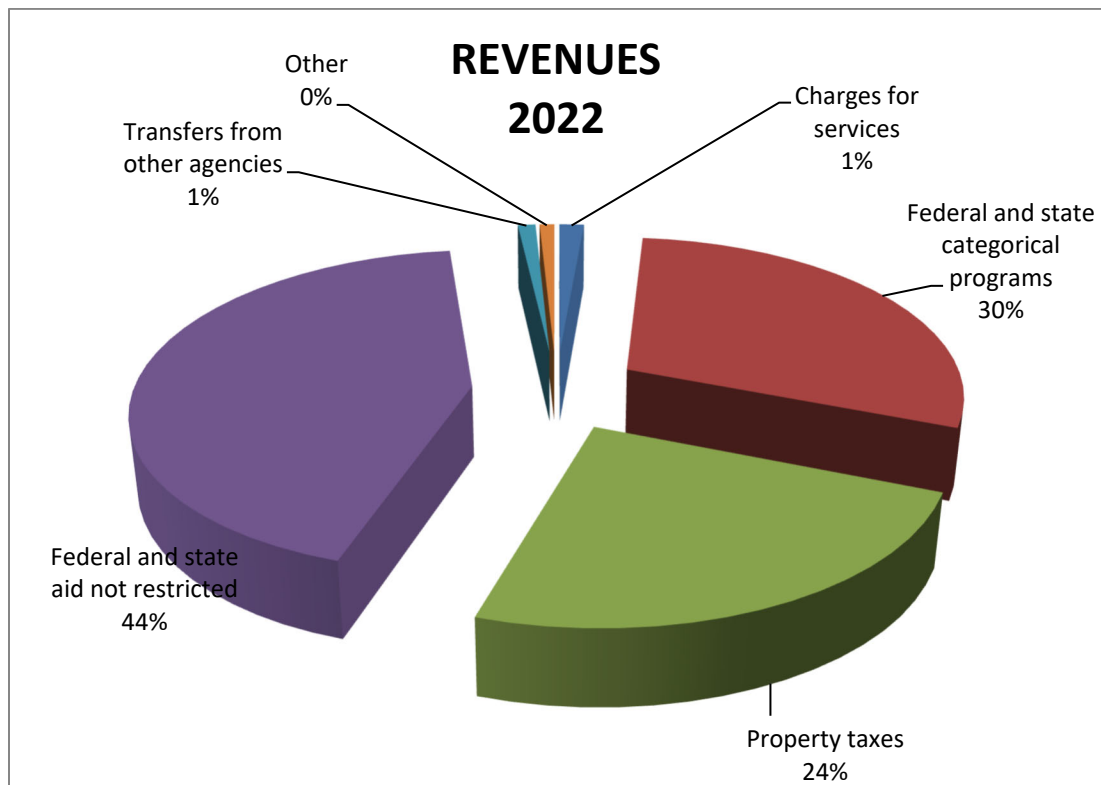
Total revenues for the fiscal year were \$50,107,431. State aid and federal and state categorical aid for specific programs funding accounted for 74.0% of the District's revenue. Another 24.4% came from property taxes and the remaining 1.6% came from fees, charges for services, and miscellaneous sources.

The total cost of all programs and services for the fiscal year was \$46,945,596. Revenues exceeded the District's expenses for the year by \$3,161,835. The District's expenses are primarily related to educating and caring for students (82.1%). Administrative activities of the District account for 6.59% of the total costs.

Years Ended June 30	Governmental Activities		Percentage
	2021	2022	Change 2021-22
REVENUES			
Program Revenues			
Charges for services	\$ 863,128	\$ 705,167	-18.30%
Federal and state categorical programs	15,320,391	15,063,892	-1.67%
General Revenues			
Property taxes	12,058,019	12,216,266	1.31%
Federal and state aid not restricted	21,287,768	22,039,435	3.53%
Transfers from other agencies	486,218	506,835	4.24%
Other	207,532	(424,164)	-304.38%
TOTAL REVENUES	50,223,056	50,107,431	-0.23%
EXPENSES			
Instruction-related services	33,979,310	33,974,002	-0.02%
Student support services	4,882,796	4,559,438	-6.62%
Plant services	4,093,238	3,948,748	-3.53%
Administration	3,121,170	3,095,392	-0.83%
Other	1,311,217	1,368,016	4.33%
TOTAL EXPENSES	47,387,731	46,945,596	-0.93%
Change in Net Position	\$ 2,835,325	\$ 3,161,835	11.52%

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 \$46,945,596; however, the net cost for these activities was \$31,176,537 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 2021-22
	2021	2022	
Instruction	\$ 28,787,907	\$ 29,107,914	1.11%
Instruction-related services	5,191,403	4,866,088	-6.27%
Pupil services	4,882,796	4,559,438	-6.62%
General administration	3,121,170	3,095,392	-0.83%
Plant services	4,093,238	3,948,748	-3.53%
Ancillary services	30,202	132,091	337.36%
Community services	2,824	4,189	48.34%
Interest on long-term debt	882,269	1,063,017	20.49%
Other outgo	395,922	168,719	-57.39%
Totals	\$ 47,387,731	\$ 46,945,596	-0.93%

Years Ended June 30	Net Cost of Services		Percentage Change 2021-22
	2021	2022	
Instruction	\$ 17,728,984	\$ 18,878,883	6.49%
Instruction-related services	4,366,034	3,240,433	-25.78%
Pupil services	1,694,831	1,927,964	13.76%
General administration	2,657,154	2,607,494	-1.87%
Plant services	3,746,271	3,313,133	-11.56%
Ancillary services	21,309	122,288	473.88%
Community services	1,738	3,705	113.18%
Interest on long-term debt	882,269	1,063,017	20.49%
Other outgo	105,622	19,620	-81.42%
Totals	\$ 31,204,212	\$ 31,176,537	-0.09%

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 \$24,154,799, a decrease of \$4,514,934 from the previous year. Following is a summary of the District's fund balances.

June 30	Fund Balance		Increase (Decrease)
	2021	2022	
General	\$ 11,805,298	\$ 12,540,339	\$ 735,041
Student Activity Special Revenue	24,391	26,127	1,736
Charter Schools	898,144	419,640	(478,504)
Cafeteria Special Revenue	1,820,763	2,267,379	446,616
Building	10,212,674	5,383,017	(4,829,657)
Capital Facilities	1,461,945	1,244,626	(217,319)
Special Reserve Capital Projects	31,792	41,271	9,479
Bond Interest and Redemption	2,414,726	2,232,400	(182,326)
Totals	\$ 28,669,733	\$ 24,154,799	\$ (4,514,934)

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

The decrease in the Charter Schools Fund was planned for the 2021/22 fiscal year. The Charter School was able to carry out expenditures through the use of reserves for site improvements, as well as offering additional educational opportunities directed toward learning loss mitigation.

