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

AUDIT REPORT

JUNE 30, 2024

Chavan & Associates, LLP
Certified Public Accountants
16450 Monterey Road, Suite #5
Morgan Hill, CA 95037

Red Bluff Union Elementary School District
Tehama County
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FINANCIAL
SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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 Red Bluff Union Elementary School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAGAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of CalSTRS pension contributions, schedule of CalSTRS proportionate share of net pension liability, schedule of OPEB contributions, and schedule of changes in net OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information 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

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information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; schedule of average daily attendance, schedule of instructional time offered, schedule of Charter Schools, and the reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements, as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the annual financial and budget report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for organization schedule and schedule of financial trends and analysis, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the annual financial budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial report. The other information comprises the organization schedule and schedule of financial trends and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise

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appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

January 29, 2025
Morgan Hill, California

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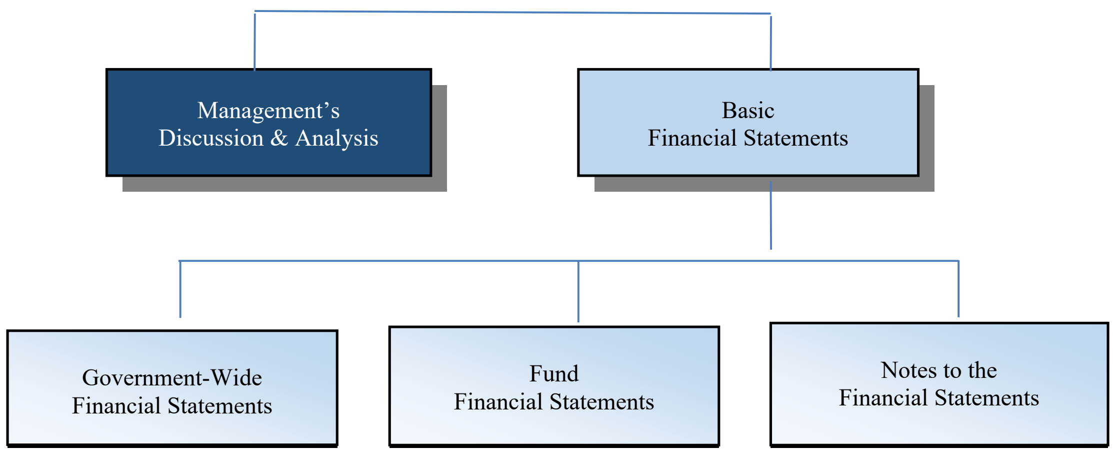
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to presents a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

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

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2024 were as follows:

- Total net position increased by $784,590, or 6.5%, from June 30, 2023 to June 30, 2024.
- The District recorded deferred outflows of resources of $9,936,039 and deferred inflows of resources of $2,830,484 as required by GASB 68 and GASB 75 for pension and benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- General revenues accounted for $27,339,706 which is 63% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for $15,896,082, or 37%, of total revenues of $43,235,788.
- The District had $42,451,198 in government-wide expenses, which is 98% of total government-wide revenues as compared to 79% in the prior year.
- Total governmental fund revenues and expenditures were $43,235,788 and $51,253,033, respectively.
- Total fund balances of all governmental funds increased by $599,950, 2.4%, from June 30, 2023 to June 30, 2024. The General Fund had $38,653,014 in revenues and $42,790,285 in expenditures. The General Fund's fund balance decreased by $4,914,982 from June 30, 2023 to June 30, 2024.

USING THE ANNUAL REPORT

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023 - 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2024 as compared to June 30, 2023:

Table 1 - Summary of Statement of Net Position				
	2024	2023	Change	Percentage Change
Assets				
Current Assets	$ 35,600,772	$ 31,517,414	$ 4,083,358	13.0%
Capital Assets	27,069,401	18,880,769	8,188,632	43.4%
Total Assets	$ 62,670,173	$ 50,398,183	$ 12,271,990	24.4%
Deferred Outflows of Resources	$ 9,936,039	$ 7,909,949	$ 2,026,090	25.6%
Liabilities				
Current Liabilities	$ 9,992,759	$ 6,509,351	$ 3,483,408	53.5%
Noncurrent Liabilities	47,005,026	35,805,634	11,199,392	31.3%
Total Liabilities	$ 56,997,785	$ 42,314,985	$ 14,682,800	34.7%
Deferred Inflows of Resources	$ 2,830,484	$ 3,999,794	$ (1,169,310)	-29.2%
Net Position				
Net Investment in Capital Assets	$ 16,257,599	$ 9,789,724	$ 6,467,875	66.1%
Restricted	14,759,705	10,092,142	4,667,563	46.2%
Unrestricted	(18,239,361)	(7,888,513)	(10,350,848)	-131.2%
Total Net Position	$ 12,777,943	$ 11,993,353	$ 784,590	6.5%

During the year, capital assets increased by 43.4% due to new construction projects, deferred outflows of resources increased by 25.6% and deferred inflows of resources decreased by 29.2% mostly because of changes in the pension and OPEB amounts and actuarial assumptions related to GASB 68 and GASB 75, respectively. GASB requires all local governments that participate in cost sharing pension plans to record its proportionate share of net pension liabilities from pension plans in the government-wise financial statements.

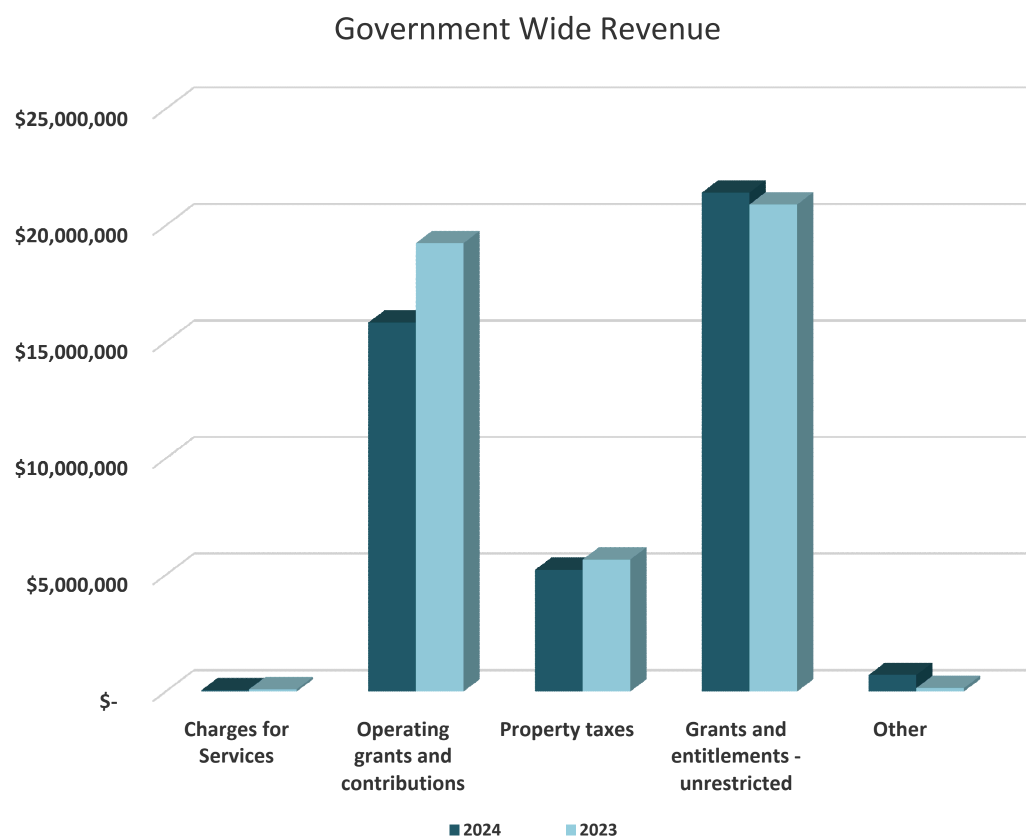
The increase in noncurrent liabilities were mainly due to issuance of Certificates of Participation, ECAA loan, changes in the net OPEB liability and net pension liability.

Table 2 shows the changes in net position for fiscal year 2024 as compared to 2023.

