

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**COUNTY OF COLUSA  
ARBUCKLE, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

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**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

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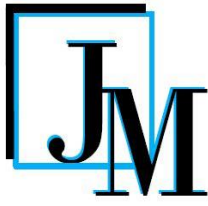
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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Pierce Joint Unified School District  
Arbuckle, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

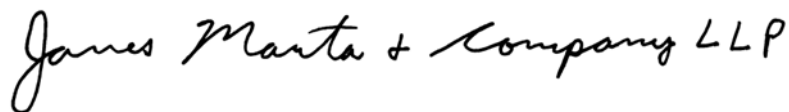
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *supplementary information as listed in the table of contents* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplementary information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *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 November 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 21, 2022

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

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

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The following discussion and analysis provides an overview of the financial position and activities of the Pierce Joint Unified School District (the "District") for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* only report a balance sheet and do not have a measurement focus.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Pierce Joint Unified School District.

**DISTRICT-WIDE STATEMENTS**

**The Statement of Net Position and the Statement of Activities**

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken in to account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

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The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, the District activities are reported as follows:

**Governmental Activities** - The District reports all of its services in this category. This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant funds -not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds**

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

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

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

**Net Position**

The District's combined net position, as of June 30, 2022, was \$22,453,777 reflecting an increase of 54%.

**Table 1 – Net Position**

	<u>Governmental Activities</u>		Net Change
	<u>2022</u>	<u>2021</u>	
<b>Assets</b>			
Current and other assets	\$ 20,807,196	\$ 17,174,458	\$ 3,632,738
Capital assets	31,075,637	28,479,747	2,595,890
<b>Total Assets</b>	<u>51,882,833</u>	<u>45,654,205</u>	<u>6,228,628</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding of bonds	1,720,447	1,789,265	(68,818)
Deferred outflows on pensions	7,220,574	7,746,389	(525,815)
<b>Total Deferred Outflows</b>	<u>8,941,021</u>	<u>9,535,654</u>	<u>(594,633)</u>
<b>Liabilities</b>			
Current liabilities	4,222,052	2,064,621	2,157,431
Long-term obligations	27,972,798	36,916,131	(8,943,333)
<b>Total Liabilities</b>	<u>32,194,850</u>	<u>38,980,752</u>	<u>(6,785,902)</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows on pensions	6,175,227	1,635,752	4,539,475
<b>Total Deferred Inflows</b>	<u>6,175,227</u>	<u>1,635,752</u>	<u>4,539,475</u>
<b>Net Position</b>			
Net investment in capital assets	50,244,376	49,071,479	1,172,897
Restricted	6,396,717	6,069,184	327,533
Unrestricted	(34,187,316)	(40,567,308)	6,379,992
<b>Total Net Position</b>	<u>\$ 22,453,777</u>	<u>\$ 14,573,355</u>	<u>\$ 7,880,422</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

**Change in Net Position**

The District's total revenues increased 3.8% to \$26,523,053. The total cost of all programs and services decreased by 13.25% to \$18,642,631. The District's expenses are predominantly related to educating and caring for students (62.49%). The purely administrative activities of the District accounted for 7.60% of total costs.

**Table 2 – Change in Net Position**

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2022</u>	<u>2021</u>	
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 127,218	\$ 154,922	\$ (27,704)
Operating grants and contributions	6,102,093	6,825,617	(723,524)
General revenues:			
Federal and State aid not restricted	11,265,007	10,532,490	732,517
Property taxes	6,987,929	6,205,432	782,497
Other general revenues	2,040,806	1,834,521	206,285
<b>Total Revenues</b>	<u>26,523,053</u>	<u>25,552,982</u>	<u>970,071</u>
<b>Expenses</b>			
Instruction-related	10,042,606	12,145,849	(2,103,243)
Student support services	1,608,658	1,575,248	33,410
Administration	1,417,089	1,581,753	(164,664)
Maintenance and operations	2,059,167	1,852,385	206,782
Other	3,515,111	4,336,571	(821,460)
<b>Total Expenses</b>	<u>18,642,631</u>	<u>21,491,806</u>	<u>(2,849,175)</u>
<b>Change in Net Position</b>	<u>\$ 7,880,422</u>	<u>\$ 4,061,176</u>	<u>\$ 3,819,246</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

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**Governmental Activities**

As reported in the Statement of Activities, the cost of all of our governmental activities was \$18,642,631 and \$21,491,806 for June 30, 2022 and 2021, respectively.