The increase in the Cafeteria Special Revenue Fund is due to receipt of unplanned additional school nutrition revenues. Additionally, the District was able source product at a reduced cost that resulted in a reduction in planned expenditures.

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

The decrease in the Capital Facilities Fund is due to a planned facilities expansion project funded through reserves.

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 revenues and other financing sources to exceed expenditures and other financing uses in the General Fund by \$324,674. However, actual results for the year reflected an increase of \$735,041. Actual total revenue was 2.4% more than the final operating budgeted amount. Actual total expenditures were 3.3% more than the final operating budgeted amounts.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The District has invested \$86,563,396 in capital assets including land, site improvements, buildings, and equipment. During the year, \$6,461,128 was invested in modernization of school sites, roofing projects, HVAC replacements, and new buses.

June 30	Governmental Activities		Percentage
	2021	2022	Change 2021-22
Land	\$ 598,918	\$ 598,918	0.00%
Construction in progress	8,852,519	12,913,222	45.87%
Improvement of sites	12,977,924	13,993,421	7.82%
Buildings and improvements	53,356,088	53,643,909	0.54%
Equipment	4,687,010	5,413,926	15.51%
Total Capital Assets	\$ 80,472,459	\$ 86,563,396	7.57%

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

Long-Term Debt

At year end, the District had \$60,245,989 in outstanding long-term debt. The District's general obligation bond rating is "Aa3." During 2021/22, the District financed the purchase of four school buses with long-term debt, totaling \$813,036.

June 30	Governmental Activities		Percentage
	2021	2022	Change 2021-22
General obligation bonds	\$ 26,810,000	\$ 25,850,000	-3.58%
Bond issue premiums	3,151,939	3,025,693	-4.01%
Capital financing agreements	361,103	1,087,839	201.25%
Direct borrowing note payable	4,240,000	4,240,000	0.00%
Compensated absences	156,337	139,034	-11.07%
Certificates of participation	2,534,594	2,281,038	-10.00%
Net OPEB liability	1,846,976	1,813,628	-1.81%
Net pension liability	38,993,572	21,808,757	-44.07%
Total Long-Term Debt	\$ 78,094,521	\$ 60,245,989	-22.86%

FACTORS BEARING ON THE DISTRICT'S FUTURE

As most districts in the state, much of the District's revenue is dependent on the economy of the state as a whole. For the 2021/22 fiscal year the District received additional one-time state and federal education relief funds. The District was able to maintain fiscal controls throughout the year while experiencing unpredictable costs and reduced attendance while recovering from the effects of the COVID-19 Pandemic. The District is cautiously optimistic that it will experience a favorable financial future, but it is dependent on many factors, including growth of the state economy and an improvement in enrollment. The District will continue to monitor the effects of the COVID-19 Pandemic and the Board of Trustees is prepared to take necessary steps to ensure the District's fiscal solvency.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions regarding this report or 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, 2022	Governmental Activities
ASSETS	
Cash and investments	\$ 22,968,050
Accounts receivable	601,869
Due from other governments	4,588,867
Inventories	56,422
Prepaid expenses	180,166
Restricted cash and investments	1,596,182
Nondepreciated capital assets	13,512,140
Depreciated capital assets	73,051,256
Accumulated depreciation	(36,385,699)
TOTAL ASSETS	80,169,253
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	9,028
Deferred outflows of resources for OPEB	331,207
Deferred outflows of resources for pensions	8,507,811
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,848,046
LIABILITIES	
Accounts payable and other current liabilities	3,363,131
Due to other governments	2,142,415
Advances from grantors	820,551
Long-term obligations:	
Due within one year	968,827
Due beyond one year	59,277,162
TOTAL LIABILITIES	66,572,086
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for OPEB	490,426
Deferred inflows of resources for pensions	15,091,386
TOTAL DEFERRED INFLOWS OF RESOURCES	15,581,812
NET POSITION	
Net investment in capital assets	19,085,172
Restricted for capital projects	6,627,643
Restricted for debt service	3,828,582
Restricted for educational programs	2,755,992
Restricted for other purposes	2,237,081
Unrestricted	(27,671,069)
TOTAL NET POSITION	\$ 6,863,401

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

Redding Elementary School District
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022	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	\$ 29,107,914	\$ 49,367	\$ 10,179,664	\$ (18,878,883)
Instruction-related services	4,866,088	127,455	1,498,200	(3,240,433)
Pupil services	4,559,438	58,232	2,573,242	(1,927,964)
Ancillary services	132,091	-	9,803	(122,288)
Community services	4,189	-	484	(3,705)
General administration	3,095,392	47,425	440,473	(2,607,494)
Plant services	3,948,748	291,624	343,991	(3,313,133)
Other outgo	168,719	131,064	18,035	(19,620)
Interest on long-term debt	1,063,017	-	-	(1,063,017)
Total Governmental Activities	\$ 46,945,596	\$ 705,167	\$ 15,063,892	(31,176,537)
GENERAL REVENUES				
Property taxes - levied for general purposes				9,746,360
Property taxes - levied for debt service				1,877,357
Property taxes - levied for other specific purposes				592,549
Federal and state aid not restricted to specific purposes				22,039,435
Unrestricted investment earnings				(613,817)
Interagency revenues				506,835
Miscellaneous				189,653
TOTAL GENERAL REVENUES				34,338,372
Change in Net Position				3,161,835
Net Position - Beginning of Year				3,701,566
Net Position - End of Year				\$ 6,863,401

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

Redding Elementary School District
BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,141,353	\$ 5,875,278	\$ 5,951,419	\$ 22,968,050
Accounts receivable	540,794	-	61,075	601,869
Due from other governments	3,883,812	-	705,055	4,588,867
Due from other funds	57,816	2,085	90,346	150,247
Inventories	-	-	56,425	56,425
Prepaid expenditures	179,441	-	725	180,166
Restricted cash and investments	1,596,182	-	-	1,596,182
TOTAL ASSETS	\$ 17,399,398	\$ 5,877,363	\$ 6,865,045	\$ 30,141,806
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$ 2,232,166	\$ 494,346	\$ 147,282	\$ 2,873,794
Due to other governments	1,745,677	-	396,738	2,142,415
Due to other funds	92,431	-	57,816	150,247
Advances from grantors	788,785	-	31,766	820,551
Total Liabilities	4,859,059	494,346	633,602	5,987,007
Fund Balances				
Nonspendable	190,541	-	57,900	248,441
Restricted	4,300,532	5,383,017	5,765,749	15,449,298
Assigned	5,846,897	-	407,794	6,254,691
Unassigned	2,202,369	-	-	2,202,369
Total Fund Balances	12,540,339	5,383,017	6,231,443	24,154,799
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,399,398	\$ 5,877,363	\$ 6,865,045	\$ 30,141,806

