

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
COUNTY OF SIERRA
LOYALTON, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2019



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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Sierra-Plumas Joint Unified School District
Loyalton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sierra-Plumas Joint Unified School District ("the District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra-Plumas Joint Unified School District as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sierra-Plumas Joint Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019 on our consideration of Sierra-Plumas Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra-Plumas Joint Unified School District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

INTRODUCTION

Our discussion and analysis of Sierra-Plumas Joint Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements (including notes and supplementary information), which follow this section.

FINANCIAL HIGHLIGHTS

- Total Net Position was \$3,724,807 at June 30, 2019. This was a decrease of \$593,151 from prior year due to increased instruction related costs.
- Overall revenues were \$6,558,999 which is more than expenses of \$7,152,150.
- The fund balance of the general fund was \$3,722,533, a decrease from the prior year due to increased costs.
- The total cost of the District's programs was \$7,152,150, an increase of \$252,050 from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-Wide Financial Statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund Financial Statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
- **Governmental Funds** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's budget for the year is included.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-Wide Statements, continued

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include governmental activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information -does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.
- Fiduciary funds - the District is the trustee, or fiduciary, for assets that belong to others; for the district, the student body activities fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$3,724,807 at June 30, 2019.

The significant changes from fiscal year 2019 to 2018 are:

- Current assets decreased by \$346 thousand, primarily due to an overall decrease in cash
- Receivables from Grantor Governments decreased because of more timely payments
- Increase in long-term liabilities from an increase in the net pension liability.

	Governmental Activities		
	2019	2018	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 4,123,283	\$ 4,468,883	\$ (345,600)
Capital assets	4,503,305	4,665,578	(162,273)
Deferred outflows	1,194,543	1,258,061	(63,518)
Total Assets and Deferred Outflows	9,821,131	10,392,522	(571,391)
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	414,174	455,676	(41,502)
Long-term liabilities	5,075,895	4,912,588	163,307
Deferred inflows	606,255	706,300	(100,045)
Total Liabilities and Deferred Inflows	6,096,324	6,074,564	21,760
NET POSITION			
Net investment in capital assets	4,503,305	4,665,578	(162,273)
Restricted	178,982	227,811	(48,829)
Unrestricted	(957,480)	(575,431)	(382,049)
Total Net Position	\$ 3,724,807	\$ 4,317,958	\$ (593,151)

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Changes in Net Position

The results of this year's operation for the District as a whole are reported in the *Statement of Activities* on page 12. The table below takes the information from the Statement and rearranges it slightly so you can see our total revenues for the year.

	Governmental Activities		
	2019	2018	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 18,553	\$ 19,359	\$ (806)
Operating grants and contributions	782,832	230,274	552,558
General revenues			
Property taxes	2,840,039	3,232,637	(392,598)
Unrestricted federal and state aid	2,650,096	2,506,413	143,683
Other	267,479	321,705	(54,226)
Total Revenues	6,558,999	6,310,388	248,611
EXPENSES			
Instruction	3,613,984	3,266,492	347,492
Instruction-related services	710,467	623,548	86,919
Pupil services	575,512	551,667	23,845
General administration	829,227	724,263	104,964
Plant services	892,424	1,208,232	(315,808)
Ancillary services	74,849	70,211	4,638
Other outgo	145,246	127,489	17,757
Depreciation (Unallocated)	310,441	-	310,441
Total Expenses	7,152,150	6,571,902	252,050
Change in net position	(593,151)	(261,514)	(331,637)
Net Position - Beginning	4,317,958	4,579,472	(261,514)
Net Position - Ending	\$ 3,724,807	\$ 4,317,958	\$ (593,151)

The District's total revenues totaled \$6,558,999. A majority of the revenue came from Property Taxes, which accounted for 43.3% of total revenues, and Unrestricted Federal and State Aid, which accounted for 40.4% of total revenues.

The total cost of all programs and services was \$7,152,150. The District's expenses are predominately related to instructional and instruction-related services for students which account for 60.5% of total cost. Administrative activities account for just 11.6% of total costs. The remaining expenses were for plant services (maintenance and operations), community services, ancillary services, and other outgo.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental Activities

As reported in the *Statement of Activities*, the cost of all our governmental activities this year was \$7,152,150. However, this amount was offset by \$2,840,039 in local property taxes, \$2,650,096 in unrestricted Federal and State aid, and \$267,479 in other revenues. \$782,832 was received from those who benefited from the programs with grants and contributions.