The Statement of Activities reflects the net cost of each of the District's largest functions - instruction, student support, administration, maintenance and operations, and other costs. Included in this table are each program's net costs (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden 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.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the school year, the governmental funds reported a combined fund balance of \$17,674,757 which is an increase of \$1,643,207 from last year.

**General Fund Budgetary Highlights**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets, net of depreciation, increased \$2,595,890 in fiscal year 2021-22, as acquisitions and improvements grew at a higher rate than accumulated depreciation.

**Long-Term Liabilities**

Total long-term liabilities decreased \$8,845,227 in fiscal year 2021-22. This was mainly due to the districts decrease in Net Pension Liability of \$8,015,182.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

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

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to decrease slightly in fiscal year 2022-23.
- The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the: District Office, Pierce Joint Unified School District, 540-A 6th Street, Arbuckle, California 95912.

## **BASIC FINANCIAL STATEMENTS**

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,184,326
Receivables	564,453
Prepaid expenses	58,417
Capital assets, net of accumulated depreciation	31,075,637
Total Assets	51,882,833
<b>DEFERRED OUTFLOWS</b>	
Deferred loss on refunding of bonds	1,720,447
Deferred outflows on pensions (Note 6)	7,220,574
Total deferred outflows	8,941,021
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	2,421,736
Unearned revenue	914,122
Long-term liabilities:	
Due within one year	886,194
Due in more than one year	27,972,798
Total Liabilities	32,194,850
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows on pensions (Note 6)	6,175,227
Total deferred inflows	6,175,227
<b>NET POSITION</b>	
Net investment in capital assets	50,244,376
Restricted	6,396,717
Unrestricted	(34,187,316)
Total Net Position	\$ 22,453,777

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction	\$ 8,874,520	\$ 105,850	\$ 2,817,053	\$ 1,328,727	\$ (4,622,890)
Instructional library, media and technology	124,097	-	96,698	-	(27,399)
School site administration	1,043,989	-	111,714	-	(932,275)
Pupil Services:					
Home-to-school transportation	265,165	-	16,274	-	(248,891)
Food services	732,424	-	1,047,163	-	314,739
All other pupil services	611,069	-	112,176	-	(498,893)
General administration:					
Centralized data processing	285,689	-	24,000	-	(261,689)
All other general administration	1,131,400	-	169,408	-	(961,992)
Plant services	2,059,167	12,986	111,208	-	(1,934,973)
Ancillary services	496,305	8,382	267,672	-	(220,251)
Community services	14,917	-	-	-	(14,917)
Enterprise activities	9,138	-	-	-	(9,138)
Interest on long-term debt	412,063	-	-	-	(412,063)
Other outgo	1,048,732	-	-	-	(1,048,732)
Depreciation (unallocated)	1,533,956	-	-	-	(1,533,956)
Total governmental activities	<u>\$ 18,642,631</u>	<u>\$ 127,218</u>	<u>\$ 4,773,366</u>	<u>\$ 1,328,727</u>	<u>(12,413,320)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					5,409,198
Taxes levied for debt service					1,578,731
Federal and state aid not restricted to specific purposes					11,265,007
Interest and investment earnings					53,606
Interagency revenues					23,541
Miscellaneous					1,963,659
Total General Revenues					<u>20,293,742</u>
Change in Net Position					7,880,422
Net Position - July 1, 2021					14,573,355
Net Position - June 30, 2022					<u>\$ 22,453,777</u>