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, 2022

Total Fund Balances - Governmental Funds	\$ 24,154,799
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets at historical cost	\$ 86,563,396
Accumulated depreciation	(36,385,699)

Total Capital Assets - Net	50,177,697
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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 unmaturred interest owed at the end of the period was:

(489,340)

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	28,875,693
Net pension liability	21,808,757
Net OPEB liability	1,813,628
Compensated absences	139,034
Certificates of participation	2,281,038
Capital financing agreements	1,087,839
Direct borrowing notes payable	4,240,000
Deferred loss on refunding	(9,028)

Total Long-Term Liabilities	(60,236,961)
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Balance Forward	\$ 13,606,195
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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, 2022

Balance Brought Forward	\$ 13,606,195
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	8,507,811
Deferred inflows of resources relating to pensions	(15,091,386)
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	331,207
Deferred inflows of resources relating to OPEB	(490,426)
Total Net Position - Governmental Activities	\$ 6,863,401

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, 2022	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 9,746,360	\$ -	\$ 3,062,455	\$ 12,808,815
Local control funding formula sources	19,601,205	-	555,137	20,156,342
Other state revenue	6,125,483	-	331,391	6,456,874
Federal revenue	5,230,303	-	2,375,175	7,605,478
Other local revenue	3,036,282	(192,087)	764,363	3,608,558
Total Revenues	43,739,633	(192,087)	7,088,521	50,636,067
Expenditures				
Current:				
Instruction	27,956,171	-	1,859,652	29,815,823
Instruction-related services	4,817,673	-	291,277	5,108,950
Pupil services	2,841,342	-	1,930,731	4,772,073
Ancillary services	129,949	-	6,449	136,398
Community services	4,200	-	-	4,200
General administration	2,885,365	-	169,838	3,055,203
Plant services	3,813,739	59,046	168,395	4,041,180
Transfers between agencies	168,719	-	-	168,719
Debt service:				
Principal	86,300	-	1,185,000	1,271,300
Interest and other charges	10,869	-	1,118,192	1,129,061
Capital outlay	1,103,301	4,578,524	779,305	6,461,130
Total Expenditures	43,817,628	4,637,570	7,508,839	55,964,037
Deficiency of Revenues Over Expenditures	(77,995)	(4,829,657)	(420,318)	(5,327,970)
Other Financing Sources				
Proceeds from capital financing agreement	813,036	-	-	813,036
Net Change in Fund Balances	735,041	(4,829,657)	(420,318)	(4,514,934)
Fund Balances - Beginning of Year	11,805,298	10,212,674	6,651,761	28,669,733
Fund Balances - End of Year	\$ 12,540,339	\$ 5,383,017	\$ 6,231,443	\$ 24,154,799

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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ (4,514,934)
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	\$ 6,461,128
Depreciation expense	(2,147,528)

Net Capital Outlay	4,313,600
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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:

1,271,300

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:

(813,036)

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:

(65,179)

Balance Forward	\$ 191,751
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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, 2022

Balance Brought Forward	\$ 191,751
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:	17,303
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:	2,622,688
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:	198,873
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:	131,220
Change in Net Position of Governmental Activities	\$ 3,161,835

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 Standard

The District adopted the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2021. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement has been applied as of the beginning of the period of implementation. Upon analysis of the District's existing operating leases, it was determined that the resulting balances would be immaterial. As a result, the District has not recognized any initial right-to-use lease assets or lease liabilities during the current period.

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, 2022, the fair value of the County pool was 96.69% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

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, 2022, was \$862,823. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2022, was \$782,368.

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, 2022. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the District has earned or been allocated but has not received as of June 30, 2022. At June 30, 2022, no allowance for doubtful accounts was deemed necessary.

Balances Due To/From Other Funds

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

Inventories 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.

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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

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.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2022	Maturities	Fair Value
Deposits (1)		\$ 36,240
Investments That Are Not Securities (2)		
County treasurer's investment pool	21.8 months average	22,931,810
Total Cash and Investments Per Government-Wide Statement of Net Position		\$ 22,968,050

(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, 2022	Fair Value
Deposits (1)	\$ 1,596,182

(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, 2022:

- County treasurer's investment pool of \$22,931,810 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, 2022	General Fund		
Interest	\$ 3,277	\$	59
Other	537,517		61,016
Total	\$ 540,794	\$	61,075

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, 2022	General Fund	Other Governmental Funds
Due From		
Federal government	\$ 2,758,594	\$ 633,760
State government	903,556	71,295
Local governments	221,662	-
Total	\$ 3,883,812	\$ 705,055

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	Cafeteria Special Revenue	\$ 57,816
Charter Schools	General	80,238
Cafeteria Special Revenue	General	10,108
Building	General	2,085
Total		\$ 150,247

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

General Fund due from the Cafeteria Special Revenue Fund for indirect costs and rebates;

Charter Schools Fund due from the General Fund for in-lieu property taxes and federal funds distribution;

Cafeteria Special Revenue Fund due from the General Fund for allocation of cash received; and

Building Fund due from General Fund for reimbursement of a credit received by the General Fund on behalf of the Building Fund.

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

6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	\$ 598,918	\$ -	\$ -	\$ 598,918
Construction in progress	8,852,519	5,187,001	1,126,298	12,913,222
Total Nondepreciated Capital Assets	9,451,437	5,187,001	1,126,298	13,512,140
Depreciated Capital Assets				
Buildings	53,356,088	287,821	-	53,643,909
Site improvements	12,977,924	1,015,497	-	13,993,421
Equipment and vehicles	4,687,010	1,097,107	370,191	5,413,926
Total Depreciated Capital Assets	71,021,022	2,400,425	370,191	73,051,256
Totals at Historical Cost	80,472,459	7,587,426	1,496,489	86,563,396
Less: Accumulated Depreciation				
Buildings	29,057,456	1,204,009	-	30,261,465
Site improvements	2,758,881	604,814	-	3,363,695
Equipment and vehicles	2,792,025	338,705	370,191	2,760,539
Total Accumulated Depreciation	34,608,362	2,147,528	370,191	36,385,699
Total Depreciated Capital Assets - Net	36,412,660	252,897	-	36,665,557
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	\$ 45,864,097	\$ 5,439,898	\$ 1,126,298	\$ 50,177,697