In the table below, we have presented the net cost of each of the District's largest functions: instruction, instruction related services, pupil services, general administration, plant services, ancillary services, and other outgo. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2019	2018
Instruction	3,038,114	3,188,054
Instruction-related services	658,927	607,995
Pupil services	455,297	437,674
General administration	793,252	705,171
Plant services	875,680	1,187,441
Ancillary services	73,808	68,455
Other outgo	145,246	104,450
Depreciation (Unallocated)	310,441	-
	\$ 6,350,765	\$ 6,299,240

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was approved on March 12, 2019. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had invested \$10,664,703 in a broad range of capital assets including land, buildings and improvements, machinery and equipment and sold an unoccupied school building. More detailed information about the District's capital assets is presented in the notes to the financial statements.

	Governmental Activities		
	2019	2018	Net Change
CAPITAL ASSETS			
Land	\$ 157,192	\$ 157,192	\$ -
Construction in progress	305,144	305,144	-
Land improvements	385,804	382,051	3,753
Buildings & improvements	8,770,545	8,742,589	27,956
Furniture & equipment	1,046,018	929,559	116,459
Accumulated depreciation	(6,161,398)	(5,850,957)	(310,441)
Total Capital Assets	\$ 4,503,305	\$ 4,665,578	\$ (162,273)

For the fiscal year ending June 30, 2020, the District projects spending \$208,768 for building improvements, new equipment & equipment replacement.

Long-Term Debt

The District had \$4,497,920 of net pension obligations associated with the unfunded portion of PERS and STRS. Other long-term liability obligations of the District are for other post-employment benefits and compensated absences as shown in the table below. More detailed information about the District's debt is presented in the notes to the financial statements.

	Governmental Activities		
	2019	2018	Net Change
LONG-TERM LIABILITIES			
Net pension liability	\$ 4,497,920	\$ 4,283,721	\$ 214,199
Net OPEB liability	577,975	619,193	(41,218)
Compensated absences	13,424	9,674	3,750
Less: current portion of long-term debt	(13,424)	(9,674)	(3,750)
Total Long-term Liabilities	\$ 5,075,895	\$ 4,902,914	\$ 172,981

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- The uncertainty of federal and state funding can have a profound impact on the financial health of the District. Although no changes are currently anticipated, the federal and the state governments could implement budget cuts. There is presently no update on the continuance of Forest Reserve funding which if implemented could have a positive impact on the budget and reduced deficit spending patterns.
- The continuing increases in premiums for health care insurance, retirement, and worker's compensation could have a significant effect on the future financial health of the District. The 2019 premium for health insurance did not change over the 2018 composite premiums. However, health care premiums and retirement liabilities are predicted to continue to increase into the foreseeable future.
- The budget assumptions used to prepare the budget for 2018/2019 included a 0% cost of living allowance (COLA). A negotiated settlement of 2% to the salary schedules were included retroactive for 2018/19 and 2.5% projected in 2019/20. In addition, employer rate of 16.28% and 18.062% was used in 18/19 for CalSTRS and CalPERS contributions to California certificated and classified retirement systems, respectively.
- The inevitable increases in PERS and STRS contribution rates that will be necessary to fund the Net Pension Liability will likely require careful budgeting and planning.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Nona Griesert, Business Manager
Sierra-Plumas Joint Unified School District
Post Office Box 955
109 Beckwith Road
Loyalton, CA 96118
(530) 993-1660

BASIC FINANCIAL STATEMENTS

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,052,896
Accounts receivable	19,588
Due from grantor government	50,799
Capital assets, not depreciated	462,336
Capital assets, net of accumulated depreciation	4,040,969
Total Assets	8,626,588
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,194,543
Total Deferred Outflows of Resources	1,194,543
LIABILITIES	
Accrued liabilities	400,750
Long-term liabilities, current portion	13,424
Net pension liability	4,497,920
Net OPEB liability	577,975
Total Liabilities	5,490,069
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	606,255
Total Deferred Inflows of Resources	606,255
NET POSITION	
Net investment in capital assets	4,503,305
Restricted:	
Educational programs	49,190
Other activities	129,792
Unrestricted	(957,480)
Total Net Position	\$ 3,724,807

The accompanying notes are an integral part of this statement.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues			Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 3,613,984	\$ -	\$ 575,870	\$ -	\$ (3,038,114)
Instruction-related services					
Instructional supervision and administration	67,324	-	-	-	(67,324)
Instructional library, media, and technology	69,317	-	20,321	-	(48,996)
School site administration	573,826	-	31,219	-	(542,607)
Pupil services					
Home-to-school transportation	370,774	-	3,778	-	(366,996)
Food services	190,500	18,553	97,486	-	(74,461)
All other pupil services	14,238	-	398	-	(13,840)
General administration					
Centralized data processing	230,605	-	15,637	-	(214,968)
All other general administration	598,622	-	20,338	-	(578,284)
Plant services	892,424	-	16,744	-	(875,680)
Ancillary services	74,849	-	1,041	-	(73,808)
Other outgo	145,246	-	-	-	(145,246)
Depreciation (unallocated)	310,441	-	-	-	(310,441)
Total Governmental Activities	\$ 7,152,150	\$ 18,553	\$ 782,832	\$ -	(6,350,765)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					2,840,039
Federal and state aid not restricted for specific purposes					2,650,096
Interest and investment earnings					64,675
Interagency revenues					164,756
Miscellaneous					38,048
Subtotal, General Revenue					5,757,614
Change in Net Position					(593,151)
Net Position - Beginning					4,317,958
Net Position - Ending					\$ 3,724,807