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

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	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,220,664	\$ 2,853,361	\$ 2,110,301	\$ 20,184,326
Accounts receivable	394,760	3,853	165,840	564,453
Due from other funds	73,370	-	1,522,702	1,596,072
Prepaid expenses	51,902	-	6,515	58,417
Total Assets	<u>\$ 15,740,696</u>	<u>\$ 2,857,214</u>	<u>\$ 3,805,358</u>	<u>\$ 22,403,268</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,083,670	\$ -	\$ 134,647	\$ 2,218,317
Due to other funds	1,518,802	-	77,270	1,596,072
Unearned revenue	911,059	-	3,063	914,122
Total Liabilities	<u>4,513,531</u>	<u>-</u>	<u>214,980</u>	<u>4,728,511</u>
Fund balances				
Nonspendable	91,902	-	6,515	98,417
Restricted	1,736,112	2,857,214	1,803,391	6,396,717
Assigned	201,327	-	1,780,472	1,981,799
Unassigned	9,197,824	-	-	9,197,824
Total Fund Balances	<u>11,227,165</u>	<u>2,857,214</u>	<u>3,590,378</u>	<u>17,674,757</u>
Total liabilities and fund balances	<u>\$ 15,740,696</u>	<u>\$ 2,857,214</u>	<u>\$ 3,805,358</u>	<u>\$ 22,403,268</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2022**

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Total fund balances - governmental funds	\$ 17,674,757
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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 at historical cost:	\$ 49,654,188	
Accumulated depreciation:	(18,578,551)	
Net:		31,075,637

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 pension are reported.

Deferred outflows of resources relating to pensions	7,220,574
Deferred inflows of resources relating to pensions	(6,175,227)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.

(203,419)

Unamortized costs: In governmental funds, debt issue costs and premiums are recognized in the period they are incurred. In the government-wide statements, debt issue costs and premiums are amortized over the life of the debt. Unamortized debt issue costs and premiums included in deferred inflows and outflows on the statement of net position are:

Unamortized portion of loss on refunding of bonds	1,720,447
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Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable:	\$ 18,158,089	
Net pension liability	8,529,621	
California Energy Commission Loan	1,974,850	
Supplemental employee retirement plan	171,887	
Compensated absences payable	24,545	
		<u>(28,858,992)</u>

Total net position, governmental activities:	<u><u>\$ 22,453,777</u></u>
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**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>				
LCFF sources	\$ 16,343,351	\$ -	\$ -	\$ 16,343,351
Federal revenue	1,085,144	-	954,744	2,039,888
Other state revenues	2,762,044	12,104	1,385,837	4,159,985
Other local revenues	2,048,743	1,576,369	356,336	3,981,448
Total revenues	<u>22,239,282</u>	<u>1,588,473</u>	<u>2,696,917</u>	<u>26,524,672</u>
<b>EXPENDITURES</b>				
Certificated salaries	7,350,158	-	-	7,350,158
Classified salaries	2,224,366	-	335,658	2,560,024
Employee benefits	4,399,117	-	151,498	4,550,615
Books and supplies	1,001,172	-	495,969	1,497,141
Services and other operating expenditures	2,183,776	-	115,707	2,299,483
Capital outlay	2,037,490	-	2,421,331	4,458,821
Other outgo	1,003,809	-	44,922	1,048,731
Debt service expenditures	-	1,115,292	-	1,115,292
Total expenditures	<u>20,199,888</u>	<u>1,115,292</u>	<u>3,565,085</u>	<u>24,880,265</u>
Excess (deficiency) of revenues over expenditures	2,039,394	473,181	(868,168)	1,644,407
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	3,228,727	3,228,727
Operating transfers out	(1,900,000)	-	(1,328,727)	(3,228,727)
Other uses	-	(1,200)	-	(1,200)
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,200)</u>	<u>1,900,000</u>	<u>(1,200)</u>
Net change in fund balances	139,394	471,981	1,031,832	1,643,207
Fund balances, July 1, 2021	11,087,771	2,385,233	2,558,546	16,031,550
Fund balances, June 30, 2022	<u>\$ 11,227,165</u>	<u>\$ 2,857,214</u>	<u>\$ 3,590,378</u>	<u>\$ 17,674,757</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES**

**JUNE 30, 2022**

Total net change in fund balances - governmental funds: \$ 1,643,207

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:	\$ 4,129,846	
Depreciation expense:	<u>(1,533,956)</u>	2,595,890

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

346,343

Accreted interest on capital appreciation bonds is recognized as an expense in the government-wide statement of activities.

