

PLAZA ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,582,730
Accounts receivable	394,503
Inventory	3,079
Prepaid expenses	8,675
Capital assets, not depreciated	59,244
Capital assets, net of accumulated depreciation	1,366,342
Total Assets	4,414,573
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	453,065
Deferred outflows related to OPEB	40,468
Total Deferred Outflows of Resources	493,533
LIABILITIES	
Accrued liabilities	264,153
Unearned revenue	32,476
Long-term liabilities, current portion	66,667
Long-term liabilities, non-current portion	3,088,090
Total Liabilities	3,451,386
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	112,550
Total Deferred Inflows of Resources	112,550
NET POSITION	
Net investment in capital assets	1,177,254
Restricted:	
Capital projects	160,444
Debt service	165,998
Educational programs	161,765
Food service	43,239
Unrestricted	(364,530)
Total Net Position	\$ 1,344,170

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

**PLAZA ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 1,614,883	\$ 95,128	\$ 256,284	\$ 223,564	\$ (1,039,907)
Instruction-related services					
Instructional supervision and administration	105	-	-	-	(105)
Instructional library, media, and technology	745	-	-	-	(745)
School site administration	178,169	1,249	12,245	-	(164,675)
Pupil services					
Home-to-school transportation	35,850	-	-	-	(35,850)
Food services	215,077	1,338	239,741	-	26,002
General administration					
All other general administration	303,476	-	6,675	-	(296,801)
Plant services	184,075	620	21,478	-	(161,977)
Ancillary services	4,420	3,666	419	-	(335)
Interest on long-term debt	18,108	-	-	-	(18,108)
Other outgo	63,863	-	-	-	(63,863)
Total Governmental Activities	\$ 2,618,771	\$ 102,001	\$ 536,842	\$ 223,564	(1,756,364)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					456,248
Property taxes, levied for debt service					123,941
Federal and state aid not restricted for specific purposes					1,434,012
Interest and investment earnings					29,195
Interagency revenues					37,461
Miscellaneous					17,128
Subtotal, General Revenue					2,097,985
CHANGE IN NET POSITION					341,621
Net Position - Beginning, as Restated					1,002,549
Net Position - Ending					\$ 1,344,170

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

**PLAZA ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,254,544	\$ 1,635	\$ 326,551	\$ 2,582,730
Accounts receivable	345,506	5	48,992	394,503
Due from other funds	-	16,700	-	16,700
Stores inventory	-	-	3,079	3,079
Prepaid expenditures	8,675	-	-	8,675
Total Assets	\$ 2,608,725	\$ 18,340	\$ 378,622	\$ 3,005,687
LIABILITIES				
Accrued liabilities	\$ 239,951	\$ 16,667	\$ 1,712	\$ 258,330
Due to other funds	16,700	-	-	16,700
Unearned revenue	32,476	-	-	32,476
Total Liabilities	289,127	16,667	1,712	307,506
FUND BALANCES				
Nonspendable	10,225	-	3,079	13,304
Restricted	161,765	1,673	373,831	537,269
Assigned	311,196	-	-	311,196
Unassigned	1,836,412	-	-	1,836,412
Total Fund Balances	2,319,598	1,673	376,910	2,698,181
Total Liabilities and Fund Balances	\$ 2,608,725	\$ 18,340	\$ 378,622	\$ 3,005,687

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

PLAZA ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
JUNE 30, 2021

Total Fund Balance - Governmental Funds **\$ 2,698,181**

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

Capital assets:

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

Capital assets	\$	2,952,159	
Accumulated depreciation		(1,526,573)	1,425,586

Unmatured interest on long-term debt:

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

(5,823)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$	215,000	
Capital leases		33,332	
Total OPEB liability		1,042,257	
Net pension liability		1,864,168	(3,154,757)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$	453,065	
Deferred inflows of resources related to pensions		(112,550)	340,515