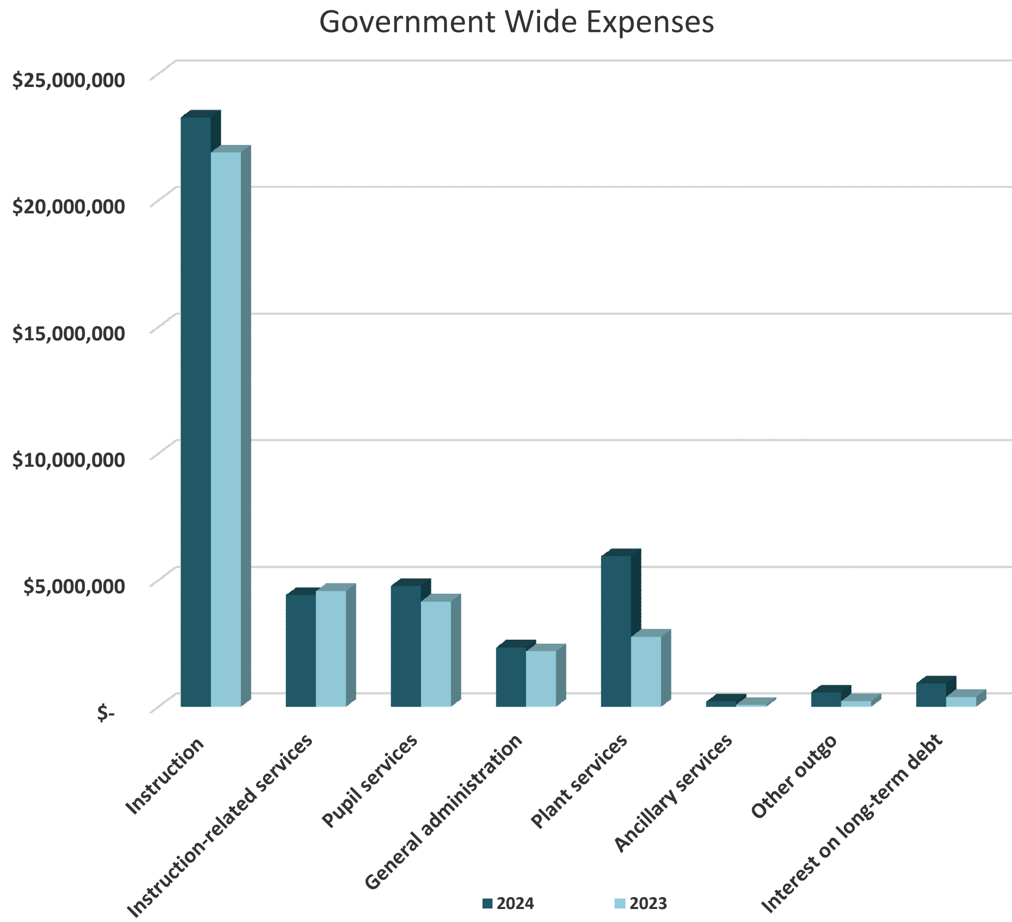
Table 2 - Summary of Changes in Statement of Activities				
	2024	2023	Change	Percentage Change
Revenues				
Program revenues				
Charges for Services	$ 60,181	$ 96,836	$ (36,655)	-37.9%
Operating grants and contributions	15,835,901	19,245,912	(3,410,011)	-17.7%
General revenues:				
Property taxes	5,222,456	5,667,804	(445,348)	-7.9%
Grants and entitlements - unrestricted	21,409,546	20,899,345	510,201	2.4%
Other	707,704	147,096	560,608	381.1%
Total Revenues	43,235,788	46,056,993	(2,821,205)	-6.1%
Program Expenses				
Instruction	23,283,992	21,892,085	1,391,907	6.4%
Instruction-related services	4,414,915	4,574,471	(159,556)	-3.5%
Pupil services	4,779,404	4,161,215	618,189	14.9%
General administration	2,338,958	2,186,995	151,963	6.9%
Plant services	5,939,750	2,761,575	3,178,175	115.1%
Ancillary services	201,719	83,180	118,539	142.5%
Other outgo	569,858	225,149	344,709	153.1%
Interest on long-term debt	922,602	396,676	525,926	132.6%
Total Expenses	42,451,198	36,281,346	6,169,852	17.0%
Change in Net Position	784,590	9,775,647	(8,991,057)	-92.0%
Begininng Net Position	11,993,353	2,217,706	9,775,647	440.8%
Ending Net Position	$ 12,777,943	$ 11,993,353	$ 784,590	6.5%

The District's expenses for instructional services was 65% of total expenses in fiscal year 2024 as compared to 73% in fiscal year 2023. The District's expenses for plant services was 14% of total expenses in fiscal year 2024 as compared to 8% in fiscal year 2023. The District's expenses for pupil services was 8% of total expenses in fiscal year 2024 and 2023. The District's expenses for interest on long-term debt was 2% of total expenses in fiscal year 2024 as compared to 1% in fiscal year 2023. Total expenses were 98% of revenue in fiscal year 2024 as compared to 79% in fiscal year 2023. Total revenues decreased by 6.1% and expenses increased by 17%, which is reflected in the increase in net position of $784,590 in the fiscal year 2024 versus a change in net position of $9,775,647 in fiscal year 2023. Program revenues were 37% of total revenues in fiscal year 2024 as compared to 42% in fiscal year 2023.

The following is a summary of government wide revenues for the fiscal year ended June 30, 2024 as compared to June 30, 2023:



The following is a summary of expenses by function for the fiscal year ended June 30, 2024 as compared to June 30, 2023:



GOVERNMENTAL ACTIVITIES

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

Table 3 - Net Cost of Services

	2024	2023	Change	Percentage Change
Instruction	$ 16,793,270	$ 7,783,641	$ 9,009,629	115.8%
Instruction-related services	3,703,949	3,658,583	45,366	1.2%
Pupil services	1,331,861	1,190,569	141,292	11.9%
General administration	1,629,049	1,496,723	132,326	8.8%
Plant services	1,831,050	2,201,255	(370,205)	-16.8%
Ancillary services	6,033	50,387	(44,354)	-88.0%
Other outgo	337,302	160,764	176,538	109.8%
Interest on long-term debt	922,602	396,676	525,926	132.6%
Total Net Cost of Services	$ 26,555,116	$ 16,938,598	$ 9,616,518	56.8%

The following summarizes the District's functions:

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

THE DISTRICT'S FUNDS

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

Table 4 - Summary of Fund Balances				
	2024	2023	Change	Percentage Change
General	$ 11,804,003	$ 16,718,985	$ (4,914,982)	-29.4%
Cafeteria Fund	1,505,451	1,069,308	436,143	40.8%
Deferred Maintenance Fund	1,148,104	1,161,252	(13,148)	-1.1%
Pupil Transportation Fund	756,904	727,578	29,326	4.0%
Building Fund	858,989	1,923,955	(1,064,966)	-55.4%
Capital Facilities Fund	37,126	216,164	(179,038)	-82.8%
County School Facilities Fund	781,324	-	781,324	100.0%
Special Fund for Capital Outlay Projects	8,216,420	2,459,957	5,756,463	234.0%
Bond Interest and Redemption Fund	499,692	730,864	(231,172)	-31.6%
Total Fund Balances	$ 25,608,013	$ 25,008,063	$ 599,950	2.4%

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2023-2024 fiscal year, the District revised its General Fund budget which resulted in an increase in budgeted expenditures of $1,546,511 from the original to final budget.

For the General Fund, the final budget basis revenue and other financing sources estimate was $37,329,859. The original budgeted estimate was $34,813,866.

CAPITAL ASSETS

Table 5 shows June 30, 2024 capital asset balances as compared to June 30, 2023.

Table 5 - Summary of Capital Assets Net of Depreciation and Amortization				
	2024	2023	Change	Percentage Change
Land	$ 419,500	$ 419,500	$ -	0.0%
Work-in-progress	8,167,050	5,677,482	2,489,568	43.8%
Subscription right of use assets	121,705	308,135	(186,430)	-60.5%
Buildings and Improvements	17,764,317	11,915,363	5,848,954	49.1%
Equipment	596,829	560,289	36,540	6.5%
Total Capital Assets - Net	$ 27,069,401	$ 18,880,769	$ 8,188,632	43.4%

LONG TERM LIABILITIES

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

Table 6 - Summary of Long-term Liabilities				
	2024	2023	Change	Percentage Change
General Obligation Bond	$ 11,782,695	$ 11,934,398	$ (151,703)	-1.3%
Certificates of Participation	7,040,000	-	7,040,000	100.0%
ECAA loan	1,122,195	-	1,122,195	100.0%
Net Pension Liabilities	25,862,272	22,334,887	3,527,385	15.8%
Net OPEB Liability	1,032,461	1,221,942	(189,481)	-15.5%
Subscription Liabilities	108,596	219,754	(111,158)	-50.6%
Compensated Absences	56,807	94,653	(37,846)	-40.0%
Total Long-term Liabilities	$ 47,005,026	$ 35,805,634	$ 11,199,392	31.3%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Red Bluff Union Elementary School District continues to face financial challenges stemming from increases in employer contribution rates for the STRS and PERS retirement systems, which are projected to rise over the next several years. Currently, the STRS contribution rate is 19.10%, and the PERS contribution rate is 27.05%. Contributions in year 25/26 are to be around 19.10% for STRS and 27.60% for PERS. 26/27 year are to be 19.10% for STRS and 28.30% for PERS.