Depreciation expense was charged to governmental activities as follows:

Year Ended June 30, 2022	
Governmental Activities	
Instruction	\$ 1,834,950
Instruction-related services	163,538
General administration	143,052
Plant services	5,988
Total Depreciation Expense - Governmental Activities	\$ 2,147,528

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

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2022	General Fund	Building Fund	Other Governmental Funds
Vendors	\$ 1,912,476	\$ 494,346	\$ 143,446
Salaries and benefits	319,141	-	-
Other	549	-	3,836
Total	\$ 2,232,166	\$ 494,346	\$ 147,282

8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2022	General Fund	Other Governmental Funds
Due To		
State government	\$ 1,745,677	\$ 396,738

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, 2021	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2022
2008	3.00-4.00%	2023	\$ 8,085,000	\$ 70,000	\$ -	\$ 35,000	\$ 35,000
2011	2.00-4.00%	2022	8,320,000	485,000	-	485,000	-
2018	3.13-5.00%	2048	10,000,000	9,505,000	-	285,000	9,220,000
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	-	155,000	5,845,000
Total			\$ 44,405,000	\$ 26,810,000	\$ -	\$ 960,000	\$ 25,850,000

The amount of interest cost incurred during the year ended June 30, 2022, was \$1,094,578, 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
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	125,000	1,047,313	1,172,313
2028-2032	1,490,000	5,102,838	6,592,838
2033-2037	3,150,000	4,663,066	7,813,066
2038-2042	5,340,000	3,848,166	9,188,166
2043-2047	8,350,000	2,384,225	10,734,225
2048-2050	6,550,000	503,025	7,053,025
Total	\$ 25,850,000	\$ 21,793,885	\$ 47,643,885

10. CAPITAL FINANCING AGREEMENTS

In 2017, the District entered into an agreement to purchase five buses with an original cost of \$605,166. The agreement is, in substance, a purchase, and is reported as a capital financing agreement. The agreement bears interest at 3.01%. On June 30, 2022, the principal balance outstanding was \$274,803.

In 2022, the District entered into an agreement to purchase four buses with an original cost of \$813,036. The agreement is, in substance, a purchase, and is reported as a capital financing agreement. The agreement bears interest at a variable rate. On June 30, 2022, the principal balance outstanding was \$813,036.

The amount of interest cost incurred during the year ended June 30, 2022, was \$10,560, all of which was charged to expenses. The District's future payments under these obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 209,794	\$ 15,694	\$ 225,488
2024	198,228	27,259	225,487
2025	204,324	21,163	225,487
2026	113,435	14,883	128,318
2027	116,986	11,332	128,318
2028-2032	245,072	11,565	256,637
Total	\$ 1,087,839	\$ 101,896	\$ 1,189,735

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, 2022, 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, 2022, 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, 2022, was \$2,195,000. The amount of interest cost incurred during the year ended June 30, 2022, was \$89,099, 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
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		275,000		41,700	316,700
2028-2030		910,000		52,300	962,300
Total	\$	2,195,000	\$	365,800	\$ 2,560,800

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, 2022	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Compensated absences	\$ 156,337	\$ -	\$ 17,303	\$ 139,034	\$ -
General obligation bonds	26,810,000	-	960,000	25,850,000	380,000
Bond issue premiums	3,151,939	-	126,246	3,025,693	119,941
Capital financing agreements	361,103	813,036	86,300	1,087,839	209,794
Direct borrowing notes payable	4,240,000	-	-	4,240,000	-
Certificates of participation	2,420,000	-	225,000	2,195,000	235,000
COP issue premiums	114,594	-	28,556	86,038	24,092
Net OPEB liability	1,846,976	-	33,348	1,813,628	-
Net pension liability	38,993,572	-	17,184,815	21,808,757	-
Total	\$ 78,094,521	\$ 813,036	\$ 18,661,568	\$ 60,245,989	\$ 968,827

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

14. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2022	General Fund	Building Fund	Other Governmental Funds
Nonspendable			
Reserved for:			
Revolving cash	\$ 11,100	\$ -	\$ 750
Inventories	-	-	56,425
Prepaid expenditures	179,441	-	725
Total Nonspendable	\$ 190,541	\$ -	\$ 57,900
Restricted			
Restricted for:			
Capital projects	\$ -	\$ 5,383,017	\$ 1,244,626
Debt service	1,596,182	-	2,232,400
Student activities	-	-	26,127
Federal and state categoricals	2,704,350	-	2,262,596
Total Restricted	\$ 4,300,532	\$ 5,383,017	\$ 5,765,749
Assigned			
Assigned for:			
Fiscal stability	\$ 4,184,080	\$ -	\$ -
Textbook adoption	1,000,000	-	-
Technology needs	500,000	-	-
Site balances	162,817	-	-
Charter schools	-	-	366,523
Capital projects	-	-	41,271
Total Assigned	\$ 5,846,897	\$ -	\$ 407,794
Unassigned			
Designated for economic uncertainties	\$ 2,202,369	\$ -	\$ -

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:

June 30, 2022	Remaining Construction Commitment
IT building	\$ 224,567
District office roof	67,633
Juniper modernization	1,385,316
Manzanita modernization	1,042,054
Total	\$ 2,719,570

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:

June 30, 2022	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 12,374,087	\$ 5,721,388	\$ 11,448,399	\$ 356,707
CalPERS School Employer Pool	9,434,670	2,786,423	3,642,987	1,245,984
Total	\$ 21,808,757	\$ 8,507,811	\$ 15,091,386	\$ 1,602,691

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.

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 2021-22 was 16.92% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2022, were \$2,552,985.

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, 2022, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2022

District's proportionate share of the net pension liability	\$ 12,374,087
State's proportionate share of the net pension liability associated with the District	6,226,290
Total	\$ 18,600,377

The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.027%.

State Teachers' Retirement Law also requires the state to contribute 10.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. For the year ended June 30, 2022, the District recognized pension expense of \$1,220,065 and revenue of \$1,220,065 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,998	\$ 1,317,120
Net difference between projected and actual earnings on pension plan investments	-	9,788,928
Change in assumptions	1,752,694	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,384,711	342,351
District contributions subsequent to the measurement date	2,552,985	-
Total	\$ 5,721,388	\$ 11,448,399

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$2,552,985 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (1,862,587)
2024	(1,497,699)
2025	(2,227,598)
2026	(2,730,974)
2027	39,912
Thereafter	(1,050)
Total	\$ (8,279,996)

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

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

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

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, 2021, are summarized in the following table:

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

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

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, 2022			
District's proportionate share of the net pension liability	\$ 25,189,211	\$ 12,374,087	\$ 1,737,778

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

California Public Employees' Retirement System

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

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

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2021-22 fiscal year was 22.91%. The District's contributions to CalPERS for the fiscal year ended June 30, 2022, were \$1,672,394.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2022, the District reported a net pension liability of \$9,434,670 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.04640%.