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$	40,468	40,468
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Total Net Position - Governmental Activities		\$ 1,344,170
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**PLAZA ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 1,844,661	\$ -	\$ -	\$ 1,844,661
Federal sources	146,102	-	232,684	378,786
Other state sources	224,218	-	242,463	466,681
Other local sources	178,881	22	142,034	320,937
Total Revenues	2,393,862	22	617,181	3,011,065
EXPENDITURES				
Current				
Instruction	1,343,503	-	-	1,343,503
Instruction-related services				
Instructional supervision and administration	105	-	-	105
Instructional library, media, and technology	745	-	-	745
School site administration	132,602	-	-	132,602
Pupil services				
Home-to-school transportation	30,815	-	-	30,815
Food services	5,683	-	192,378	198,061
General administration				
All other general administration	292,219	-	-	292,219
Plant services	96,079	-	13,875	109,954
Facilities acquisition and maintenance	-	-	1,126	1,126
Ancillary services	4,420	-	-	4,420
Transfers to other agencies	63,863	-	-	63,863
Debt service				
Principal	-	16,667	45,000	61,667
Interest and other	3,044	-	16,264	19,308
Total Expenditures	1,973,078	16,667	268,643	2,258,388
Excess (Deficiency) of Revenues Over Expenditures	420,784	(16,645)	348,538	752,677
Other Financing Sources (Uses)				
Transfers in	179,354	16,700	-	196,054
Transfers out	(16,700)	-	(179,354)	(196,054)
Net Financing Sources (Uses)	162,654	16,700	(179,354)	-
NET CHANGE IN FUND BALANCE	583,438	55	169,184	752,677
Fund Balance - Beginning, as Restated	1,736,160	1,618	207,726	1,945,504
Fund Balance - Ending	\$ 2,319,598	\$ 1,673	\$ 376,910	\$ 2,698,181

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

**PLAZA ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds **\$ 752,677**

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

Capital outlay:

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

Expenditures for capital outlay:	\$	7,303	
Depreciation expense:		(114,552)	(107,249)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 61,667

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 1,200

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (176,280)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (190,394)

Change in Net Position of Governmental Activities	\$	341,621
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**PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Plaza 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).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. 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. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

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 the 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.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned 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. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report 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 and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has not implemented this Statement as of June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 2,554,351
Cash on hand and in banks	26,829
Cash in revolving fund	1,550
Total	\$ 2,582,730

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Glenn County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. 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 changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$2,552,827 and an amortized book value of \$2,554,351.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were not rated.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This 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.

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. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Glenn 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.

The District's fair value measurements at June 30, 2021 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 2,552,827
Total	<u>\$ 2,552,827</u>

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 320,515	\$ -	\$ 37,666	\$ 358,181
State Government				
Categorical aid	-	-	4,613	4,613
Lottery	13,703	-	-	13,703
Local Government				
Other local sources	11,288	5	6,713	18,006
Total	\$ 345,506	\$ 5	\$ 48,992	\$ 394,503

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Restated Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 59,244	\$ -	\$ -	\$ 59,244
Construction in progress	192,056	-	192,056	-
Total Capital Assets not Being Depreciated	251,300	-	192,056	59,244
Capital assets being depreciated				
Land improvements	656,958	-	-	656,958
Buildings & improvements	1,776,247	192,056	-	1,968,303
Furniture & equipment	260,351	7,303	-	267,654
Total Capital Assets Being Depreciated	2,693,556	199,359	-	2,892,915
Less Accumulated Depreciation				
Land improvements	277,674	38,270	-	315,944
Buildings & improvements	976,513	66,546	-	1,043,059
Furniture & equipment	157,834	9,736	-	167,570
Total Accumulated Depreciation	1,412,021	114,552	-	1,526,573
Governmental Activities				
Capital Assets, net	\$ 1,532,835	\$ 84,807	\$ 192,056	\$ 1,425,586

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 47,630
Food services	8,316
Plant services	58,606
Total	\$ 114,552

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Interfund receivables/payables for the year ended June 30, 2021 consisted of the following:

- The General Fund owed the Special Reserve Fund for Capital Outlay Projects \$16,700 for capital outlay project expenditures.