Additionally, the impact of ongoing minimum wage increases places further pressure on the District's financial resources. The District has also experienced an overall decline in enrollment over the past decade. A recently completed demographic study indicates this trend is expected to continue in the near term, posing further fiscal challenges as state funding is largely determined by Average Daily Attendance (ADA).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Christine Fears, Chief Business Official
Red Bluff Union Elementary School District
1755 Airport Boulevard
Red Bluff, CA 96080
Phone: (530) 527-7200 ext. 5103

Basic Financial Statements

Red Bluff Union Elementary School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 32,709,745
Accounts receivable	2,803,536
Stores inventories	87,491
Total current assets	35,600,772
Noncurrent assets:	
Non-depreciable capital assets	8,586,550
Capital assets, net of depreciation and amortization	18,482,851
Total capital assets - net	27,069,401
Total Assets	$ 62,670,173
Deferred Outflows of Resources	
OPEB adjustments	$ 585,147
Pension adjustments	9,350,892
Total Deferred Outflows of Resources	$ 9,936,039
Liabilities	
Current liabilities:	
Accounts payable	$ 9,992,759
Noncurrent liabilities:	
Due within one year	507,000
Due after one year	46,498,026
Total noncurrent liabilities	47,005,026
Total Liabilities	$ 56,997,785
Deferred Inflows of Resources	
OPEB adjustments	$ 1,372,745
Pension adjustments	1,457,739
Total Deferred Inflows of Resources	$ 2,830,484
Net Position	
Net Investment in Capital Assets	$ 16,257,599
Restricted for:	
Educational programs	4,212,384
Cafeteria programs	1,410,460
Capital projects	9,034,870
Other purposes (nonexpendable)	101,991
Total restricted	14,759,705
Unrestricted	(18,239,361)
Total Net Position	$ 12,777,943

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

Red Bluff Union Elementary School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Instruction	$ 23,283,992	$ 495	$ 6,490,227	$ (16,793,270)
Instruction-related services:				
Supervision of instruction	224,828	-	12,446	(212,382)
Instruction library, media and technology	902,523	-	-	(902,523)
School site administration	3,287,564	224	698,296	(2,589,044)
Pupil services:				
Home-to-school transportation	879,667	-	-	(879,667)
Food services	1,915,647	12,736	2,274,683	371,772
All other pupil services	1,984,090	692	1,159,432	(823,966)
General administration:				
Data processing	114,300	-	69,632	(44,668)
All other general administration	2,224,658	677	639,600	(1,584,381)
Plant services	5,939,750	45,357	4,063,343	(1,831,050)
Ancillary services	201,719	-	195,686	(6,033)
Other outgo	569,858	-	232,556	(337,302)
Interest on long-term debt	922,602	-	-	(922,602)
Total governmental activities	$ 42,451,198	$ 60,181	$ 15,835,901	(26,555,116)
General revenues and special items:				
Taxes and subventions:				
Taxes levied for general purposes				4,934,496
Taxes levied for debt service				287,960
Federal and state aid not restricted to specific purposes				21,409,546
Interest and investment earnings				325,867
Interagency revenue				124,532
Miscellaneous				257,305
Total general revenues and special items				27,339,706
Change in net position				784,590
Net position beginning				11,993,353
Net position ending				$ 12,777,943

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

Red Bluff Union Elementary School District
Governmental Funds – Balance Sheet
June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 20,694,548	$ 1,074,078	7,462,194	$ 3,478,925	$ 32,709,745
Accounts receivable	1,195,303	-	1,122,195	486,038	2,803,536
Due from other funds	67,967	-	1,078,165	1,570,476	2,716,608
Stores inventories	-	-	-	87,491	87,491
Total Assets	$ 21,957,818	$ 1,074,078	$ 9,662,554	$ 5,622,930	$ 38,317,380
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 8,361,175	$ 215,089	$ 590,134	$ 826,361	$ 9,992,759
Due to other funds	1,792,640	-	856,000	67,968	2,716,608
Total Liabilities	10,153,815	215,089	1,446,134	894,329	12,709,367
Fund balances:					
Nonspendable:					
Revolving fund	7,000	-	-	7,500	14,500
Stores inventories	-	-	-	87,491	87,491
Restricted for:					
Educational programs	4,212,384	-	-	-	4,212,384
Debt service	-	-	-	499,692	499,692
Cafeteria programs	-	-	-	1,410,460	1,410,460
Capital projects	-	858,989	8,216,420	818,450	9,893,859
Assigned for:					
Transportation	-	-	-	756,904	756,904
Postemployment Benefits	743,968	-	-	-	743,968
Educational programs	660,026	-	-	-	660,026
Site repairs	-	-	-	1,148,104	1,148,104
Unassigned:					
Economic uncertainties	5,332,778	-	-	-	5,332,778
Unappropriated	847,847	-	-	-	847,847
Total Fund Balances	11,804,003	858,989	8,216,420	4,728,601	25,608,013
Total Liabilities and Fund Balances	$ 21,957,818	$ 1,074,078	$ 9,662,554	$ 5,622,930	$ 38,317,380

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

Red Bluff Union Elementary School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds		$ 25,608,013
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	$ 42,793,938	
Accumulated depreciation and amortization	(15,724,537)	27,069,401
Differences from benefit plan assumptions, investment returns, contributions, experience and proportionate shares are reported as deferred inflows and outfows of resources in the government wide statements. However, only items requiring the use of current resources are reported in the fund statements.		7,105,555
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 11,782,695	
Certificates of participation	7,040,000	
ECAA loan	1,122,195	
Subscription liabilities	108,596	
Net pension liabilities	25,862,272	
Net OPEB liability	1,032,461	
Compensated absences	56,807	(47,005,026)
Total net position - governmental activities		$ 12,777,943

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

Red Bluff Union Elementary School District
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 25,436,280	$ -	$ -	$ 200,000	$ 25,636,280
Federal revenue	3,101,680	-	-	1,849,876	4,951,556
Other state	7,250,637	-	-	1,462,976	8,713,613
Other local	2,864,417	135,208	434,102	500,612	3,934,339
Total revenues	38,653,014	135,208	434,102	4,013,464	43,235,788
Expenditures:					
Instruction	23,236,490	-	-	-	23,236,490
Instruction-related services:					
Supervision of instruction	224,049	-	-	-	224,049
Instruction library, media and technology	899,396	-	-	-	899,396
School site administration	2,737,730	-	-	-	2,737,730
Pupil services:					
Home-to-school transportation	777,158	-	-	-	777,158
Food services	18,675	-	-	1,890,334	1,909,009
All other pupil services	1,977,215	-	-	-	1,977,215
General administration:					
Data processing	113,904			-	113,904
All other general administration	2,154,346	-	-	51,967	2,206,313
Plant services	2,796,403	-	3,738,545	366,784	6,901,732
Facilities acquisition and construction	6,323,992	1,200,174	-	333,831	7,857,997
Ancillary services	201,719	-	-	-	201,719
Other outgo	569,858	-	-	-	569,858
Debt service:					
Principal	566,158	-	-	120,000	686,158
Interest and fees	193,192	-	334,000	427,113	954,305
Total expenditures	42,790,285	1,200,174	4,072,545	3,190,029	51,253,033
Excess (deficiency) of revenues over (under) expenditures	(4,137,271)	(1,064,966)	(3,638,443)	823,435	(8,017,245)
Other financing sources (uses):					
Transfers in	-	-	777,711	-	777,711
Transfers out	(777,711)	-	-	-	(777,711)
Proceeds from certificates of participation	-	-	7,495,000	-	7,495,000
Proceeds from loans	-	-	1,122,195	-	1,122,195
Total other financing sources (uses)	(777,711)	-	9,394,906	-	8,617,195
Net change in fund balances	(4,914,982)	(1,064,966)	5,756,463	823,435	599,950
Fund balances beginning	16,718,985	1,923,955	2,459,957	3,905,166	25,008,063
Fund balances ending	$ 11,804,003	$ 858,989	$ 8,216,420	$ 4,728,601	$ 25,608,013