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$1,245,984. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 281,649	\$ 22,241
Net difference between projected and actual earnings on pension plan investments	-	3,620,746
Changes in proportion and differences between District contributions and proportionate share of contributions	832,380	-
District contributions subsequent to the measurement date	1,672,394	-
Total	\$ 2,786,423	\$ 3,642,987

The \$1,672,394 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2023	\$ (367,232)
2024	(471,444)
2025	(683,283)
2026	(1,006,999)
Total	\$ (2,528,958)

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

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

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.

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

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

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 7.15%, 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, 2022			
District's proportionate share of the net pension liability	\$ 15,908,178	\$ 9,434,670	\$ 4,060,269

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

19. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2021-22, pursuant to *California Education Code*, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

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
Total	285

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

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 both as trust contributions and on a pay-as-you-go basis. For the fiscal year ended June 30, 2022, the District contributed \$437,801 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, 2022, using an annual actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using standard update procedures. The June 30, 2022, total OPEB liability was based on the actuarial methods and assumptions as shown below.

Actuarial Assumptions

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

Valuation date	July 1, 2020
Measurement date	June 30, 2022
Actuarial cost method	Entry Age, Level Percent of Pay
Actuarial assumptions:	
Investment rate of return	7.25% ⁽¹⁾
Inflation rate	2.75%
Salary increases	3.00%
Healthcare cost trend rate	5.60% ⁽²⁾

(1) Net of OPEB plan investment expense

(2) 5.60% for 2022 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).

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The discount rate is based on a blend of the long-term expected rate of return on 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.

As of June 30, 2022, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

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

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in the Net OPEB Liability

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

Year Ended June 30, 2022

Total OPEB Liability	
Service cost	\$ 157,609
Interest	185,776
Changes in assumptions or other inputs	(47,850)
Benefit payments - including refunds of employee contributions	(308,181)
Net Change in Total OPEB Liability	(12,646)
Total OPEB Liability - Beginning of Year	2,756,841
Total OPEB Liability - End of Year (a)	2,744,195
Plan Fiduciary Net Position	
Contributions - employer	437,801
Net investment income	(128,488)
Benefit payments - including refunds of employee contributions	(287,801)
Administrative expense	(810)
Net Change in Plan Fiduciary Net Position	20,702
Plan Fiduciary Net Position - Beginning of Year	909,865
Plan Fiduciary Net Position - End of Year (b)	930,567
Net OPEB Liability - End of Year ((a) - (b))	\$ 1,813,628
Plan fiduciary net position as a percentage of the total OPEB liability	33.91%
Covered-employee payroll	\$ 23,695,447
District's net OPEB liability as a percentage of covered-employee payroll	7.65%

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
June 30, 2022			
Net OPEB liability	\$ 1,966,022	\$ 1,813,628	\$ 1,671,244

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

	1% Decrease (4.60%)	Health Cost Trend Rates (5.60%)	1% Increase (6.60%)
June 30, 2022			
Net OPEB liability	\$ 1,693,136	\$ 1,813,628	\$ 1,950,072

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.

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$259,308. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 166,593
Net difference between projected and actual earnings on plan investments	170,776	86,445
Change in assumptions or other inputs	160,431	237,388
Total	\$ 331,207	\$ 490,426

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

Year Ending June 30	
2023	\$ (14,389)
2024	(15,020)
2025	(17,917)
2026	10,898
2027	(29,766)
Thereafter	(93,025)
Total	\$ (159,219)

21. SUBSEQUENT EVENT

In October 2022, the District entered into a contract for the construction of a storage garage building. The total amount of the contract is \$131,983.

Redding Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

22. FUTURE GASB IMPLEMENTATION

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

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

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

Required Supplementary Information

Redding Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2022	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,735,129	\$ 9,513,997	\$ 9,746,360	\$ 232,363
Local control funding formula sources	20,372,474	19,801,026	19,601,205	(199,821)
Other state revenue	3,210,402	5,374,175	6,125,483	751,308
Federal revenue	3,403,858	4,794,551	5,230,303	435,752
Other local revenue	2,882,829	3,248,905	3,036,282	(212,623)
Total Revenues	38,604,692	42,732,654	43,739,633	1,006,979
Expenditures				
Certificated salaries	14,756,458	15,360,377	15,772,635	(412,258)
Classified salaries	7,282,890	7,367,688	7,054,539	313,149
Employee benefits	9,901,969	9,848,551	9,958,887	(110,336)
Books and supplies	2,160,998	2,537,479	3,307,732	(770,253)
Services and other operating	5,970,612	6,821,369	6,412,246	409,123
Capital outlay	150,000	250,000	1,103,301	(853,301)
Other outgo	86,192	79,477	111,119	(31,642)
Debt service:				
Principal	132,170	132,170	86,300	45,870
Interest and other charges	10,869	10,869	10,869	-
Total Expenditures	40,452,158	42,407,980	43,817,628	(1,409,648)
Excess (Deficiency) of Revenues Over Expenditures	(1,847,466)	324,674	(77,995)	(402,669)
Other Financing Sources				
Proceeds from long-term debt	-	-	813,036	813,036
Net Change in Fund Balances	(1,847,466)	324,674	735,041	410,367
Fund Balances - Beginning of Year	11,805,298	11,805,298	11,805,298	-
Fund Balances - End of Year	\$ 9,957,832	\$ 12,129,972	\$ 12,540,339	\$ 410,367

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:

June 30, 2022	General Fund	
Certificated salaries	\$	412,258
Employee benefits	\$	110,336
Books and supplies	\$	770,253
Capital outlay	\$	853,301
Other outgo	\$	31,642