401,647

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

(69,794)

Supplemental Employee Retirement Plan (SERP): In governmental funds, SERP costs are recognized when employer payments are made. In the statement of activities, SERP costs are recognized on the accrual basis. This year, the difference between SERP costs and actual employer payments was:

75,765

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

2,949,892

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

6,290

Amortization of debt issue premium or discount or deferred gain or loss from refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount plus any deferred gain or loss from debt refunding is amortized as interest over the life of the debt. Amortization of premium or discount or deferred gain or loss from debt refunding for the period is:

(68,818)

Total change in net position - governmental activities \$ 7,880,422

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. HISTORY OF THE ORGANIZATION**

The Pierce Joint Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in grades kindergarten through twelfth.

**B. REPORTING ENTITY**

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

**C. ACCOUNTING POLICIES**

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

**D. BASIS OF PRESENTATION**

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity, within the governmental activities, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**D. BASIS OF PRESENTATION (CONTINUED)**

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**F. FUND ACCOUNTING**

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

*Governmental Funds*

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Student Activity Fund** accounts for student body activities (ASB) to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

The **Debt Service Funds** are used to account for the accumulation of restricted, committed, or assigned resources for the payment of principal and interest on general long-term obligations.

The **Bond Interest and Redemption Fund** is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**F. FUND ACCOUNTING (CONTINUED)**

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Capital Facilities Fund.

The **Building Fund** is used primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

The **County School Facilities Fund** is used primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (Education Code section 42840).

The **Special Reserve Fund for Capital Outlay Projects** is used primarily to provide to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070.10 et seq.).

The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**G. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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 Superintendent during the year to give consideration to unanticipated income and expenditures.

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



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**H. 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 at June 30.

**I. DEPOSITS AND INVESTMENTS**

The District is authorized to maintain cash in banks and revolving funds that are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**J. PREPAID EXPENSES/EXPENDITURES**

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to recognize expenditures when incurred. Reported expenses are equally offset by a net position reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of current assets.

**K. INVENTORY**

Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria Fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**L. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives as follows: buildings and improvements, 5 to 50 years; furniture and equipment, 2 to 15 years; and vehicles, 8 years.

**M. UNEARNED REVENUE**

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

**N. COMPENSATED ABSENCES**

All vacation pay is accrued when incurred in the government-wide financial statements. 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.

**O. LONG-TERM OBLIGATIONS**

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

**P. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**Q. RESTRICTED NET POSITION**

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

**R. FUND BALANCE**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for specific purposes.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**S. FINANCING LEASES**

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$700,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2022, the District did not have any financial leases that met the threshold.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**T. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX**

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Colusa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes become delinquent after December 10 and April 10, respectively.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

**U. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**V. PENSIONS**

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

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2022 consist of the following:

	Governmental Activities
Cash in County Treasury	\$ 20,012,139
Cash on hand and in banks	132,187
Cash in revolving fund	40,000
	<u>\$ 20,184,326</u>

**A. Cash on Hand and in Banks**

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

**B. Cash in Revolving Funds**

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

**C. Cash in County Treasury**

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 2,515 days. The pool is rated AAA by Standard and Poor's.

**Interest Rate Risk.** California Government Code Section 53601 limits the District's investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the next page is the actual rating as of the year-end for each investment type.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**3. INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as are imbursement. All other interfund transactions are treated as transfers.

As of June 30, 2022, the interfund balances were as follows:

	<b>Due From</b>	<b>Due To</b>
General Fund	\$ 73,370	\$ 1,518,802
Cafeteria Fund	-	73,370
Building Fund	3,900	-
Capital Facilities Fund	18,802	-
County Schools Facilities Fund	-	3,900
Special Reserve Fund for Capital Outlay Projects	1,500,000	-
Total	\$ 1,596,072	\$ 1,596,072

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers during the fiscal year ended June 30, 2022 are as follows:

Transfer from Building Fund to County Schools Facilities Fund for building projects.	\$ 1,328,727
Transfer from General Fund to Special Reserve Fund for Capital Outlay Projects to cover for capital outlay expenditures.	1,900,000
Total Transfers	\$ 3,228,727