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

Red Bluff Union Elementary School District
Reconciliation of the Governmental Funds Statement of Revenues and Expenditures and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds		$ 599,950
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital assets additions	$ 8,912,178	
Depreciation and amortization expense	(723,546)	8,188,632
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Certificates of participation proceeds	$ (7,495,000)	
Loan proceeds	(1,122,195)	
Premium amortization	31,703	
Debt principal payments	575,000	
Subscription liabilities principal	111,158	(7,899,334)
In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(142,504)
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation paid exceeded the amounts earned.		37,846
Changes in net position of governmental activities		$ 784,590

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Red Bluff Union Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

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

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

Accordingly, for the year ended June 30, 2024, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Deferred Outflows/Deferred Inflows:

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

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

Unearned Revenue:

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

Unavailable Revenue:

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

Expenses/Expenditures:

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

E. Fund Accounting

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Fund 8, Associated Student Body, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits are currently defined as a special revenue funds in the California State Accounting Manual (CSAM), but do not meet the GASB Statement No. 54 special revenue fund definition. While these funds are authorized by statute and will remain open for internal reporting purposes, they function as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

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

The *Special Reserve Fund for Capital Outlay Projects* is used to account for general fund resources accumulated for capital outlay.

Non-major Governmental Funds:

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

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

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

- The *Pupil Transportation Fund* is used for the purpose of transporting students.

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

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

- The *County School Facilities Fund* is used primarily to account separately for State apportionments for the construction of school facilities (Education Code Sections 17010.10-170761.)

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

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

F. Budgets and Budgetary Accounting

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

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

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

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

H. Benefit Plans

Pensions

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

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position, the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

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

2. Fair Value Measurements

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

In determining this amount, three valuation techniques are available:

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

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

3. Stores Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

4. Prepaid Expenditures

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

5. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $10,000.

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

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

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

6. Compensated Absences

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

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

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid issuance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources or uses.

8. Subscription Based Information Technology Arrangements (SBITAs)

The District recognizes subscription liabilities with an initial, individual value of $50,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

9. Fund Balance Classifications

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

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

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

10. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2024, capital assets net of accumulated depreciation and amortization totaling $27,069,401 was increased by unspent bond proceeds of $8,353,989 and reduced by related debt of $19,944,890 which excluded premiums attributed to cash reserves for debt service of $887,695. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

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

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

11. Local Control Funding Formula and Property Taxes

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

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.
The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

12. Risk Management

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

13. Interfund Transactions

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

14. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

15. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Implemented Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This statement did not have a material impact on the financial statements.

K. Upcoming Accounting and Reporting Changes

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

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 – CASH AND INVESTMENTS

A summary of deposits as of June 30, 2024, is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash with fiscal agent	$ 7,455,627	$ 7,455,627
Cash in revolving fund	14,500	14,500
Cash with County	25,194,554	25,194,554
Cash in banks	45,064	45,064
Total Cash and Investments	$ 32,709,745	$ 32,709,745

Cash in Banks and Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2024, the bank balance of the District's accounts with banks was $67,253, which was fully insured by FDIC.

Cash in County Treasury

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

Fair Value Measurements

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

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

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

Policies and Practices

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Tehama County Investment Pool with a fair value of approximately $292 million and an amortized book value of $297 million.

Credit Risk

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

Custodial Credit Risk – Deposits

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

Concentration of Credit Risk

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2024:

Receivables	General Fund	Special Reserve Fund For Capital Outlay Projects	Nonmajor Funds	Total
Federal Government	$ 642,616	$ -	$ 482,726	$ 1,125,342
State Government	55,930	1,122,195	-	1,178,125
Local Resources	133,724	-	3,312	137,036
Other Resources	363,033	-	-	363,033
Total Accounts Receivable	$ 1,195,303	$ 1,122,195	$ 486,038	$ 2,803,536

NOTE 4 – INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables (Due From/Due To)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances for fiscal year 2024, between major and nonmajor governmental funds were as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	$ 67,967	$ 1,792,640
Special Reserve Fund for Capital Outlay Projects	1,078,165	856,000
Nonmajor Funds	1,570,476	67,968
Totals	$ 2,716,608	$ 2,716,608

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2024, between major and nonmajor governmental funds were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 777,711
Special Reserve Fund for Capital Outlay Projects	777,711	-
Totals	$ 777,711	$ 777,711

NOTE 5 – CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

Capital asset activity for the year ended June 30, 2024, is shown below:

Capital Assets	Balance June 30, 2023	Additions	Transfers & Deletions	Balance June 30, 2024
Land - not depreciable	$ 419,500	$ -	$ -	$ 419,500
Work-in-progress - not depreciable	5,677,482	8,147,940	(5,658,372)	8,167,050
Subscription right of use asset	330,912	-	-	330,912
Buildings and improvements	24,077,953	6,277,300	-	30,355,253
Furniture and equipment	3,375,913	145,310	-	3,521,223
Total capital assets	33,881,760	14,570,550	(5,658,372)	42,793,938
Less accum. depreciation & amortization for:				
Subscription right of use asset	22,777	186,430	-	209,207
Buildings and improvements	12,162,590	428,346	-	12,590,936
Furniture and equipment	2,815,624	108,770	-	2,924,394
Total accum. depreciation & amortization	15,000,991	723,546	-	15,724,537
Total capital assets - net depreciation & amortization	$ 18,880,769	$ 13,847,004	$ (5,658,372)	$ 27,069,401

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

Governmental Activity	Depreciation/ Amortization Expense
Instruction	$ 4,550
School site administration	540,315
Home-to-school transportation	99,807
All other general administration	10,673
Plant services	68,201
Total depreciation and amortization expense	$ 723,546

NOTE 6 – LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2024:

Description	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
General Obligation Bonds	$ 11,934,398	$ -	$ 151,703	$ 11,782,695	$ 100,000
Cerificate of Participation	-	7,495,000	455,000	7,040,000	270,000
ECAA Note Payable	-	1,122,195	-	1,122,195	-
Net Pension Liabilities	22,334,887	13,596,908	10,069,523	25,862,272	-
Net OPEB Liability	1,221,942	2,332,358	2,521,839	1,032,461	-
Subscription Liabilities	219,754	-	111,158	108,596	108,596
Compensated Absences	94,653	21,909	59,755	56,807	28,404
Total Long-term Liabilities	$ 35,805,634	$ 24,568,370	$ 13,368,978	$ 47,005,026	$ 507,000

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

Bonds Payable

A summary of the District's general obligation bonded debt as of June 30, 2024 is as follows:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
2018 GOB, Series 2019	2019	2048	2.8-3.35%	$ 4,200,000	$ 3,665,000	$ -	$ -	$ 3,665,000
2018 GOB, Series 2021	2021	2050	3.0-4.0%	7,800,000	7,350,000	-	120,000	7,230,000
Premiums				-	919,398	-	31,703	887,695
Total General Obligation Bonds				$ 12,000,000	$ 11,934,398	$ -	$ 151,703	$ 11,782,695

On March 12, 2019, the District entered into a new 2018 General Obligation Bond, Series 2019 with a principal amount totaling $4,200,000. The Bond has a variable interest rate from 2.8% to 3.35% and is payable in full at maturity. Payments are expected to be made every August 1st. Interest will be incurred every year on February 1st and August 1st. The final payment will be made on August 1, 2048. As of June 30, 2024, the outstanding principal balance of the bond is $3,665,000.

On September 14, 2021, the District entered into a new 2018 General Obligation Bond, Series 2021 with a principal amount totaling $7,800,000. The Bond has a variable interest rate from 3.0% to 4.0% and is payable in full at maturity. Payments are expected to be made every August 1st and an initial principal payment of $450,000 was made on February 1, 2022. Interest will be incurred every year on February 1st and August 1st. The final payment will be made on August 1, 2050. As of June 30, 2024, the outstanding principal balance of the bond is $7,230,000.