These excess expenditures were offset by actual revenues and other financing sources 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	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 157,609	\$ 149,577	\$ 195,733	\$ 176,280	\$ 171,146
Interest	185,776	185,419	190,111	191,928	192,449
Difference between expected and actual experience	-	(218,495)	-	-	-
Changes in assumptions and other inputs	(47,850)	(246,901)	206,357	40,559	-
Benefit payments - including refunds of employee contributions	(308,181)	(278,468)	(349,744)	(384,005)	(356,832)
Net Change In Total OPEB Liability	(12,646)	(408,868)	242,457	24,762	6,763
Total OPEB Liability - Beginning of Year	2,756,841	3,165,709	2,923,252	2,898,490	2,891,727
Total OPEB Liability - End of Year (a)	2,744,195	2,756,841	3,165,709	2,923,252	2,898,490
Plan Fiduciary Net Position					
Contributions - employer	437,801	267,680	349,744	434,005	406,832
Net investment income	(128,488)	196,538	24,486	37,494	40,806
Benefit payments	(287,801)	(267,680)	(349,744)	(384,005)	(356,832)
Administrative expense	(810)	(696)	(594)	(514)	(465)
Net Change in Plan Fiduciary Net Position	20,702	195,842	23,892	86,980	90,341
Plan Fiduciary Net Position - Beginning of Year	909,865	714,023	690,131	603,151	512,810
Plan Fiduciary Net Position - End of Year (b)	930,567	909,865	714,023	690,131	603,151
Net OPEB Liability - End of Year ((a) - (b))	\$ 1,813,628	\$ 1,846,976	\$ 2,451,686	\$ 2,233,121	\$ 2,295,339
Plan fiduciary net position as a percentage of total OPEB liability	33.91%	33.00%	22.55%	23.61%	20.81%
Covered-employee payroll	\$ 23,695,447	\$ 16,417,676	\$ 20,353,925	\$ 19,446,259	\$ 16,560,841
District's net OPEB liability as a percentage of covered-employee payroll	7.65%	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	2022		2021		2020		2019		2018	
Actuarially determined contribution	\$	252,697	\$	245,337	\$	311,763	\$	321,115	\$	312,274
Contributions in relation to the actuarially determined contribution		(437,801)		(267,680)		(349,744)		(434,005)		(406,832)
Contribution Deficiency (Excess)	\$	(185,104)	\$	(22,343)	\$	(37,981)	\$	(112,890)	\$	(94,558)
Covered-employee payroll	\$	23,695,447	\$	16,417,676	\$	20,353,925	\$	19,446,259	\$	16,560,841
Contributions as a percentage of covered-employee payroll		1.85%		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	2022	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	-13.36%	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	2022	2021	2020
District's proportion of the net pension liability (asset)	0.027%	0.026%	0.026%
District's proportionate share of the net pension liability (asset)	\$ 12,374,087	\$ 25,466,732	\$ 23,482,160
State's proportionate share of the net pension liability (asset) associated with the District	6,226,290	13,127,997	12,811,189
Total	\$ 18,600,377	\$ 38,594,729	\$ 36,293,349
District's covered-employee payroll	\$ 15,075,034	\$ 14,100,404	\$ 13,818,710
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	82.08%	180.61%	169.93%
Plan fiduciary net position as a percentage of the total pension liability	87.20%	71.80%	72.60%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.026%	0.025%	0.026%	0.027%	0.027%
District's proportionate share of the net pension liability (asset)	\$ 23,895,820	\$ 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	13,681,542	13,677,708	11,973,231	9,613,857	9,527,527
Total	\$ 37,577,362	\$ 36,797,708	\$ 33,002,291	\$ 26,667,824	\$ 23,648,929
District's covered-employee payroll	\$ 13,604,685	\$ 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	175.64%	171.63%	162.96%	140.80%	121.46%
Plan fiduciary net position as a percentage of the total pension liability	71.00%	69.00%	70.00%	74.00%	77.00%

See the accompanying notes to the required supplementary information.

Redding Elementary School District

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

Years Ended June 30	2022		2021		2020	
Contractually required contribution	\$	2,552,985	\$	2,434,618	\$	2,411,169
Contributions in relation to the contractually required contribution		(2,552,985)		(2,434,618)		(2,411,169)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	15,075,034	\$	14,100,404	\$	13,818,710
Contributions as a percentage of covered-employee payroll		16.94%		17.27%		17.45%

Years Ended June 30	2019		2018		2017		2016		2015	
Contractually required contribution	\$	2,249,686	\$	1,963,156	\$	1,694,595	\$	1,384,615	\$	1,075,544
Contributions in relation to the contractually required contribution		(2,249,686)		(1,963,156)		(1,694,595)		(1,384,615)		(1,075,544)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	13,604,685	\$	13,470,548	\$	12,904,147	\$	12,111,982	\$	11,625,948
Contributions as a percentage of covered-employee payroll		16.54%		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

Years Ended June 30	2022		2021		2020	
District's proportion of the net pension liability (asset)	0.04640%		0.04409%		0.04240%	
District's proportionate share of the net pension liability (asset)	\$	9,434,670	\$	13,526,840	\$	12,349,585
District's covered-employee payroll	\$	6,656,623	\$	6,382,024	\$	5,877,599
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.73%		211.95%		210.11%	
Plan fiduciary net position as a percentage of the total pension liability	81.00%		70.00%		70.00%	

Years Ended June 30	2019		2018		2017		2016		2015	
District's proportion of the net pension liability (asset)	0.04178%		0.04232%		0.03880%		0.03880%		0.03250%	
District's proportionate share of the net pension liability (asset)	\$	11,139,863	\$	10,102,901	\$	7,663,024	\$	6,194,647	\$	3,573,621
District's covered-employee payroll	\$	5,541,884	\$	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	201.01%		186.02%		164.44%		148.45%		105.48%	
Plan fiduciary net position as a percentage of the total pension liability	70.80%		71.90%		73.90%		79.40%		83.50%	

See the accompanying notes to the required supplementary information.

Redding Elementary School District

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

Years Ended June 30	2022		2021		2020
Contractually required contribution	\$	1,672,394	\$	1,377,921	\$ 1,285,599
Contributions in relation to the contractually required contribution		(1,672,394)		(1,377,921)	(1,285,599)
Contribution Deficiency (Excess)	\$	-	\$	-	\$ -
District's covered-employee payroll	\$	6,656,623	\$	6,382,024	\$ 5,877,599
Contributions as a percentage of covered-employee payroll		25.12%		21.59%	21.87%

Years Ended June 30	2019		2018		2017		2016		2015
Contractually required contribution	\$	1,061,612	\$	860,710	\$	754,282	\$	552,073	\$ 491,185
Contributions in relation to the contractually required contribution		(1,061,612)		(860,710)		(754,282)		(552,073)	(491,185)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$ -
District's covered-employee payroll	\$	5,541,884	\$	5,431,178	\$	4,660,024	\$	4,172,840	\$ 3,388,120
Contributions as a percentage of covered-employee payroll		19.16%		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, 2022.

Changes in Assumptions

The discount rate was increased from 6.98% to 7.25% during the measurement period ended June 30, 2022, due to an increase 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, 2021.