B. Operating Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

- Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects for capital outlay project expenditures of \$16,700.
- Transfer from the Non-Major County School Facilities Fund to the General Fund for new construction of \$179,354.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 19,641	\$ -	\$ -	\$ -	\$ 19,641
Vendors payable	220,310	16,667	1,712	-	238,689
Unmatured interest	-	-	-	5,823	5,823
Total	\$ 239,951	\$ 16,667	\$ 1,712	\$ 5,823	\$ 264,153

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2021 consisted of \$32,476 from federal sources in the General Fund.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 260,000	\$ -	\$ 45,000	\$ 215,000	\$ 50,000
Capital leases	49,999	-	16,667	33,332	16,667
Total OPEB liability	862,113	180,144	-	1,042,257	-
Net pension liability	1,825,153	39,015	-	1,864,168	-
Total	\$ 2,997,265	\$ 219,159	\$ 61,667	\$ 3,154,757	\$ 66,667

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital leases are made in the Special Reserve Fund for Capital Outlay Projects.

A. General Obligation Bonds

1999 Election

The outstanding bonded debt of Plaza Elementary School District at June 30, 2021 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
Election 1999, Series 2000	June 1, 2000	August 1, 2024	5.10% - 6.30%	\$ 750,000	\$ 260,000	\$ -	\$ 45,000	\$ 215,000
					\$ 260,000	\$ -	\$ 45,000	\$ 215,000

On June 1, 2000, the District issued \$750,000 in serial General Obligation Bonds (Election of 1999, Series 2000). The bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the Board of Supervisors of Glenn County. Interest rates range from 5.10 to 6.30 percent. The annual requirements to amortize the District's Series 2000 general obligation bonds outstanding as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 50,000	\$ 12,350	\$ 62,350
2023	50,000	9,101	59,101
2024	55,000	5,688	60,688
2025	60,000	1,950	61,950
Total	\$ 215,000	\$ 29,089	\$ 244,089

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Capital Leases

During the year ended June 30, 2017, the District entered into a capital lease for a building with the Glenn County Office of Education. At the end of the lease term, the District will have the option to purchase the building for \$1. There is no interest component to the lease. Future minimum lease payments at June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	<u>Lease Payment</u>
2022	\$ 16,667
2023	16,665
Total minimum lease payments	\$ 33,332

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$862,113 and increased by \$180,144 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$1,042,257. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$1,825,153 and increased by \$39,015 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$1,864,168 See Note 11 for additional information regarding the net pension liability.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 1,550	\$ -	\$ -	\$ 1,550
Stores inventory	-	-	3,079	3,079
Prepaid expenditures	8,675	-	-	8,675
Total non-spendable	10,225	-	3,079	13,304
Restricted				
Educational programs	161,765	-	-	161,765
Food service	-	-	43,239	43,239
Capital projects	-	1,673	158,771	160,444
Debt service	-	-	171,821	171,821
Total restricted	161,765	1,673	373,831	537,269
Assigned				
Postemployment benefits	310,710	-	-	310,710
Other assignments	486	-	-	486
Total assigned	311,196	-	-	311,196
Unassigned	1,836,412	-	-	1,836,412
Total Fund Balance	\$ 2,319,598	\$ 1,673	\$ 376,910	\$ 2,698,181

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal the greater of \$66,000 or 5 percent of General Fund expenditures and other financing uses.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Plaza Elementary School District's defined benefit OPEB plan, Plaza Elementary School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the District. The District currently provides retiree health benefits to eligible Certificated, Classified, Management, and Confidential employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Certificated and Management employees may retire and receive District-paid contributions towards healthcare upon attainment of age 55 and completion of 20 years or continuous District service. The District pays medical until age 65 and dental and vision benefits for life. The contributions are subject to a monthly cap of 1,208.33.

Classified and Confidential employees may retire and receive District-paid contributions towards healthcare upon attainment of age 55 and completion of 20 years or continuous District service. The District pays medical until age 65 and dental and vision benefits for life. The contributions are subject to a monthly cap of 1,392.72.

For all participants, benefits are prorated for part-timers, and a minimum FTE of 0.5 is required. Spouse and survivor benefits are available.