The annual debt service requirements of the bonds as of June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 100,000	$ 422,713	$ 522,713
2026	100,000	418,713	518,713
2027	135,000	414,513	549,513
2028	145,000	409,113	554,113
2029	165,000	403,113	568,113
2030-2034	1,050,000	1,901,763	2,951,763
2035-2039	1,630,000	1,647,463	3,277,463
2040-2044	2,530,000	1,265,584	3,795,584
2045-2049	3,230,000	720,050	3,950,050
2050-2054	1,810,000	73,600	1,883,600
Total Debt Service	$ 10,895,000	$ 7,676,625	$ 18,571,625

Certificates of Participation

In fiscal year 2024, the District issued $7,495,000 of Certificate of Participation (Certificates), 2023 Energy Efficiency Projects, at a $61,526 discount, bearing interest 3.375-4%. Interest is payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2023. Principal is payable on November 1 in each of the years. The Certificates mature on November 1, 2042. As of June 30, 2024, the outstanding principal balance of the bond is $7,040,000.

The annual debt service requirements of the certificates as of June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 270,000	$ 247,125	$ 517,125
2026	280,000	236,125	516,125
2027	290,000	226,175	516,175
2028	300,000	217,325	517,325
2029	310,000	207,981	517,981
2030-2034	1,700,000	882,613	2,582,613
2035-2039	2,000,000	570,156	2,570,156
2040-2044	1,890,000	154,800	2,044,800
Total Debt Service	$ 7,040,000	$ 2,742,300	$ 9,782,300

Energy Conservation Assistance Act(ECAA) Loan Payable

On July 21, 2023, the District entered into a loan agreement with California Energy Resources Conservation and Development Commission(the “Energy Commission”) for Solar PV system installation at District’s three school sites. The Energy Commission has made available $3,000,000 as a loan at interest rate of 0% that can be requested on a reimbursement basis on invoices submitted. The loan repayment shall commence no later than December 22 of the fiscal year following the year in which the project is completed and continuing thereafter on each June 22 and December 22. As of June 30, 2024, the outstanding principal balance was $1,122,195 of the $3,000,000 loan amount.

Subscription Based Information Technology Agreements (SBITAs)

The following summarizes the terms of SBITAs:

Terms	Lexia Core5
Start	4/4/2023
End	10/21/2026
Annual Rate	2.36%
Principal Paid	$ 111,158
Interest Paid	$ -
Lease Amortization	$ 209,207

The following summarizes the subscription right of use assets:

Subscription Right of Use Assets	Lexia Core5
Beginning	$ 330,912
Additions	-
Deletions	-
Ending	330,912
Accumulated Amortization	(209,207)
Subscription ROA, Net	$ 121,705

The following summarizes the subscription liabilities:

Subscription Liabilities	Lexia Core5
Beginning	$ 219,754
Additions	-
Principal Paid	(111,158)
Ending	108,596
Due Within One Year	108,596
Due in More Than One Year	$ -

The following summarizes the future payments on SBITAs:

For the Year Ending June 30,	Principal	Interest	Total
2025	$ 108,596	$ 8,191	$ 116,787
2026	-	2,847	2,847
Total Debt Service	$ 108,596	$ 11,038	$ 119,634

NOTE 7 – EMPLOYEE RETIREMENT PENSION PLANS

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

General Information about the PERS Pension Plan

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

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

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7%	8%
Required employer contribution rates	26.68%	26.68%

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

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

For the year ended June 30, 2024, the District's contributions were as follows:

	CalPERS
Contributions - employer	$ 1,649,177

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 11,833,416

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	CalPERS
Proportion - June 30, 2023	0.03163%
Proportion - June 30, 2024	0.03269%
Change - Increase/(Decrease)	0.00106%

For the year ended June 30, 2024, the District recognized pension expense of $1,981,523 for the Plan.

At June 30, 2024, 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
Changes of Assumptions	$ 545,161	$ -
Differences between Expected and Actual Experience	431,835	181,744
Differences between Projected and Actual Investment Earnings	1,263,978	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	26,812
Change in Employer's Proportion	371,751	2,164
Pension Contributions Made Subsequent to Measurement Date	1,649,177	-
Total	$ 4,261,902	$ 210,720

The District reported $1,649,177 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2025	$ 721,883
2026	609,629
2027	1,031,157
2028	39,336
2029	-
Thereafter	-
Total	$ 2,402,005

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.1% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.90% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 10 basis points. An investment return excluding administrative expenses would have been 6.9%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Study.

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

	CalPERS
1% Decrease	5.90%
Net Pension Liability	$ 17,108,061
Current	6.90%
Net Pension Liability	$ 11,833,416
1% Increase	7.90%
Net Pension Liability	$ 7,474,042

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

California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

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

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.10%	19.10%
Required State contribution rates	9.71%	9.71%

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

For the year ended June 30, 2024 the contributions for the Plan were as follows:

	CalSTRS
Employer Contributions	$ 2,197,499
State Contributions	1,075,191
Total	$ 3,272,690

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 14,028,856
State	6,721,646
Total	**$ 20,750,502**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 10.87 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	CalSTRS
Proportion - June 30, 2023	0.01648%
Proportion - June 30, 2024	0.01842%
Change - Increase/(Decrease)	0.00194%

For the year ended June 30, 2024, the District recognized pension expense of $3,381,911 for the Plan which included a $1,075,191 contribution from the state. At June 30, 2024, 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
Changes of Assumptions	$ 81,232	$ -
Differences between Expected and Actual Experience	1,102,437	750,615
Differences between Projected and Actual Investment Earnings	60,049	-
Differences between Employer's Contributions and Proportionate Share of Contributions	26,480	336,830
Change in Employer's Proportion	1,621,293	159,574
Pension Contributions Made Subsequent to Measurement Date	2,197,499	-
Total	$ 5,088,990	$ 1,247,019

The District reported $2,197,499 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2025	$ (274,131)
2026	(520,959)
2027	1,405,085
2028	345,112
2029	294,949
Thereafter	394,416
Total	$ 1,644,472

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2019 Ultimate Projection

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Public Equity	38.00%	5.25%
Real Estate	15.00%	4.05%
Private Equity	14.00%	6.75%
Fixed Income	14.00%	2.45%
Risk Mitigation Strategies	10.00%	2.25%
Inflation Sensitive	7.00%	3.65%
Liquidity	2.00%	0.05%
Total	100.00%	

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(a) Real return is net of assumed 2.75% inflation.
(b) 20-year geometric average.

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 23,532,287
Current	7.10%
Net Pension Liability	$ 14,028,856
1% Increase	8.10%
Net Pension Liability	$ 6,135,149

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

NOTE 8 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Benefits

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

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

Eligibility provisions:

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

Employees Covered by Benefit Terms

At June 30, 2022 (the valuation date), the benefit terms covered the following employees:

Active employees	189
Inactive employees	8
Total employees	197

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $471,994. Total benefit payments included in the measurement period were $117,888. The actuarially determined contribution for the measurement period was $412,996. The District's contributions were 3% of payroll during the measurement period June 30, 2023 (reporting period June 30, 2024). Employees are not required to contribute to the plan.

Actuarial Assumptions

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

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.5% for 2023; decreasing to 4.00% for all future years
Investment Rate of Return	5.0%, Net of OPEB plan investment expenses, including inflation
Mortality	Certificated: 2020 CalSTRS Mortality Classified: 2017 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement	Certificated Management: 2020 CalSTRS 2.0%@60 Rates Certificated: Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates Classified: Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees

Discount Rate

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

Long-Term Expected Rate of Return

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

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

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
All US Domestic Stock	35.00%	7.545%
Long-Term Corporate Bonds	65.00%	5.045%
Total	100.00%	

Change in the Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 (valuation date) for the fiscal year ended June 30, 2024 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2024, for the measurement date of June 30, 2023:

Fiscal Year Ended June 30, 2024 (Measurement Date June 30, 2023)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	$ 2,953,321	$ 1,731,379	$ 1,221,942
Service cost	209,732	-	209,732
Interest in Total OPEB Liability	149,962	-	149,962
Employer contributions	-	412,996	(412,996)
Actual investment income	-	141,201	(141,201)
Administrative expenses	-	(5,022)	5,022
Benefit payments	(117,888)	(117,888)	-
Net changes	241,806	431,287	(189,481)
Balance at June 30, 2024	$ 3,195,127	$ 2,162,666	$ 1,032,461

Covered Employee Payroll	$ 14,853,705
Total OPEB Liability as a % of Covered Employee Payroll	21.51%
Plan Fid. Net Position as a % of Total OPEB Liability	67.69%
Service Cost as a % of Covered Employee Payroll	1.41%
Net OPEB Liability as a % of Covered Employee Payroll	6.95%