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions and Transfers	Deductions and Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 89,042	\$ -	\$ -	\$ 89,042
Work in progress	4,788,197	3,789,073	6,126,908	2,450,362
	<u>4,877,239</u>	<u>3,789,073</u>	<u>6,126,908</u>	<u>2,539,404</u>
Depreciable assets:				
Sites and improvements	1,769,810	1,776,537	-	3,546,347
Building and improvements	33,824,692	4,513,488	-	38,338,180
Furniture and equipment	5,052,601	177,656	-	5,230,257
	<u>40,647,103</u>	<u>6,467,681</u>	<u>-</u>	<u>47,114,784</u>
Totals, at cost	<u>45,524,342</u>	<u>10,256,754</u>	<u>6,126,908</u>	<u>49,654,188</u>
Accumulated depreciation:				
Sites and improvements	(715,583)	(122,762)	-	(838,345)
Building and improvements	(13,801,828)	(975,262)	-	(14,777,090)
Furniture and equipment	(2,527,184)	(435,932)	-	(2,963,116)
	<u>(17,044,595)</u>	<u>(1,533,956)</u>	<u>-</u>	<u>(18,578,551)</u>
Depreciable assets, net	<u>23,602,508</u>	<u>4,933,725</u>	<u>-</u>	<u>28,536,233</u>
Capital assets, net	<u>\$ 28,479,747</u>	<u>\$ 8,722,798</u>	<u>\$ 6,126,908</u>	<u>\$ 31,075,637</u>

The entire amount of depreciation expense was unallocated.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**5. LONG-TERM LIABILITIES**

**Schedule of Changes in Long-Term Liabilities**

A schedule of changes in long-term liabilities for the year ended June 30, 2022, is shown below:

	<b>Balance</b>			<b>Balance</b>	<b>Due</b>
	<b>July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2022</b>	<b>Within</b>
					<b>One Year</b>
General Obligation Bonds	\$ 17,387,838	\$ -	\$ 346,343	\$ 17,041,495	\$ 325,548
Accreted Interest	1,518,241	-	401,647	1,116,594	389,452
Compensated Absences	30,835	-	6,290	24,545	-
California Energy Commission Loan	1,974,850	-	-	1,974,850	103,939
Supplemental Employee Retirement Plan	247,652	-	75,765	171,887	67,255
Net Pension Liability	16,544,803	-	8,015,182	8,529,621	-
	<u>\$ 37,704,219</u>	<u>\$ -</u>	<u>\$ 8,845,227</u>	<u>\$ 28,858,992</u>	<u>\$ 886,194</u>

The Bond Interest and Redemption Fund makes payments for the general obligation bonds. The accrued vacation (compensated absences) and the Supplemental Early Retirement Plan (SERP) will be paid by the fund for which the employee works. The California Energy Commission loan will be paid from the General Fund.

**Loan Agreement**

In January 2021, the District entered into a loan agreement with the California Energy Commission for energy efficient capital improvements. The balance as of June 30, 2022 is \$1,974,850.

Year Ended			
June 30,	Principal	Interest	Total
2023	\$ 103,939	\$ -	\$ 103,939
2024	103,939	-	103,939
2025	103,939	-	103,939
2026	103,939	-	103,939
2027	103,939	-	103,939
2028-2032	519,698	-	519,698
2033-2037	519,698	-	519,698
2038-2042	415,759	-	415,759
Totals	<u>\$ 1,974,850</u>	<u>\$ -</u>	<u>\$1,974,850</u>



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**5. LONG-TERM LIABILITIES (CONTINUED)**

**Schedule of Changes in Long-Term Liabilities**

**General Obligation Bonds**

In 2002, the District issued \$1,736,041 of capital appreciation bonds with interest rates between 5.30% and 5.64% that mature in 2028. In September 2011, the District issued \$2,850,000 of refunding bonds to retire 2002 current interest bonds originally issued in the amount of \$4,260,000. The refunding bonds bear interest between 0.65% and 3.00% and are due in annual installments ranging from \$360,000 to \$470,000 through August 2018.

In 2017, the District issued \$7,000,000 of General Obligation bonds (Series A) with interest rates between 2.0% and 5.0% that mature in 2046. In 2018, the District issued \$8,000,000 of General Obligation bonds (Series B) with interest rates between 2.0% and 5.0% that mature in 2044. Portions of Series A and Series B bonds were refunded with the 2021 Refunded General Obligation Bonds.