C. Contributions

For fiscal year 2020-21, the District contributed \$50,629 to the Plan, all of which was used for current premiums

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	3
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	17
Total number of participants**	<u>20</u>

*Information not provided

**As of the July 1, 2020 valuation date

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Plaza Elementary School District's total OPEB liability of \$1,042,257 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.75%
Salary increases	3.00%
Discount rate	2.45%
Healthcare cost trend rates	5.20%

Non-economic assumptions:

Mortality:

Pre-retirement

Certificated	CalSTRS active member mortality (2015-2018)
Non-Certificated	CalPERS pre-retirement mortality miscellaneous and schools (1997-2015)

Post-retirement

Certificated	CalSTRS active member mortality (2015-2018)
Non-Certificated	CalPERS pre-retirement mortality miscellaneous and schools (1997-2015)

Discount rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2020.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service Cost	\$ 71,073
Interest on total OPEB liability	28,422
Difference between expected and actual experience	(1,100)
Changes of assumptions	132,378
Benefits payments	<u>(50,629)</u>
Net change in total OPEB liability	180,144
Total OPEB liability - beginning	<u>862,113</u>
Total OPEB liability - ending	<u>\$ 1,042,257</u>
 Covered payroll	 \$ 920,779
 District's total OPEB liability as a percentage of covered payroll	 113%

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Plaza Elementary School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	<u>(1.45%)</u>	<u>(2.45%)</u>	<u>(3.45%)</u>
Total OPEB liability	\$ 1,195,220	\$ 1,042,257	\$ 917,667

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plaza Elementary School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend Rate	1% Increase
	<u>(4.20%)</u>	<u>(5.20%)</u>	<u>(6.20%)</u>
Total OPEB liability	\$ 894,612	\$ 1,042,257	\$ 1,229,577

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Plaza Elementary School District recognized OPEB expense of \$32,503. At June 30, 2021, the Plaza Elementary School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
District contributions subsequent to the measurement date	\$ 40,468
Total	\$ 40,468

The \$40,468 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 1,200,168	\$ 335,726	\$ 112,550	\$ 218,122
PERS Pension	664,000	117,339	-	150,507
Total	\$ 1,864,168	\$ 453,065	\$ 112,550	\$ 368,629

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$119,798 for the year ended June 30, 2021.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$70,017 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	1,200,168
State's proportionate share of the net pension liability associated with the District		618,682
Total	\$	<u>1,818,850</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.001 percent, which did not change from its proportion measured as of June 30, 2019.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021, the District recognized pension expense of \$218,122. In addition, the District recognized pension expense and revenue of \$19,344 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 28,509	\$ -
Differences between expected and actual experience	2,118	33,847
Changes in assumptions	117,034	-
Changes in proportion and differences between District contributions and proportionate share of contributions	68,326	78,703
District contributions subsequent to the measurement date	119,739	-
Total	<u>\$ 335,726</u>	<u>\$ 112,550</u>

The \$119,739 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 42,649	\$ 23,273
2023	69,772	20,895
2024	69,288	18,778
2025	30,636	18,570
2026	1,821	18,356
2027	1,821	12,678
Total	<u>\$ 215,987</u>	<u>\$ 112,550</u>

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness

based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 1,813,287	\$ 1,200,168	\$ 693,952

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

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

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$58,496 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$664,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.002 percent, which did not change from its proportion measured as of June 30, 2019.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021, the District recognized pension expense of \$150,507. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between projected and actual earnings on plan investments	\$ 13,822
Differences between expected and actual experience	32,932
Changes in assumptions	2,435
Changes in proportion and differences between District contributions and proportionate share of contributions	9,654
District contributions subsequent to the measurement date	58,496
Total	\$ 117,339

The \$58,496 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 24,437
2023	15,583
2024	12,223
2025	6,600
Total	\$ 58,843

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

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

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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. 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 funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 each fund. 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 adjusted to account for assumed administrative expenses.

**PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects 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	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 954,621	\$ 664,000	\$ 422,799

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

C. Construction Commitments

As of June 30, 2020, the District had no commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of two joint powers authorities (JPAs). The first is the Golden State Risk Management Authority (GSRMA). The second is Tri-Counties School Insurance Group. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to pensions was \$453,065 and total deferred inflows related to pensions was \$112,550.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$40,468.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The amounts previously reported at June 30, 2020 as the ending net position for Governmental Activities, ending net position for the Private-Purpose Trust Fund and the ending fund balance for the General Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts and scholarship account, it has been determined that the District's ASB accounts and Private Purpose Trust Fund are not fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement. In addition, capital assets were restated to properly report work in progress and land improvement. The June 30, 2020 ending balances have been restated as follows:

	Governmental Activities	Private-Purpose Trust Fund
Net Position - Beginning, as Previously Reported	\$ 823,006	\$ 479
Restatement	179,543	(479)
Net Position - Beginning, as Restated	<u>\$ 1,002,549</u>	<u>\$ -</u>

	General Fund
Fund Balance - Beginning, as Previously Reported	\$ 1,710,585
Restatement	25,575
Fund Balance - Beginning, as Restated	<u>\$ 1,736,160</u>

REQUIRED SUPPLEMENTARY INFORMATION

**PLAZA ELEMENTARY SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 1,702,736	\$ 1,847,001	\$ 1,844,661	\$ (2,340)
Federal sources	37,321	144,852	146,102	1,250
Other state sources	46,600	81,795	154,201	72,406
Other local sources	134,775	140,026	174,773	34,747
Total Revenues	1,921,432	2,213,674	2,319,737	106,063
EXPENDITURES				
Certificated salaries	692,169	738,182	745,812	(7,630)
Classified salaries	297,439	268,669	286,710	(18,041)
Employee benefits	500,540	469,449	477,297	(7,848)
Books and supplies	80,585	102,565	67,571	34,994
Services and other operating expenditures	124,169	185,237	138,764	46,473
Other outgo				
Excluding transfers of indirect costs	168,959	187,520	186,907	613
Total Expenditures	1,863,861	1,951,622	1,903,061	48,561
Excess (Deficiency) of Revenues				
Over Expenditures	57,571	262,052	416,676	154,624
Other Financing Sources (Uses)				
Transfers in	36,604	219,173	219,822	649
Transfers out	(115,912)	(56,519)	(62,400)	(5,881)
Net Financing Sources (Uses)	(79,308)	162,654	157,422	(5,232)
NET CHANGE IN FUND BALANCE				
	(21,737)	424,706	574,098	149,392
Fund Balance - Beginning	1,434,304	1,434,304	1,434,304	-
Fund Balance - Ending	\$ 1,412,567	\$ 1,859,010	\$ 2,008,402	\$ 149,392

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- On-behalf payments of \$70,017 are not included in the actual revenues and expenditures reported in this schedule.

PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service Cost	\$ 71,073	\$ 48,735	\$ 52,071	\$ 50,554
Interest on total OPEB liability	28,422	22,386	22,506	21,165
Difference between expected and actual experience	(1,100)	-	-	-
Changes of assumptions	132,378	104,241	(35,814)	-
Benefits payments	<u>(50,629)</u>	<u>(56,504)</u>	<u>(28,871)</u>	<u>(28,871)</u>
Net change in total OPEB liability	180,144	118,858	9,892	42,848
Total OPEB liability - beginning	<u>862,113</u>	<u>743,255</u>	<u>733,363</u>	<u>690,515</u>
Total OPEB liability - ending (a)	<u>\$ 1,042,257</u>	<u>\$ 862,113</u>	<u>\$ 743,255</u>	<u>\$ 733,363</u>
 Covered payroll	 \$ 920,779	 \$ 833,908	 \$ 1,036,112	 \$ 750,071
 District's total OPEB liability as a percentage of covered payroll	 113.19%	 103.38%	 71.74%	 97.77%