Deferred Inflows and Outflows of Resources

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 975,881
Difference between actual and expected earnings	113,153	-
Change in assumptions	-	396,864
OPEB contribution subsequent to measurement date	471,994	-
Total	$ 585,147	$ 1,372,745

Of the total amount reported as deferred outflows of resources related to OPEB, $471,994 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows/inflows of resources will be recognized in OPEB expenses as follows:

Year Ended June 30,	
2025	$ (171,453)
2026	(196,067)
2027	(134,451)
2028	(176,320)
2029	(167,365)
Thereafter	(413,936)
Total	$ (1,259,592)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2024:

Service cost	$ 209,732
Interest in TOL	149,962
Expected investment income	(93,821)
Difference between actual and expected experience	(193,725)
Difference between actual and expected earnings	27,995
Change in assumptions	(5,256)
Administrative expenses	5,022
OPEB Expense	**$ 99,909**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024:

Net OPEB liability ending	$ 1,032,461
Net OPEB liability beginning	(1,221,942)
Change in net OPEB liability	(189,481)
Changes in deferred outflows	75,375
Changes in deferred inflows	(198,981)
Employer contributions and implicit subsidy	412,996
OPEB Expense	**$ 99,909**

Sensitivity to Changes in the Discount Rate

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

	Discount Rate		
	(1% Decrease)	**5.00%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 1,451,009	$ 1,032,461	$ 1,009,267

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
	(1% Decrease)	**4.5% for 2023; decreasing to 4.00% for all future years**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 902,037	$ 1,032,461	$ 1,598,480

NOTE 9 – JOINT VENTURES (JOINT POWERS AGREEMENTS)

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

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

REQUIRED SUPPLEMENTARY INFORMATION

Red Bluff Union Elementary School District
Schedule of Revenue, Expenditures and Changes in Fund Balances
Budget and Actual (GAAP) General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources:	$ 25,674,011	$ 25,552,388	$ 25,436,280	$ (116,108)
Federal revenues	3,066,239	3,163,979	3,101,680	(62,299)
Other state	5,062,430	6,847,051	7,250,637	403,586
Other local	1,011,186	1,766,441	2,864,417	1,097,976
Total revenues	34,813,866	37,329,859	38,653,014	1,323,155
Expenditures:				
Current				
Certificated salaries	12,296,996	12,891,840	12,594,251	297,589
Classified salaries	5,416,354	5,748,048	5,632,425	115,623
Employee benefits	9,767,479	9,655,111	9,800,880	(145,769)
Books and supplies	2,392,764	2,260,289	1,530,248	730,041
Services and other operating expenditures	6,155,552	6,162,644	5,735,343	427,301
Capital outlay	2,925,327	3,319,213	6,331,056	(3,011,843)
Other outgo	705,366	1,102,275	517,890	584,385
Debt service:				
Principal	180,000	455,000	455,000	-
Interest and fees	275,000	66,929	193,192	(126,263)
Total expenditures	40,114,838	41,661,349	42,790,285	(1,128,936)
Excess (deficiency) of revenues over (under) expenditures	(5,300,972)	(4,331,490)	(4,137,271)	194,219
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(777,711)	(777,711)
Total other financing sources (uses)	-	-	(777,711)	(777,711)
Change in fund balance	$ (5,300,972)	$ (4,331,490)	$ (4,914,982)	$ (583,492)
Fund balance beginning			16,718,985	
Fund balance ending			$ 11,804,003	

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

Red Bluff Union Elementary School District
Schedule of CalPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2024

Miscellaneous Plan					
Plan Measurement Date	**2014**	**2015**	**2016**	**2017**	**2018**
Fiscal Year Ended	**2015**	**2016**	**2017**	**2018**	**2019**
Contractually Required Contributions	$ 381,252	$ 461,840	$ 545,945	$ 589,566	$ 770,120
Contributions in Relation to Contractually Required Contributions	381,252	461,840	545,945	589,566	770,120
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,238,909	$ 3,898,371	$ 3,931,056	$ 3,796,059	$ 4,263,758
Contributions as a % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%

Miscellaneous Plan					
Plan Measurement Date	**2019**	**2020**	**2021**	**2022**	**2023**
Fiscal Year Ended	**2020**	**2021**	**2022**	**2023**	**2024**
Contractually Required Contributions	$ 870,450	$ 906,470	$ 1,113,018	$ 1,438,125	$ 1,649,177
Contributions in Relation to Contractually Required Contributions	870,450	906,470	1,113,018	1,438,125	1,649,177
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 4,413,823	$ 4,379,082	$ 4,858,219	$ 5,669,575	$ 6,182,272
Contributions as a % of Covered Payroll	19.72%	20.70%	22.91%	25.37%	26.68%

Notes to Schedule:

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.30%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

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

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

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

Red Bluff Union Elementary School District
Schedule of CalPERS Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.02750%	0.02791%	0.02908%	0.03083%	0.03067%
Proportionate Share of Net Pension Liability	$ 3,121,920	$ 4,114,506	$ 5,742,744	$ 7,359,935	$ 8,177,588
Covered Payroll	$ 2,886,777	$ 3,238,909	$ 3,898,371	$ 3,931,056	$ 3,796,059
Proportionate Share of NPL as a % of Covered Payroll	108.15%	127.03%	147.31%	187.23%	215.42%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%

Fiscal Year Ended	2020	2021	2022	2023	2024
District's Proportion of Net Pension Liability	0.03076%	0.03053%	0.03052%	0.03163%	0.03269%
Proportion of Net Pension Liability (Misc Plan Only)	0.01413%	0.01431%	0.01113%	0.01500%	0.03269%
Proportionate Share of Net Pension Liability	$ 8,964,772	$ 9,368,770	$ 6,205,865	$ 10,883,594	$ 11,833,416
Covered Payroll	$ 4,263,758	$ 4,413,823	$ 4,379,082	$ 4,858,219	$ 5,669,575
Proportionate Share of NPL as a % of Covered Payroll	210.26%	212.26%	141.72%	224.02%	208.72%
Plan's Fiduciary Net Position as a % of the TPL	70.05%	70.00%	80.97%	69.76%	69.96%

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Red Bluff Union Elementary School District
Schedule of CalSTRS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2024

Plan Measurement Date	**2014**	**2015**	**2016**	**2017**	**2018**
Fiscal Year Ended	**2015**	**2016**	**2017**	**2018**	**2019**
Contractually Required Contributions	$ 660,219	$ 834,243	$ 1,007,586	$ 1,243,392	$ 1,417,192
Contributions in Relation to Contractually Required Contributions	660,219	834,243	1,007,586	1,243,392	1,417,192
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,434,899	$ 7,774,865	$ 8,009,428	$ 8,616,715	$ 8,705,111
Contributions as a % of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%

Plan Measurement Date	**2019**	**2020**	**2021**	**2022**	**2023**
Fiscal Year Ended	**2020**	**2021**	**2022**	**2023**	**2024**
Contractually Required Contributions	$ 1,523,742	$ 1,501,773	$ 1,611,436	$ 2,142,930	$ 2,197,499
Contributions in Relation to Contractually Required Contributions	1,523,742	1,501,773	1,611,436	2,142,930	2,197,499
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 8,910,772	$ 9,298,904	$ 9,523,853	$ 11,374,916	$ 11,505,230
Contributions as a % of Covered Payroll	17.10%	16.15%	16.92%	18.84%	19.10%

Notes to Schedule:

Valuation Date: June 30, 2022

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

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalSTRS during the year.

Red Bluff Union Elementary School District
Schedule of CalSTRS Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.01600%	0.01394%	0.01429%	0.01500%	0.01600%
District's Proportionate Share of Net Pension Liability	$ 9,349,920	$ 9,387,417	$ 11,556,537	$ 13,871,850	$ 14,705,120
State's Proportionate Share of Net Pension Liability Associated with the District	5,645,856	4,964,911	6,578,905	8,206,448	8,419,416
	$ 14,995,776	$ 14,352,328	$ 18,135,442	$ 22,078,298	$ 23,124,536
Covered Payroll	$ 6,943,297	$ 7,434,899	$ 7,774,865	$ 8,009,428	$ 8,616,715
Proportionate Share of NPL as a % of Covered Payroll	134.66%	126.26%	148.64%	173.19%	170.66%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%

Fiscal Year Ended	2020	2021	2022	2023	2024
District's Proportion of Net Pension Liability	0.01600%	0.01600%	0.01676%	0.01648%	0.01842%
District's Proportionate Share of Net Pension Liability	$ 14,450,560	$ 15,505,440	$ 7,627,141	$ 11,451,293	$ 14,028,856
State's Proportionate Share of Net Pension Liability Associated with the District	7,883,792	7,993,054	3,837,672	5,734,808	6,721,646
	$ 22,334,352	$ 23,498,494	$ 11,464,813	$ 17,186,101	$ 20,750,502
Covered Payroll	$ 8,705,111	$ 8,910,772	$ 9,298,904	$ 9,523,853	$ 11,374,916
Proportionate Share of NPL as a % of Covered Payroll	166.00%	174.01%	82.02%	120.24%	123.33%
Plan's Fiduciary Net Position as a % of the TPL	72.56%	71.82%	87.21%	81.20%	80.62%

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule presents information on the District’s portion of the net pension liability of CalSTRS in compliance with GASB 68.