The accompanying notes are an integral part of this statement.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,068,412	\$ (15,516)	\$ 4,052,896
Accounts receivable	2,094	17,494	19,588
Due from grantor governments	50,799		50,799
Total Assets	4,121,305	1,978	4,123,283
LIABILITIES			
Accounts Payable	398,772	1,978	400,750
Total Liabilities	398,772	1,978	400,750
FUND BALANCES			
Nonspendable	3,900	-	3,900
Restricted			
Educational programs	49,190	-	49,190
Child nutrition	129,792	-	129,792
Unassigned	3,539,651	-	3,539,651
Total Fund Balances	3,722,533	-	3,722,533
Total Liabilities and Fund Balances	\$ 4,121,305	\$ 1,978	\$ 4,123,283

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds \$ 3,722,533

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	\$ 10,664,703	
Accumulated depreciation	(6,161,398)	4,503,305

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

Net pension liability	\$ 4,497,920	
Net OPEB liability	577,975	
Compensated absences	13,424	(5,089,319)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources relating to pensions:	\$ 1,194,543	
Deferred inflows of resources relating to pensions:	(606,255)	588,288

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):

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

Deferred inflows of resources relating to OPEB	\$ -	-

Total Net Position - Governmental Activities \$ 3,724,807

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Cafeteria Fund	Total Governmental Funds
REVENUES			
LCFF sources	\$ 5,002,713	\$ -	\$ 5,002,713
Federal sources	455,809	87,556	543,365
Other state sources	583,586	9,930	593,516
Other local sources	268,829	18,553	287,382
Total Revenues	6,310,937	116,039	6,426,976
EXPENDITURES			
Current			
Instruction	3,404,761	-	3,404,761
Instruction-related services			
Instructional supervision and administration	67,324	-	67,324
Instructional library, media, and technology	66,855	-	66,855
School site administration	564,559	-	564,559
Pupil services			
Home-to-school transportation	365,077	-	365,077
Food services	-	184,906	184,906
All other pupil services	13,638	-	13,638
General administration			
Centralized data processing	222,235	-	222,235
All other general administration	594,368	-	594,368
Plant services	865,683	-	865,683
Facilities acquisition and maintenance	201,851	-	201,851
Transfers to other agencies	91,563	-	91,563
Total Expenditures	6,532,744	184,906	6,717,650
Excess (Deficiency) of Revenues			
Over Expenditures	(221,807)	(68,867)	(290,674)
Other Financing Sources (Uses)			
Transfers in	-	68,867	68,867
Transfers out	(68,867)	-	(68,867)
Net Financing Sources (Uses)	(68,867)	68,867	-
NET CHANGE IN FUND BALANCE	(290,674)	-	(290,674)
Fund Balance - Beginning	4,013,207	-	4,013,207
Fund Balance - Ending	\$ 3,722,533	\$ -	\$ 3,722,533

The accompanying notes are an integral part of this statement.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ (290,674)

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:	\$ 148,168	
Depreciation expense:	<u>(310,441)</u>	(162,273)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(3,750)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer

(77,475)

Postemployment benefits other than pensions (OPEB):

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

(58,979)

Change in Net Position of Governmental Activities \$ (593,151)

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019**

	<u>Trust Fund</u> <u>Foundation</u> <u>Trust Fund</u>	<u>Agency Fund</u> <u>Student</u> <u>Body Fund</u>
ASSETS		
Cash and cash equivalents	\$ 38,851	\$ 39,578
Investments	348,348	-
Total Assets	<u>387,199</u>	<u>39,578</u>
LIABILITIES		
Accounts payable	6,000	-
Due to student groups and other agencies	-	39,578
Total Liabilities	<u>6,000</u>	<u>39,578</u>
NET POSITION		
Held in trust	<u>381,199</u>	
Total Net Position	<u>\$ 381,199</u>	

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Sierra-Plumas Joint Unified School District (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 accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Districts reporting entity, as set forth in GASB Statement No. 14, 'The Financial Reporting Entity,' include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Districts governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Presentation, Basis of Accounting, continued

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. 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 nonmajor funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Cafeteria Fund - The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code Sections 38090-38093*) and is 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*).