See accompanying note to required supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
District's proportionate share of the net pension liability	\$ 1,200,168	\$ 1,199,706	\$ 1,235,678	\$ 1,150,986	\$ 1,008,288	\$ 774,444	\$ 517,454
State's proportionate share of the net pension liability associated with the District	618,682	654,524	707,487	680,919	574,085	409,594	312,461
Total	\$ 1,818,850	\$ 1,854,230	\$ 1,943,165	\$ 1,831,905	\$ 1,582,373	\$ 1,184,038	\$ 829,915
District's covered payroll	\$ 677,185	\$ 714,326	\$ 733,379	\$ 656,882	\$ 620,734	\$ 541,641	\$ 394,400
District's proportionate share of the net pension liability as a percentage of its covered payroll	177.2%	167.9%	168.5%	175.2%	162.4%	143.0%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
District's proportionate share of the net pension liability	\$ 664,000	\$ 625,447	\$ 520,669	\$ 432,472	\$ 378,552	\$ 277,505	\$ 183,255
District's covered payroll	\$ 311,725	\$ 297,250	\$ 257,568	\$ 231,015	\$ 230,074	\$ 208,430	\$ 169,455
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.0%	210.4%	202.1%	187.2%	164.5%	133.1%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 119,739	\$ 115,798	\$ 112,798	\$ 107,919	\$ 82,636	\$ 66,605	\$ 48,098
Contributions in relation to the contractually required contribution*	(119,739)	(115,798)	(112,798)	(107,919)	(82,636)	(66,605)	(48,098)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 735,428	\$ 677,185	\$ 714,326	\$ 733,379	\$ 656,882	\$ 620,734	\$ 541,641
Contributions as a percentage of covered payroll	16.28%	17.10%	15.79%	14.72%	12.56%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 58,496	\$ 61,476	\$ 53,690	\$ 40,004	\$ 32,083	\$ 27,257	\$ 24,507
Contributions in relation to the contractually required contribution*	(58,496)	(61,476)	(53,690)	(40,004)	(32,083)	(27,257)	(24,507)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 286,864	\$ 311,725	\$ 297,250	\$ 257,568	\$ 231,015	\$ 230,074	\$ 208,430
Contributions as a percentage of covered payroll	20.39%	19.72%	18.06%	15.53%	13.89%	11.85%	11.76%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefits from the previous valuation.

Changes in Assumptions

Inflation decreased from 3.0% to 2.75% from the previous valuation. Discount rate decreased from 3.13% to 2.45% from the previous valuation. Healthcare trend rate decreased from 6.0% to 5.2% from the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 738,182	\$ 745,812	\$ 7,630
Classified salaries	\$ 268,669	\$ 286,710	\$ 18,041
Employee benefits	\$ 469,449	\$ 477,297	\$ 7,848

SUPPLEMENTARY INFORMATION

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	2020-21 Number of Days	Status
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied

See accompanying note to supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 2,230,813	\$ 2,539,559	\$ 2,400,705	\$ 2,290,310
Expenditures And Other Financing Uses	2,066,803	1,965,461	1,859,571	2,251,508
Net change in Fund Balance	\$ 164,011	\$ 574,098	\$ 541,134	\$ 38,802
Ending Fund Balance	\$ 2,172,413	\$ 2,008,402	\$ 1,409,208	\$ 867,152
Available Reserves*	\$ 1,973,158	\$ 1,836,412	\$ 1,336,826	\$ 709,891
Available Reserves As A Percentage Of Outgo	95.47%	93.43%	71.89%	31.53%
Long-term Liabilities	\$ 3,088,090	\$ 3,154,757	\$ 2,997,265	\$ 2,871,268
Average Daily Attendance At P-2***	198	198	198	200

The General Fund balance has increased by \$1,141,250 over the past two years. The fiscal year 2021-22 budget projects a further increase of \$164,011. For a District this size, the State recommends available reserves of the greater of \$66,000 or 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Total long-term obligations have increased by \$283,489 over the past two years.

Average daily attendance has decreased by 2 ADA over the past two years. No change in ADA is anticipated during the 2021-22 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

** The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- On-behalf payments of \$70,017 are not included in the actual revenues and expenditures reported in this schedule.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**PLAZA ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Reserve Fund for Postemployment Benefits	Private-Purpose Trust Fund
June 30, 2021, annual financial and budget report fund balance	\$ 2,008,402	\$ 310,710	\$ 486
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	310,710	(310,710)	-
Fund balance transfer (GASB 84)	486	-	(486)
Net adjustments and reclassifications	311,196	(310,710)	(486)
June 30, 2021, audited financial statement fund balance	<u>\$ 2,319,598</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 2,664	\$ 36,289	\$ 122,047	\$ 165,551	\$ 326,551
Accounts receivable	42,287	91	344	6,270	48,992
Stores inventory	3,079	-	-	-	3,079
Total Assets	\$ 48,030	\$ 36,380	\$ 122,391	\$ 171,821	\$ 378,622
LIABILITIES					
Accrued liabilities	\$ 1,712	-	-	-	1,712
Total Liabilities	1,712	-	-	-	1,712
FUND BALANCES					
Non-spendable	3,079	-	-	-	3,079
Restricted	43,239	36,380	122,391	171,821	373,831
Total Fund Balances	46,318	36,380	122,391	171,821	376,910
Total Liabilities and Fund Balance	\$ 48,030	\$ 36,380	\$ 122,391	\$ 171,821	\$ 378,622