Changes in Assumptions

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

3. PENSION – CALIFORNIA STATE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes in Benefit Terms

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

Changes in Assumptions

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

OTHER SUPPLEMENTARY INFORMATION SECTION

Redding Elementary School District

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2022

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	President	2022
Stephen Martinez	Vice President	2024
Bruce Ross	Member	2022
Michelle Holmgren	Member	2022
Elizabeth Tanner	Member	2022

ADMINISTRATION

Robert J. Adams
Superintendent

Robert Fellingner
Chief Business Official

Redding Elementary School District

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2022

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 AVERAGE DAILY ATTENDANCE
Year Ended June 30, 2022

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	1,258	1,262	1,185	1,198
Grades 4 through 6	829	827	775	777
Grades 7 through 8	451	449	429	427
Special Education - Nonpublic, Nonsectarian Schools				
Grades 4 through 6	1	1	1	1
Grades 7 through 8	2	2	2	2
Community Day School				
Transitional kindergarten/ kindergarten through grade 3	-	1	-	1
Grades 4 through 6	-	1	-	1
Grades 7 through 8	2	2	2	2
ELEMENTARY TOTALS	2,543	2,545	2,394	2,409

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

See the accompanying note to the other supplementary information.

Redding Elementary School District
SCHEDULE OF AVERAGE DAILY ATTENDANCE
Year Ended June 30, 2022
(Continued)

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
STELLAR CHARTER SCHOOL				
ELEMENTARY				
Regular ADA				
Transitional kindergarten/ kindergarten through grade 3	51	51	51	51
Grades 4 through 6	41	40	41	40
Grades 7 through 8	29	29	29	29
ELEMENTARY TOTALS	121	120	121	120
HIGH SCHOOL				
Regular ADA				
Grades 9 through 12	70	70	70	70
ADA Totals (All Full-Time Independent Study)	191	190	191	190

See the accompanying note to the other supplementary information.

Redding Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2022

	Minutes	Days	Actual		Approved	Approved	Total	Total	Multitrack	
	Requirement	Requirement	Minutes	Actual	J-13A Credited	J-13A Credited	Traditional	Traditional	Calendar	Status
			Offered	Days	Minutes*	Days*	Calendar	Calendar	Days	
				Offered			Minutes	Days		
Kindergarten	36,000	180	54,035	180	-	-	54,035	180	N/A	Complied
Grade 1	50,400	180	50,640	180	-	-	50,640	180	N/A	Complied
Grade 2	50,400	180	51,277	180	-	-	51,277	180	N/A	Complied
Grade 3	50,400	180	54,121	180	-	-	54,121	180	N/A	Complied
Grade 4	54,000	180	54,121	180	-	-	54,121	180	N/A	Complied
Grade 5	54,000	180	54,121	180	-	-	54,121	180	N/A	Complied
Grade 6	54,000	180	60,780	180	-	-	60,780	180	N/A	Complied
Grade 7	54,000	180	60,780	180	-	-	60,780	180	N/A	Complied
Grade 8	54,000	180	60,780	180	-	-	60,780	180	N/A	Complied

**The District did not apply for any Form J-13A emergency closure days.*

See the accompanying note to the other supplementary information.

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

Years Ended June 30	(Budget) 2023	2022	2021	2020
General Fund				
Revenues and other financial sources	\$ 41,818,745	\$ 44,552,669	\$ 42,833,380	\$ 36,897,615
Expenditures	46,282,218	43,817,628	39,047,369	35,479,116
Change in Fund Balance	(4,463,473)	735,041	3,786,011	1,418,499
Ending Fund Balance	\$ 8,076,866	\$ 12,540,339	\$ 11,805,298	\$ 8,019,287
Available reserves	\$ 2,304,920	\$ 2,202,369	\$ 1,964,839	\$ 1,786,426
Designated for economic uncertainties	\$ 2,304,920	\$ 2,202,369	\$ 1,964,839	\$ 1,786,426
Available reserves as a percentage of total outgo	5%	5%	5%	5%
Total long-term debt	\$ 59,277,162	\$ 60,245,989	\$ 78,094,521	\$ 69,869,783
Average daily attendance at P-2	2,735	2,585	3,015 *	3,015

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

The General Fund balance has increased by \$4,521,052 over the past two years. The 2022-23 budget projects a decrease of \$4,463,473 (35.6%). 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 2022-23 fiscal year. Total long-term debt has decreased by \$9,623,794 over the past two years.

Average daily attendance has decreased by 430 over the past two years. The District anticipates an increase in ADA of 150 during fiscal year 2022-23.

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, 2022**

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, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
U.S. Department of Education			
Passed Through California Department of Education			
Special Education Cluster			
Special Education - IDEA Basic Local Assistance	84.027	13379	\$ 639,166
Special Education - IDEA Basic Local Assistance	84.027	10115	19,146
Total Special Education Cluster			658,312
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	58,205
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund	84.425D	15547	751,223
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund	84.425D	15559	1,670,164
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund: Learning Loss	84.425U	10155	229,711
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	230,680
COVID-19 - Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	59,483
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	351,779
Total Education Stabilization Fund			3,351,245
ESEA - Title I, Part A Grants			
ESEA - Title I, Part A, Basic Grants	84.010A	14329	732,193
ESEA - School Improvement Funding for LEAs	84.010A	15438	337,470
Total ESEA - Title I, Part A Grants			1,069,663
ESEA - Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	108,136
ESEA - Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	34,267
Total U.S. Department of Education			5,221,623
Subtotal Forward			\$ 5,221,623

See the accompanying note to the other supplementary information.

Redding Elementary School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
Subtotal Brought Forward			\$ 5,221,623
U.S. Department of Agriculture Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	13390	317,691
National School Lunch	10.555	13391	1,335,200
Supply Chain Assistance for School Meals	10.555	15655	69,920
Summer Food Service Program Operations	10.559	13004	97,067
Nonmonetary Assistance			
Food Donation	10.555		163,389
Total Child Nutrition Cluster			1,983,267
Child and Adult Care Food	10.558	13393	358,771
Passed Through Shasta County Office of Education			
Schools and Roads - Grants to Counties	10.666	10044	41,817
Total U.S. Department of Agriculture			2,383,855
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,605,478

See the accompanying note to the other supplementary information.

PURPOSE OF SCHEDULES

Schedule of Charter Schools

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

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District met or exceeded its local funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *California Education Code*, Sections 46200 through 46208.