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

C. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting, continued

Government-wide and Fiduciary Fund Financial Statements, continued: On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

D. Encumbrances

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

E. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

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

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

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

Information regarding the amount of dollars invested in derivatives with Sierra County Treasury was not available.

Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Capital Assets, continued

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Infrastructure	30 years
Buildings	50 years
Building Improvements	20 years
Vehicles	2-15 years
Office Equipment	3-15 years
Computer Equipment	3-15 years

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

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.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Sierra bills and collects the taxes for the District.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Non-spendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption, and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Fund Balances – Governmental Funds, continued

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 40 (Special Reserve Fund for Capital Outlay) is merged with the General Fund for purposes of presentation in the audit report.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

G. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

For the current fiscal year, the District did not have any recurring or nonrecurring fair value measurements.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. 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 is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, Omnibus 2017. This standard’s primary objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2019.

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 is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This standard’s primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 3 – CASH AND INVESTMENTS

Summary of Cash and Investments

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Cash in county treasury	\$ 4,048,996	\$ -
Cash on hand and in banks	-	39,578
Cash in revolving fund	3,900	-
Total	<u>\$ 4,052,896</u>	<u>\$ 39,578</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sierra County Treasury as part of the common investment pool (\$4,048,996 as of June 30, 2019). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$4,081,502. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – CASH AND INVESTMENTS, continued

Investments

The District's investments at June 30, 2019 are shown below.

Investment or Investment Type	Maturity	Fair Value
AT&T Corporation	N/A	\$ 100,530
Exelon Corporation	N/A	53,213
Intel Corporation	N/A	47,870
KKR & CO LP	N/A	37,905
Duke Realty Corporation	N/A	31,610
RLJ Lodging Trust	N/A	8,870
Ventas Inc	N/A	68,350
		<u>\$ 348,348</u>

The following tables present the fair value measurement of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and level with the fair value hierarchy in which the fair value measurements falls:

Investments:	Quoted Price		
	In Active Markets for Identical Assets Level 1	Significant Other Observable Input Level 2	Significant Unobservable Inputs Level 3
Foundation Trust Fund			
AT&T Corporation	\$ 100,530	\$ -	\$ -
Exelon Corporation	53,213	-	-
Intel Corporation	47,870	-	-
KKR & CO LP	37,905	-	-
Duke Realty Corporation	31,610	-	-
RLJ Lodging Trust	8,870	-	-
Ventas Inc	68,350	-	-
Total	<u>\$ 348,348</u>	<u>\$ -</u>	<u>\$ -</u>

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – CASH AND INVESTMENTS, continued

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – CASH AND INVESTMENTS, continued

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term 'short-term' refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets not being depreciated				
Land	\$ 157,192	\$ -	\$ -	\$ 157,192
Construction in progress	305,144	-	-	305,144
Total Capital Assets not Being Depreciated	462,336	-	-	462,336
Capital assets being depreciated				
Buildings	382,051	3,753	-	385,804
Improvements	8,742,589	27,956	-	8,770,545
Equipment	929,559	116,459	-	1,046,018
Total Capital Assets Being Depreciated	10,054,199	148,168	-	10,202,367
Less Accumulated Depreciation				
Buildings	99,483	25,741	-	125,224
Improvements	5,006,503	220,561	-	5,227,064
Equipment	744,971	64,139	-	809,110
Total Accumulated Depreciation	5,850,957	310,441	-	6,161,398
Capital Assets, net	\$ 4,665,578	\$ (162,273)	\$ -	\$ 4,503,305

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – INTERFUND BALANCES AND ACTIVITIES

Operating Transfers

Transfers to and from other funds at June 30, 2019 consisted of a transfer from the General Fund to the Cafeteria Fund in the amount of \$68,867 to supplement other funds.

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30,2019, are as follows:

	Balance			Balance		Due in
	July 01, 2018	Additions	Deductions	June 30, 2019	One Year	
Governmental Activities						
Net pensions liability	\$ 4,283,721	\$ 214,199	\$ -	\$ 4,497,920	\$ -	-
Net OPEB liability	619,193	-	41,218	577,975	-	-
Compensated absences	9,674	3,750	-	13,424		13,424
Total	\$ 4,912,588	\$ 217,949	\$ 41,218	\$ 5,089,319	\$	13,424

NOTE 7 – JOINT VENTURES (JOINT POWER AGREEMENTS)

The District participates in three Joint Powers Agreements (JPA's), the Sierra Self Insurance Group, the id-Counties Schools Insurance Group, and the Northeastern JPA. The insurance groups arrange for and provide property, liability, health and worker's compensation insurance for their members. The District pays premiums commensurate with the level of coverage requested. These are partial self-insurance programs.