See accompanying notes to supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 232,684	\$ -	\$ -	\$ -	\$ 232,684
Other state sources	18,899	-	223,564	-	242,463
Other local sources	827	14,175	1,750	125,282	142,034
Total Revenues	252,410	14,175	225,314	125,282	617,181
EXPENDITURES					
Current					
Pupil services					
Food services	192,378	-	-	-	192,378
General administration					
Plant services	13,875	-	-	-	13,875
Facilities acquisition and maintenance	-	-	1,126	-	1,126
Debt service					
Principal	-	-	-	45,000	45,000
Interest and other	-	-	-	16,264	16,264
Total Expenditures	206,253	-	1,126	61,264	268,643
Excess (Deficiency) of Revenues Over Expenditures	46,157	14,175	224,188	64,018	348,538
Other Financing Sources (Uses)					
Transfers out	-	-	(179,354)	-	(179,354)
Net Financing Sources (Uses)	-	-	(179,354)	-	(179,354)
NET CHANGE IN FUND BALANCE	46,157	14,175	44,834	64,018	169,184
Fund Balance - Beginning, as Restated	161	22,205	77,557	107,803	207,726
Fund Balance - Ending	\$ 46,318	\$ 36,380	\$ 122,391	\$ 171,821	\$ 376,910

See accompanying notes to supplementary information.

**PLAZA ELEMENTARY SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2021**

The Plaza Elementary School District was established in 1865 and is located in Glenn County. There were no changes in the boundaries of the District during the current year. The District currently operates one elementary school for grades K-8.

GOVERNING BOARD		
Member	Office	Term Expires
P.J. Davis	Board Member	December 2022
Connie King	Board Member	December 2022
Jacob Cecil	Board Member	December 2024

DISTRICT ADMINISTRATORS

Patrick Conklin
Superintendent/Principal

Dusty Thompson
Interim Business Manager

**PLAZA ELEMENTARY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

**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**

Independent Auditors' Report

Governing Board
Plaza Elementary School District
Orland, California

We have audited, in accordance with the 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 Plaza Elementary School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Plaza Elementary School District's basic financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plaza Elementary School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plaza Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Plaza Elementary School 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 entity'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Christy White, Inc.

San Diego, California
January 14, 2022



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REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Plaza Elementary School District
Orland, California

Report on State Compliance

We have audited Plaza Elementary School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Plaza Elementary School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Plaza Elementary School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Plaza Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Plaza Elementary School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Plaza Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

348 Olive Street
San Diego, CA
92103

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christywhite.com

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Plaza Elementary School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
January 14, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PLAZA ELEMENTARY SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2021 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**PLAZA ELEMENTARY SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000
60000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control
Miscellaneous

There were no financial statement findings for the year ended June 30, 2021.

**PLAZA ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2021.

PLAZA ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

There were no findings or questioned costs for the year ended June 30, 2020.



Certified Public Accountants serving
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Schools throughout California

January 14, 2022

Board of Education
Plaza Elementary School District
Orland, CA

We have audited the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Plaza Elementary School District (the "District") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 4, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 15 to the financial statements, the District changed accounting policies related to Fiduciary Activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation of capital assets is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred outflows of resources and deferred inflows of resources are based on actuarial valuations and pension contributions made during the year. We evaluated the key factors, assumptions, and proportionate share calculations used to develop the net pension liability and related deferred outflows of resources and deferred inflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of total other postemployment benefits (OPEB) obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the total OPEB obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

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Significant Audit Matters (continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of capital assets in Note 4 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the pension plans, net pension liability and related deferred outflows of resources and deferred inflows of resources in Note 11 to the financial statements represents management's estimates based on actuarial valuations and pension contributions made during the year. Actual results could differ depending on the key factors, and assumptions and proportionate share calculations used to develop the net pension liability and related deferred outflows of resources and deferred inflows of resources.

The disclosure of other postemployment benefits and the total OPEB obligation in Note 10 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on the key factors and assumptions used for the actuarial valuation.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 14, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, and the required supplementary information section, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.


Other Matters (continued)

We were engaged to report on the supplementary information section, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Christy White, Inc." The script is cursive and fluid.

Christy White, Inc.