Red Bluff Union Elementary School District
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution (ADC)	$ 449,863	$ 463,359	$ 443,272	$ 563,290	$ 456,570	$ 456,570	$ 456,570
Less: actual contribution in relation to ADC	(531,107)	(518,769)	(475,620)	(479,338)	(470,062)	(499,570)	(412,996)
Contribution deficiency (excess)	$ (81,244)	$ (55,410)	$ (32,348)	$ 83,952	$ (13,492)	$ (43,000)	$ 43,574
Covered employee payroll	$ 12,541,629	$ 13,075,537	$ 13,467,721	$ 13,853,640	$ 14,069,256	$ 14,456,161	$ 14,853,705
Contrib. as a % of covered employee payroll	4.23%	3.97%	3.53%	3.46%	3.34%	3.46%	2.78%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	2.500%
Salary Increases	2.750%
Healthcare Trend Rate	4.5% for 2023; decreasing to 4.00% for all future years
Investment Rate of Return	5.0%, Net of OPEB plan investment expenses, including inflation
Mortality	Certificated: 2020 CalSTRS Mortality Classified: 2017 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement	Certificated Management: 2020 CalSTRS 2.0%@60 Rates Certificated: Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates Classified: Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees

Other Notes

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

There were no changes in benefit terms.

The discount rate increased from 3.91% to 5.00% from 2021 to 2022 and the trend rate decreased from 5.75% to 4.5% from 2022 to 2023.

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

Red Bluff Union Elementary School District
Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 293,059	$ 301,850	$ 310,893	$ 332,943	$ 345,702	$ 356,073	$ 209,732
Interest	167,335	173,476	176,162	171,931	169,365	180,494	149,962
Differences between expected and actual experience	-	-	(616,501)	-	(630,927)	(435,962)	-
Changes of assumptions	-	159,578	156,149	124,541	(222,326)	(469,087)	-
Benefit payments	(364,014)	(310,481)	(287,506)	(226,238)	(209,600)	(220,080)	(117,888)
Net change in Total OPEB Liability	96,380	324,423	(260,803)	403,177	(547,786)	(588,562)	241,806
Total OPEB Liability - beginning	3,526,492	3,622,872	3,947,295	3,686,492	4,089,669	3,541,883	2,953,321
Total OPEB Liability - ending	$ 3,622,872	$ 3,947,295	$ 3,686,492	$ 4,089,669	$ 3,541,883	$ 2,953,321	$ 3,195,127
Plan fiduciary net position							
Employer contributions	$ 364,014	$ 310,481	$ 768,104	$ 479,338	$ 470,062	$ 499,570	$ 412,996
Net investment income	34,316	24,793	35,519	48,355	285,519	(299,647)	141,201
Benefit payments	(364,014)	(310,481)	(287,506)	(226,238)	(209,600)	(220,080)	(117,888)
Administrative expense	(156)	-	(1,889)	-	(8,576)	(4,904)	(5,022)
Net change in plan fiduciary net position	34,160	24,793	514,228	301,455	537,405	(25,061)	431,287
Plan fiduciary net position - beginning	344,399	378,559	403,352	917,580	1,219,035	1,756,440	1,731,379
Plan fiduciary net position - ending	$ 378,559	$ 403,352	$ 917,580	$ 1,219,035	$ 1,756,440	$ 1,731,379	$ 2,162,666
Net OPEB liability (asset)	$ 3,244,313	3,543,943	2,768,912	2,870,634	1,785,443	1,221,942	1,032,461
Plan fiduciary net position as a percentage of the total OPEB liability	10.45%	10.22%	24.89%	29.81%	49.59%	58.62%	67.69%
Covered Employee Payroll	$ 12,176,339	$ 12,541,629	$ 13,075,537	$ 13,467,721	$ 13,853,640	$ 14,069,256	$ 14,456,161
Net OPEB liability as a % of covered employee payroll	26.64%	28.26%	21.18%	21.31%	12.89%	8.69%	7.14%
Total OPEB liability as a % of covered employee payroll	29.75%	31.47%	28.19%	30.37%	25.57%	20.99%	22.10%

Other Notes

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

There were no changes in benefit terms.

The discount rate increased from 3.91% to 5.00% from 2021 to 2022 and the trend rate decreased from 5.75% to 4.5% from 2022 to 2023.

SUPPLEMENTARY INFORMATION

Red Bluff Union Elementary School District
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds			Capital Projects Fund		Debt Service Fund	
	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Assets							
Cash and investments	$ 1,036,079	$ 664,990	$ 328,904	$ 33,822	$ 915,438	$ 499,692	$ 3,478,925
Accounts receivable	482,726	-	-	3,312	-	-	486,038
Due from other funds	-	628,000	428,000	-	514,476	-	1,570,476
Stores inventories	87,491	-	-	-	-	-	87,491
Total Assets	$ 1,606,296	$ 1,292,990	$ 756,904	$ 37,134	$ 1,429,914	$ 499,692	$ 5,622,930
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 32,877	$ 144,886	$ -	$ 8	648,590	$ -	$ 826,361
Due to other funds	67,968	-	-	-	-	-	67,968
Total Liabilities	100,845	144,886	-	8	648,590	-	894,329
Fund Balances:							
Nonspendable:							
Revolving fund	7,500	-	-	-	-	-	7,500
Stores inventories	87,491	-	-	-	-	-	87,491
Restricted for:							
Cafeteria programs	1,410,460	-	-	-	-	-	1,410,460
Capital projects	-	-	-	37,126	781,324	-	818,450
Debt service	-	-	-	-		499,692	499,692
Assigned for:							
Site repairs	-	1,148,104	-	-	-	-	1,148,104
Transportation	-	-	756,904	-	-	-	756,904
Total Fund Balances	1,505,451	1,148,104	756,904	37,126	781,324	499,692	4,728,601
Total Liabilities and Fund Balances	$ 1,606,296	$ 1,292,990	$ 756,904	$ 37,134	$ 1,429,914	$ 499,692	$ 5,622,930

Red Bluff Union Elementary School District
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds			Capital Projects Funds		Debt Service Fund	
	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Revenues:							
LCFF Sources	$ -	$ 200,000	$ -	$ -	$ -	$ -	$ 200,000
Federal revenue	1,849,876	-	-	-	-	-	1,849,876
Other state	503,636	-	-	-	958,980	360	1,462,976
Other local	49,194	51,301	29,326	55,308	(98)	315,581	500,612
Total revenues	2,402,706	251,301	29,326	55,308	958,882	315,941	4,013,464
Expenditures:							
Pupil services:							
Food services	1,890,334	-	-	-	-	-	1,890,334
General administration:							
All other general administration	51,967	-	-	-	-	-	51,967
Plant services	24,262	164,024	-	940	177,558	-	366,784
Facilities acquisition and construction	-	100,425	-	233,406	-	-	333,831
Debt service:							
Principal	-	-	-	-	-	120,000	120,000
Interest and fees	-	-	-	-	-	427,113	427,113
Total expenditures	1,966,563	264,449	-	234,346	177,558	547,113	3,190,029
Excess (deficiency) of revenues over (under) expenditures	436,143	(13,148)	29,326	(179,038)	781,324	(231,172)	823,435
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Change in fund balances	436,143	(13,148)	29,326	(179,038)	781,324	(231,172)	823,435
Fund balances beginning	1,069,308	1,161,252	727,578	216,164	-	730,864	3,905,166
Fund balances ending	$ 1,505,451	$ 1,148,104	$ 756,904	$ 37,126	$ 781,324	$ 499,692	$ 4,728,601

COMPLIANCE SECTION

Red Bluff Union Elementary School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	848.23	849.27
Grades four through six	533.74	532.70
Grades seven and eight	362.26	363.44
Regular ADA Totals	1,744.23	1,745.41