An executive committee consisting of representatives from each member's District governs the JPA's. The governing boards control the operations of their JPA's independent of any influence by the District beyond the District's representation on the governing boards.

The JPA's are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. The budget is not subject to any approval other than that of the executive committee. The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

Condensed financial information for the JPA's for June 30, 2019 was not available as of our report date.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2019, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 3,072,827	\$ 808,273	\$ 346,119	\$ 297,226
CalPERS	1,425,093	386,270	260,136	203,536
Total	\$ 4,497,920	\$ 1,194,543	\$ 606,255	\$ 500,762

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided, continued

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.328%	9.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the District's total contributions were \$304,418.

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

At June 30, 2019, 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	\$	3,072,827
State's proportionate share of the net pension liability associated with the District		1,759,421
Total	\$	<u>4,832,248</u>

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

The net pension liability was measured as of June 30, 2018. 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 college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.0033 percent and 0.0031 percent, respectively, resulting in a net increase in the proportionate share of 0.0002 percent

For the year ended June 30, 2019, the District recognized pension expense of \$297,226. In addition, the District recognized pension expense and revenue of \$132,023 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 118,297
Differences between expected and actual experience	9,530	44,592
Changes in assumptions	477,345	-
Net changes in proportionate share of net pension liability	16,980	183,230
District contributions subsequent to the measurement date	304,418	-
Total	<u>\$ 808,273</u>	<u>\$ 346,119</u>

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 46,158
2021	1,824
2022	(56,014)
2023	69,291
2024	96,926
Thereafter	(449)
	<u>\$ 157,736</u>

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, 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 the contributions from plan members and employers will be made at statutory contribution rates. 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 occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 4,501,331	\$ 3,072,827	\$ 1,888,457

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
	December 31, 2012	January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the total District contributions were \$138,869.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$1,425,093. The net pension liability was measured as of June 30, 2018. 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 college districts, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.0053 percent and 0.0058 percent, respectively, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$203,536. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 11,688	\$ -
Differences between expected and actual experience	93,423	-
Changes in assumptions	142,290	-
Net changes in proportionate share of net pension liability	-	260,136
District contributions subsequent to the measurement date	138,869	-
Total	\$ 386,270	\$ 260,136

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 78,554
2021	41,271
2022	(67,661)
2023	(64,899)
	\$ (12,735)

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	<u>100%</u>		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% 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. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 2,074,868	\$ 1,425,093	\$ 886,012

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 \$256,816 to CalSTRS and \$48,273 to CalPERS.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ 577,975	\$ -	\$ -	\$ 86,665

Plan Description

The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Confidential and Classified Employees with a minimum of 25 years of experience 5 years with the District and County, who have reached the age of 55, may elect to take advantage of their choice of one of the following offers:

- A. 1 year of retiree benefits (at the Tiered Rate) for medical, dental, and vision plans for the retiree, spouse and family, or
- B. \$13,840 for the term of 1 year.

Certificated employees with a minimum of 25 years of experience 5 years with the District/County, who have reached the age of 55, may elect to take advantage of their choice of one of the following offers:

- A. 3 years of retiree benefits (at the Tiered Rate) for medical, dental, and vision plans for the retiree, spouse and family, capped at the employer dollar contribution in the year of the unit members final year of service, or
- B. A lump sum dollar amount per year for 3 years set up at the dollar contribution per paragraph "a" above made by the employer in the year of the unit members final year of service.

All contracts with District employees will be renegotiated periodically in the future, thus costs and benefits are subject to change. Benefits and contribution requirements for the Other Post-Employment Benefits (OPEB) plan are established by various labor agreements.

For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Employees Covered by Benefit Terms

At June 30, 2018, the measurement date, the following retirees were covered by the benefit terms:

	Number of Participants
Inactive Employees Receiving Benefits	41
Active Employees	4
	45

Total OPEB Liability

The District's total OPEB liability of \$577,975 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Discount rate	3.89%
Payroll increase	3.25% for CalPERS 3.50% for CalSTRS
Healthcare cost trend rate	7.50% decreasing to 5.00% for years 2024 and after

Discount Rate

The discount rate of 3.89% based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. The CalPERS mortality tables created by CalPERS are modified versions of the Society of Actuaries Scale BB mortality table, as adjusted for data from CalSTRS members. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Changes in Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2017	\$ 619,193	\$ -	\$ 619,193
Changes for the year:			
Service cost	20,697	-	20,697
Interest	22,940	-	22,940
Employer contributions	-	69,360	(69,360)
Expected benefit payments	(69,360)	(69,360)	-
Other	(15,495)	-	(15,495)
Net change	(41,218)	-	(41,218)
Balance June 30, 2018	\$ 577,975	\$ -	\$ 577,975

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2019.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point-higher (4.89%) than the current discount rate:

	Discount Rate 1% Lower (2.89%)	Current Discount Rate (3.89%)	Discount Rate 1% Higher (4.89%)
Net OPEB liability	\$ 621,918	\$ 577,975	\$ 538,897

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (6.50% per year) or 1-percentage-point higher (8.50% per year) than the current healthcare cost trend rates:

	Trend Rate 1% Lower (6.50% decreasing to 4.00%)	Current Trend Rate (7.50% decreasing to 5.00%)	Trend Rate 1% Higher (8.50% decreasing to 6.00%)
Net OPEB liability	\$ 516,396	\$ 577,975	\$ 668,477

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense & Deferred Outflows of Resources & Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019 the District recognized OPEB expense of \$58,979. At June 30, 2019 the District did not report any deferred outflows of resources or deferred inflows of resources relating to OPEB.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is not involved in litigation.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to view and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

NOTE 11 – SUBSEQUENT EVENTS

Sierra-Plumas Joint Unified School District has evaluated subsequent events for the period from June 30, 2019 through December 15, 2019, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements

REQUIRED SUPPLEMENTARY INFORMATION

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 5,109,587	\$ 5,109,587	\$ 5,002,713	\$ (106,874)
Federal sources	397,355	397,355	455,809	58,454
Other state sources	346,822	346,822	583,586	236,764
Other local sources	250,388	250,388	268,829	18,441
Total Revenues	6,104,152	6,104,152	6,310,937	206,785
EXPENDITURES				
Certificated salaries	1,933,878	1,933,878	2,033,846	99,968
Classified salaries	881,158	881,158	839,763	(41,395)
Employee benefits	1,422,692	1,422,692	1,609,350	186,658
Books and supplies	364,577	364,577	310,437	(54,140)
Services and other operating expenditures	1,367,201	1,367,201	1,307,059	(60,142)
Capital outlay	167,582	167,582	242,707	75,125
Other outgo				
Excluding transfers of indirect costs	104,450	104,450	91,563	(12,887)
Total Expenditures	6,241,538	6,241,538	6,434,725	193,187
Excess (Deficiency) of Revenues				
Over Expenditures	(137,386)	(137,386)	(123,788)	399,972
Other Financing Sources (Uses):				
Transfers out	(78,590)	(78,590)	(68,867)	9,723
Net Financing Sources (Uses)	(78,590)	(78,590)	(68,867)	9,723
NET CHANGE IN FUND BALANCE	(215,976)	(215,976)	(192,655)	23,321
Fund Balance - Beginning	3,785,396	3,785,396	3,785,396	-
Fund Balance - Ending	\$ 3,569,420	\$ 3,569,420	\$ 3,592,741	\$ 23,321

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 82,500	\$ 82,500	\$ 87,556	\$ 5,056
Other state sources	5,850	5,850	9,930	4,080
Other local sources	20,950	20,950	18,553	(2,397)
Total Revenues	109,300	109,300	116,039	6,739
EXPENDITURES				
Classified salaries	76,257	76,257	77,923	1,666
Employee benefits	35,855	35,855	40,033	4,178
Books and supplies	68,591	68,591	61,854	(6,737)
Services and other operating expenditures	7,187	7,187	5,096	(2,091)
Total Expenditures	187,890	187,890	184,906	(2,984)
Excess (Deficiency) of Revenues Over Expenditures	(78,590)	(78,590)	(68,867)	3,755
Other Financing Sources (Uses):				
Transfers in	78,590	78,590	68,867	(9,723)
Net Financing Sources (Uses)	78,590	78,590	68,867	(9,723)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 20,697	\$ 23,744
Interest	22,940	18,891
Changes of assumptions	-	143,248
Benefit payments	(69,360)	(62,657)
Other	(15,495)	-
Net change in total OPEB liability	(41,218)	123,226
Total OPEB liability, beginning of year	619,193	495,967
Total OPEB liability, end of year (a)	<u>\$ 577,975</u>	<u>\$ 619,193</u>
Plan fiduciary net position		
Employer contributions	\$ 69,360	\$ 62,657
Expected benefit payments	(69,360)	(62,657)
Change in plan fiduciary net position	-	-
Fiduciary trust net position, beginning of year	-	-
Fiduciary trust net position, end of year (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability, ending (a) - (b)	\$ 577,975	\$ 619,193
Covered payroll	\$ 3,591,113	\$ 2,519,555
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Net OPEB liability as a percentage of covered payroll	16%	25%

Note: In the future, as data becomes available, ten years of information will be presented.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Actuarially determined contribution	\$ 82,400	\$ 39,123
Contributions in relations to the actuarially determined contribution	69,360	62,657
Contribution deficiency (excess)	<u>\$ 13,040</u>	<u>\$ (23,534)</u>
Covered-employee payroll	\$ 3,591,113	\$ 2,519,555
Contribution as a percentage of covered-employee payroll	1.93%	2.49%