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, 2022. 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, 2022; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated February 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

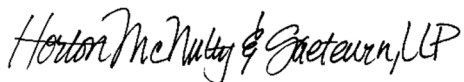
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Report on Compliance and Other Matters

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

Purpose of This Report

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



February 14, 2023
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

Opinion on Each Major Federal Program

We have audited Redding Elementary School District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

(Continued)

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

(Continued)

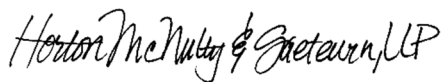
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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



February 14, 2023
Chico, California

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

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

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Independent Study

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

Unmodified Opinion on Each of the Other State Programs

In our opinion, the District complied, in all material respects, with the other laws and regulations of the state programs noted in the table on pages 94 and 95 for the year ended June 30, 2022.

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

(Continued)

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding independent study as described in items 2022-004. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to independent study.

Responsibilities of Management for Compliance

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

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

(Continued)

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

(Continued)

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

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

(Continued)

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

District of choice (S) steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice.

California Clean Energy Jobs Act (T) steps 1 and 2 were not performed because the District did not have any expenditures during 2021-22 from California Clean Energy Jobs Act funds. California Clean Energy Jobs Act step 4 was not performed because the District had no final completion reports due during 2021-22.

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

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

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

- BB. Mode of instruction
- EE. Annual instructional minutes - classroom based

Since the District did not sponsor any charter schools that received the charter school facility grant program funding (FF), the step related to the charter school facility grant program was not performed.

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

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

(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003. Our opinion on state compliance is not modified with respect to these matters.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

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

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

(Continued)

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

Horton McNulty & Gaetani, LLP

February 14, 2023
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

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

SECTION I
SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

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)	
Child Nutrition Cluster	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

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

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

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

SECTION IV FINDINGS
STATE AWARDS AUDIT

CLASSROOM COMPENSATION
61000 (2022-001)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom compensation was 55.67% for the fiscal year ended June 30, 2022.

Criteria *California Education Code* Section 41732(b), requires the District to expend 60% or greater of the District's current expense of education for payment of classroom compensation.

Effect The current expense of education for the District was \$37,639,575, and classroom compensation was \$20,952,372, resulting in a deficiency of \$1,629,794.

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

Context This is an annual required calculation.

Repeat Finding This is a repeat finding of item 2021-001 that was reported in the previous year and is listed in the Summary Schedule of Prior Audit Findings.

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 \$1,629,794 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$1,629,794 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Response The District will apply for an exemption.

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

STATE COMPLIANCE (COMPREHENSIVE SCHOOL SAFETY PLAN)
40000 (2022-002)

State Compliance

Condition At Manzanita Elementary School, the comprehensive school safety plan was not reviewed, updated, and adopted by the school site safety committee until March 21, 2022, and was not provided to the District board for review and approval before March 1, 2022. The board did approve the plan on February 8, 2022, prior to the school site safety committee completing its review of the plan.

Criteria *California Education Code*, Section 32286, requires that each school site safety committee review, update, and adopt their comprehensive school safety plan before March 1 of each year.

Effect The District is not in compliance with the provisions of *California Education Code*, Section 32286.

Cause The school site safety committee at Manzanita Elementary School did not give priority to reviewing, updating, and adopting the comprehensive school safety plan before March 1.

Context This is an annual requirement.

Repeat Finding No, this is not a repeat finding.

Recommendation The District should implement procedures to ensure that each school site safety committee review, update, and adopt their comprehensive school safety plan before March 1 of each year. They should then be submitted to the District board for their approval which shall occur prior to March 1 each year.

Response The District's administration will implement procedures during the 2022-23 fiscal year to comply with the recommendation.

Redding Elementary School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

(Continued)

STATE COMPLIANCE (After School Education and Safety Program)

40000 (2022-003)

State Compliance

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

We selected all students for one month for testing at Juniper Elementary School and noted the following:

1. For two of ten students tested, the entry for one day was blank on their sign in/out sheet, but the student was marked as present on the attendance sheet.
2. For one of the ten students tested, no documentation could be located to support the student's attendance at the program for the month. As a result, we were unable to determine whether this pupil attended for a full day.

Criteria Per *California Education Code*, Section 8484.5(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 School Attendance Report should agree to the sign-in sheets which document pupil participation. *California Education Code*, Section 8483(a)(2) requires that elementary school pupils participate in the full day of the program every day during which pupils participate and that pupils in middle school or junior high school attend a minimum of nine hours a week and three days a week to accomplish program goals. *California Education Code*, Section 8483(a)(1) requires that every after-school program 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.

Effect Due to incomplete records, we could not determine the accuracy of the counts reported in the School Attendance Report, or determine that the minimum attendance and early release requirements were met.

Cause Sign in/out sheets were not monitored for parent signatures and notation of reasons for early release. Turnover of District personnel meant that some documentation could not be located.

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

Repeat Finding This finding is related to item 2020-002 that was reported in the previous year and is listed in the Summary Schedule of Prior Audit Findings. As the provisions of this section did not apply to the 2020-21 audit, the finding has been followed up on in the current year.

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 sign in/out sheets be completed in their entirety and retained.

Response The District's administration will implement procedures during the 2022-23 fiscal year to comply with the recommendation.

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

STATE COMPLIANCE (Independent Study)
40000 (2022-004)

Material Noncompliance

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

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

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

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

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

Effect The District was not in compliance with the provisions of *California Education Code*, Section 51747. As a result, the average daily attendance (ADA) in the Second Period Attendance School District report was overstated by 149.12 ADA and ADA in the Annual Attendance School report was overstated by 135.56 ADA. The disallowed ADA and derived value, which includes all independent study ADA generated by the District (excluding Stellar Charter School, which was determined compliant), is as follows:

Grade Span	TK/K-3	4-6	7-8	Totals
Second Period Report	72.49	53.97	22.66	149.12
Annual Report	64.19	49.22	22.15	135.56
Derived value of ADA by grade span	\$ 10,740.36	\$ 9,874.88	\$ 10,166.98	
Calculated derived value of ADA	\$ 778,569	\$ 532,947	\$ 230,384	\$ 1,541,900

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

Redding Elementary School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

(Continued)

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

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

Repeat Finding No, this is not a repeat finding.

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

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

Redding Elementary School District

CORRECTIVE ACTION PLAN

June 30, 2022

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

Redding Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

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.

Repeat Finding No, this is not a repeat finding.

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.

Current Status See current-year finding in the schedule of findings and questioned costs (item 2022-001).

Redding Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022
(Continued)

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.

Repeat Finding No, this is not a repeat finding.

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 was updated for the 2021-22 fiscal year audit. Recommendation has been fully implemented.

Redding Elementary School District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022
(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.

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.

Redding Elementary School District

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022

(Continued)

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.

Repeat Finding No, this is not a repeat finding.

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 was updated for the 2021-22 fiscal year audit. See current-year finding in the schedule of findings and questioned costs (item 2022-003).