Red Bluff Union Elementary School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2024

Grade Level	Minutes Requirements	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	53,525	180	N/A	In Compliance
Grade 1	50,400	53,400	180	N/A	In Compliance
Grade 2	50,400	53,400	180	N/A	In Compliance
Grade 3	50,400	53,400	180	N/A	In Compliance
Grade 4	54,000	54,120	180	N/A	In Compliance
Grade 5	54,000	54,120	180	N/A	In Compliance
Grade 6	54,000	55,294	180	N/A	In Compliance
Grade 7	54,000	55,294	180	N/A	In Compliance
Grade 8	54,000	55,294	180	N/A	In Compliance

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

Red Bluff Union Elementary School District
Schedule of Expenditure of Federal Awards
For the Fiscal Year Ended June 30, 2024

Program Name	Assistance Listing		Pass-Through Entity Identifying Number	Program Expenditures
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through Tehama County Office of Education:				
Forest Reserve Funds	10.665		10044	$ 50,887
Passed through California Department of Education:				
CACFP Claims - Centers and Family Day Care	10.558		13393	215,299
Child Nutrition Cluster				
Child Nutrition: School Programs (NSL Sec 11)	10.555		13524	1,456,019
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555		15655	117,835
Total Child Nutrition Cluster				1,573,854
TOTAL U.S. DEPARTMENT OF AGRICULTURE				1,840,040
U. S. DEPARTMENT OF EDUCATION:				
Passed through California Department of Education:				
Special Education Cluster				
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section	84.027		13379	263,248
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027		15197	21,501
Total Special Education Cluster				284,749
Education Stabilization Fund (ESF) Subprograms				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	(1)	15547	873,628
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	(1)	15559	386,757
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	(1)	10155	165,522
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	(1)	15618	37,467
Total Education Stabilization Fund (ESF) Subprograms				1,463,374
NCLB (ESEA) : Title III, Limited English Proficient (LEP) Student Program	84.365		14346	33,341
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	68,183
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected	84.010	(1)	14329	926,994
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction	84.367		14341	95,800
ESEA: ESSA School Improvement (CSI) Funding for LEAs	84.010		15438	178,351
TOTAL U. S. DEPARTMENT OF EDUCATION				3,050,792
TOTAL FEDERAL PROGRAMS				$ 4,890,832

(1) Audited as major program

There were no passthroughs to subrecipients

Red Bluff Union Elementary School District
Reconciliation of the Annual Financial Budget Report (SACS) to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Reserve Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds
June 30, 2024 Annual Financial and Budget Report Fund Balances	$ 11,229,212	$ 858,989	$ 3,271,023	$ 5,303,392
Adjustments and Reclassifications:				
GASB 54 Consolidation:				
Associated Student Body	45,064	-	-	(45,064)
Special Reserve Fund for Other Than Capital Outlay Projects	529,727	-	-	(529,727)
Cash with Fiscal Agent Adjustment	-	-	4,945,397	-
June 30, 2024 Audited Financial Statements Fund Balances	$ 11,804,003	$ 858,989	$ 8,216,420	$ 4,728,601

Schedule of Charter Schools (Unaudited)
For the Fiscal Year Ended June 30, 2024

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

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

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

Schedule of Expenditures of Federal Awards

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

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

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

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

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

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

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

OTHER INFORMATION

The Red Bluff Union Elementary School District was established in 1929 and is located in Tehama County in Red Bluff, California. The District currently operates three elementary schools, one middle school and two community day schools. There were no changes in the boundaries of the District during the year ended June 30, 2024.

The Board of Education for the fiscal year ended June 30, 2024, was comprised of the following members:

Governing Board

Name	Office	Term Expires
Steve Piffero	President	2026
Barbara Ramey	Clerk	2026
Heidi Ackley	Member	2024
Alexis Jamerson	Member	2024
Jack Hansen	Member	2024

Administration

Cliff Curry
Superintendent

Claudia Salvestrin
Assistant Superintendent

Christine Fears
Chief Business Official

Red Bluff Union Elementary School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

General Fund	(Budget [1]) 2025	2024	2023	2022
Revenues and other financial sources	$ 34,086,165	$ 38,653,014	$ 42,717,891	$ 31,286,233
Expenditures	35,173,439	42,790,285	37,394,588	28,388,798
Other uses and transfers (out)	450,000	777,711	2,700,000	200,000
Total outgo	35,623,439	43,567,996	40,094,588	28,588,798
Change in fund balance	(1,537,274)	(4,914,982)	2,623,303	2,697,435
Ending fund balance	$ 10,266,729	$ 11,804,003	$ 16,718,985	$ 14,095,682
Available reserves [(2)]	$ 4,838,961	$ 6,180,625	$ 11,260,103	$ 8,173,443
Reserve for economic uncertainties	$ 4,838,961	$ 5,332,778	$ 7,094,857	$ 1,500,000
Unassigned fund balance	$ -	$ 847,847	$ 4,165,246	$ 6,673,443
Available reserves as a percentage of total outgo	13.6%	14.2%	28.1%	28.6%
Total long-term liabilities	$ 46,498,026	$ 47,005,026	$ 35,805,634	$ 27,684,309
Average daily attendance (ADA) at P-2	1,739	1,744	1,684	1,629

ADA has increased by 115 over the past three years. The District anticipates an decrease of 5 in ADA next year.

The General Fund balance has decreased by $2,291,679 in the last three years. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, other uses (total outgo). The fiscal year 2024-25 budget projects a $1,537,274 decrease in fund balance.

The District has had an operating surplus in each of the past three years. Total long-term liabilities has increased by $19,320,717 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2024/25.

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

OTHER INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2025.

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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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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 statement. 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 matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

January 29, 2025
Morgan Hill, California

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Red Bluff Union Elementary School District's (the District)'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for opinion on Each Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management on Compliance

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

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Auditor's 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 programs.

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

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

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

Report on Internal Control over Compliance

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.

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

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

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

C & A LLP

January 29, 2025
Morgan Hill, California

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report of State Compliance

Opinion on State Compliance

We have audited the Red Bluff Union Elementary School District's (the District)'s compliance with the types of compliance requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2024.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the laws and regulations of the State Programs noted in the table below for the fiscal year ended June 30, 2024.

Basis for Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 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 other procedures as we consider 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 *2023-24 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 controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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2023-24 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Districts:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After School Education and Safety Program:	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	N/A
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

Report on Internal Control over Compliance

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, in internal control over compliance, such that there is a reasonable possibility that a 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 from those charged with governance.

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

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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

C & A LLP

January 29, 2025
Morgan Hill, California

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FINDINGS AND RECOMMENDATIONS

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ None Reported
Non-compliance material to financial statements noted?	____ Yes __x__ No

Federal Awards

Internal control over major programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ None Reported
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____ Yes __x__ No

Identification of Major Programs:

Assistance Listing	Name of Federal Program
84.425, 84.425D/U	Education Stabilization Fund (ESF) Subprograms
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	____ Yes __x__ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ None Reported
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

No findings noted.

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

Finding 2023-001: 61000 - Classroom Teachers Salaries

Criteria or Specific Requirements: California Education Code section 41372 requires school districts to spend a certain percentage of their education expense after accounting for reductions towards classroom teacher salaries. The minimum percentage requirement is 60% for elementary school districts, 55% for unified school districts, and 50% for high school districts. Red Bluff Union Elementary School District is an elementary school district hence subject to spend at minimum 50% of its total expense on classroom teacher compensation after subtracting overrides from yearly current expense.

Condition: The District was required to spend at minimum 60% of total expense after subtracting overrides on classroom teacher compensation. The District incurred only 52.40% of the required minimum percentage resulting in deficiency of 7.60% or $2,538,243.

Questioned Costs: None

Effect: The District didn't meet the 60% minimum classroom compensation percentage required under California Education Code section 41372.

Cause: The District has experienced financial hardships that have made it difficult to meet this compliance requirement. Many districts have cited the amount of one-time funds and not being able to use them for on-going expenses, is a constraint on this requirement. Even though the expenses may be instructional in nature, because they are not salary/benefits, they do not count in the calculation.

Recommendation: The District should also file an application for exemption. However, the District should continue to monitor this ratio in its future budgets and plan accordingly in order to meet the 60% base requirement.

Corrective Action Plan: The District agrees with the auditor's recommendation and will periodically monitor its compliance with the requirements the Ed Code. Additionally, the District filed an application for an exemption to this finding.

Status: Implemented.