Note: In the future, as data becomes available, ten years of information will be presented.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

CalSTRS	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0033%	0.0039%	0.0036%	0.0036%	0.0036%
District's proportionate share of the net pension liability	\$ 3,072,827	\$ 2,861,337	\$ 2,817,073	\$ 2,408,453	\$ 2,089,229
State's proportionate share of the net pension liability associated with the District	1,759,421	1,699,058	1,698,505	1,481,126	1,284,813
Total	<u>\$ 4,832,248</u>	<u>\$ 14,002,529</u>	<u>\$ 11,508,381</u>	<u>\$ 8,343,921</u>	<u>\$ 7,641,033</u>
District's covered - employee payroll	\$ 1,812,686	\$ 1,812,686	\$ 1,635,859	\$ 1,730,124	\$ 1,644,788
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	170%	158%	172%	139%	127%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	77%	77%
CalPERS	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0053%	0.0060%	0.0062%	0.0061%	0.0063%
District's proportionate share of the net pension liability	\$ 1,425,093	\$ 1,442,384	\$ 1,251,552	\$ 901,198	\$ 715,203
District's covered - employee payroll	\$ 706,869	\$ 706,869	\$ 734,972	\$ 838,148	\$ 679,911
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	202%	204%	170%	108%	105%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	84%

Note: In the future, as data becomes available, ten years of information will be presented.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2019**

CaSTRS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 304,418	\$ 261,570	\$ 184,031	\$ 238,081	\$ 132,605
District's contributions in relation to the statutorily required contribution	304,418	261,570	184,031	238,081	132,605
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,869,889	\$ 1,812,686	\$ 1,635,856	\$ 1,730,124	\$ 1,644,788
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	11.25%	13.76%	8.06%

CaPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 138,869	\$ 113,552	\$ 83,351	\$ 80,032	\$ 75,170
District's contributions in relation to the statutorily required contribution	138,869	113,552	83,351	80,032	75,170
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 768,846	\$ 706,869	\$ 734,972	838,148	679,911
District's contributions as a percentage of covered-employee payroll	18.06%	16.06%	11.61%	9.55%	11.06%

Note: In the future, as data becomes available, ten years of information will be presented.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

Change of Assumptions - There were no change in assumptions since the previous valuation for other postemployment benefits.

Schedule of Contributions – OPEB

A 10-year schedule presenting for each year the information indicated in subparagraphs (1)–(6), if an actuarially determined contribution is calculated for employers or non-employer contributing entities. The schedule should identify whether the information relates to the employers, non-employer contributing entities, or both.

An actuarially determined contribution was not calculated, therefore the Schedule of OPEB Contributions is not applicable and not presented.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES, contributions

Schedule of the 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-employee 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 both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes of assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of Contributions – Pensions

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-employee 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-employee payroll.

OTHER SUPPLEMENTARY INFORMATION

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2019**

The Sierra-Plumas Joint Unified School District was established in 1951 and comprises an area of approximately 1,600 square miles located in Plumas and Sierra Counties. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one middle school, two high schools, and one continuation high school.

GOVERNING BOARD		
Name	Office	Term Expires
Mike Moore	President	December 2022
Allen Wright	Vice President	December 2022
Vacant	Clerk	Not Applicable
Jennifer Grant	Member	December 2020
Patricia Hall	Member	December 2022

ADMINISTRATION

James T. Berardi
Superintendent

Nona Griesert
Business Manager

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report	Annual Report
	Certification No. (6DCC37F6)	Certification No. (3A687815)
Regular ADA		
Transitional Kindergarten through third	113.56	113.13
Fourth through Sixth	92.33	91.53
Seventh and Eighth	56.42	56.06
Ninth through twelfth	117.73	116.84
Total Regular ADA	380.04	377.56
ADA Totals	380.04	377.56

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

Grade Level	Minutes Requirement	2018-19	Number of Days		Status
		Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	37,560	180	N/A	Complied
Grade 1	50,400	52,545	180	N/A	Complied
Grade 2	50,400	52,545	180	N/A	Complied
Grade 3	50,400	52,545	180	N/A	Complied
Grade 4	54,000	55,760	180	N/A	Complied
Grade 5	54,000	55,790	180	N/A	Complied
Grade 6	54,000	55,790	180	N/A	Complied
Grade 7	54,000	65,070	180	N/A	Complied
Grade 8	54,000	65,070	180	N/A	Complied
Grade 9	64,800	65,070	180	N/A	Complied
Grade 10	64,800	65,070	180	N/A	Complied
Grade 11	64,800	65,070	180	N/A	Complied
Grade 12	64,800	65,070	180	N/A	Complied

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District did not meet its target funding.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report which require reconciliation to the audited financial statements for the year ended June 30, 2019.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 (Budget)	2019	2018	2017
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	\$ 6,080,324	6,310,937	6,196,083	5,574,556
Expenditures and Other Financing Uses	7,156,929	6,503,592	6,148,195	5,894,471
Net Change in Fund Balance	(1,076,605)	(192,655)	47,888	(319,915)
Ending Fund Balance	\$ 2,743,947	\$ 3,820,552	\$ 4,013,207	\$ 3,690,339
Available Reserves*	\$ 1,730,354	\$ 2,961,675	\$ 3,053,831	\$ 3,052,522
Available Reserves as a Percentage of Outgo	24.2%	45.5%	49.7%	51.8%
Long-term Debt	\$ 5,089,319	\$ 5,089,319	\$ 4,912,588	\$ 4,580,903
Average Daily Attendance at P-2	396	380	400	361

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

**This schedule reflects General Fund budgetary fund basis, which excludes the Special Reserve for Capital Outlay Projects Fund.

The General Fund balance has increased by \$130,213 over the past two years. The fiscal year 2019-2020 budget projects a budget decrease of \$1,076,605. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

Total long-term obligations have increased by \$508,416 over the past two years.

Average daily attendance has decrease by 19 over the past two years. An increase of 16 ADA is anticipated during fiscal year 2019-2020.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

Charter School	Included in Audit Report
None	N/A

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – PURPOSES OF SCHEDULES

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.

Schedule of Average Daily Attendance

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District neither met nor exceeded its targeted funding.

Districts must maintain their instructional minutes at the 1986-87 requirement as required by *Education Code* Section 46201.

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 Unaudited Actual Financial Report to the audited financial statements.

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.

Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Sierra-Plumas Joint Unified School District
Loyalton, 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 Sierra-Plumas Joint Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sierra-Plumas Joint Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sierra-Plumas Joint Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sierra-Plumas Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sierra-Plumas Joint Unified 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sierra-Plumas Joint Unified 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 determination of financial statement amounts. 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.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Sierra-Plumas Joint Unified School District
Loyalton, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2018-19 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 the District's state programs identified below for the fiscal year ended June 30, 2019.

Management's Responsibility for State Compliance

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 applicable program as identified in the *State's audit guide, 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide, *2018-19 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 and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Districts compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Sierra-Plumas Joint Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2019.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit *performed in accordance with the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

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>

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statement findings in 2018-19.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

There were no State award findings or questioned costs identified in 2018-19.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-001 LACK OF SEGREGATION OF DUTIES (CDDC#30000)

Criteria upon which audit finding is based (Legal Citation)

Yellow Book paragraphs 5.10-5.14 and Appendix I, SAS No. 122.

Finding (Condition)

The activities involving the cafeteria fund revenue and cash receipts have only one key person as primarily responsible for most portions of the cash recording, depositing and collections cycle.

In the areas of capital assets, grant and entitlement revenues, accounts receivable, unearned revenues, and the financial close and reporting process, the CBO has primary responsibility for recording, reconciling, and in some cases authorizing transactions, without review by any individual of comparable accounting experience, or financial knowledge of the District.

Other individuals in the business office have duties crossover other areas of responsibility, such as access to recording transactions in the General Ledger, yet also responsibility for preparing reconciliations.

Amount of Questioned costs, How Computed and Prevalence

None.

Effect

The District has exposure to risk of financial statement misstatement and the potential risk of fraud.

Cause

The District does not have sufficient staff to adequately separate the authorization, recording, custody, reconciliation and review functions that are needed in an ideal system of internal controls.

Recommendation

We recommend that the District employees and Board maintain diligence for the potential risks of not having an adequate segregation of duties.

District's Response

The District concurs with this finding.

Current Status

Implemented in 2018-19.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-002 TRANSPORTATION MAINTENANCE OF EFFORT (CDDC#40000)

Criteria upon which audit finding is based (Legal Citation)

California Education Code Section 42238.03

Finding (Condition)

The District did not meet its minimum transportation expenditure requirement per California Education Code Section 42238.03.

Amount of Questioned costs, How Computed and Prevalence

None, compliance finding only.

Effect

The District is not in compliance with the provisions of California Education Code Section 42238.03

Cause

Between the 12/13 fiscal year and the 17/18 fiscal year the District was able to obtain a new transportation agreement which significantly reduced transportation costs without a reduction in the level of services provided to students.

Recommendation

We recommend that the District closely monitor their transportation program to ensure that they maintain a substantially similar level of service as provided to students in the 12/13 fiscal year in order to comply with the spirit of the transportation maintenance of effort compliance requirement.

District's Response

The District concurs with this finding.

Current Status

Implemented in 2018-19.