In 2021, the District issued \$9,545,000 of Refunding General Obligation bonds with interest rates between 0.259% and 3.075% that mature in 2047. The Refunding General Obligation bonds will pay off portions of the 2016 Series A and 2016 Series B bonds. The present value of the savings will net \$897,282.43.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Accreted Interest		Redeemed Current Year	Outstanding June 30, 2022
						Issued in Current Year	Current Year		
Capital Appreciation	2002	5.30 - 5.64%	8/1/2027	\$ 1,736,041	\$ 1,307,838	\$ -	\$ -	\$ 201,343	\$ 1,106,495
Accreted Interest	2002	5.30 - 5.64%	8/1/2027	-	1,518,241	-	-	401,647	1,116,594
2016, Series A	2017	2.00 - 5.00%	8/1/2046	7,000,000	1,865,000	-	-	-	1,865,000
2016, Series B	2018	2.00 - 5.00%	8/1/2044	8,000,000	4,670,000	-	-	-	4,670,000
2021 Refunding	2021	0.259 - 3.075%	8/1/2047	9,545,000	9,545,000	-	-	145,000	9,400,000
				<u>\$26,281,041</u>	<u>\$ 18,906,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,990</u>	<u>\$ 18,158,089</u>

The annual requirements to pay off the general obligation bonds are as follows:

Year Ended	Year Ended			
	June 30,	Principal	Interest	Total
2023	\$ 325,548	\$ 877,516	\$ 1,203,064	
2024	344,897	900,725	1,245,622	
2025	366,738	925,623	1,292,361	
2026	381,500	947,712	1,329,212	
2027	407,903	972,624	1,380,527	
2028-2032	1,824,909	2,791,339	4,616,248	
2033-2037	2,705,000	1,942,087	4,647,087	
2038-2042	4,145,000	1,416,289	5,561,289	
2043-2047	6,040,000	598,307	6,638,307	
2048-2051	500,000	7,688	507,688	
Totals	<u>\$ 17,041,495</u>	<u>\$ 11,379,910</u>	<u>\$ 28,421,405</u>	

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

**Schedule of Changes in Long-Term Liabilities**

**Supplemental Employee Retirement Program**

During fiscal year 2011-12 the District adopted an additional early retirement incentive program. Beginning September 1, 2012 and subject to a lifetime cap of \$40,440, the District will pay up to \$8,088 annually toward a District provided health and welfare benefit plan on behalf of retirees who meet certain criteria. The retiree must be at least 55 years of age and have 5 years of consecutive service within the District immediately preceding his/her retirement. Payment towards the District provided health and welfare benefit package selected by the retiree shall continue until the retiree's death or until the District has paid the total capped amount of \$40,440, whichever comes first. In 2013-14, two new retirees elected to participate in the retirement incentive program. In 2019-20, four new retirees elected to participate in the retirement incentive program. In 2020-21, no new retirees elected to participate in the retirement incentive program. In 2021-22, no new retirees elected to participate in the retirement incentive program. Future estimated payments at June 30, 2022 are as follows:

Year Ended	
June 30,	Principal
2023	67,255
2024	47,255
2025	47,255
2026	10,122
Totals	<u>\$ 171,887</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

**Plan Description**

**California Public Employees' Retirement System (CalPERS)**

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

**State Teachers' Retirement System (STRS)**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalPERS		CalSTRS	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	7%	10.25%	10.205%
Required employer contribution rates	22.910%	22.910%	16.92%	16.92%

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Contributions

**CalPERS**

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

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2022, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	<b>CalPERS</b>	<b>STRS</b>	<b>Total</b>
Contributions - employer	\$ 504,409	\$ 1,225,256	\$ 1,729,665
On behalf contributions - state	-	788,995	788,995
Total	\$ 504,409	\$ 2,014,251	\$ 2,518,660

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

As of June 30, 2022, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<b>Proportionate Share of Net Pension Liability</b>
CalPERS	\$ 2,946,761
STRS	5,582,860
Total Net Pension Liability	\$ 8,529,621

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

<b>Measurement Dates</b>	<b>Fiscal Year</b>	<b>CalPERS</b>	<b>STRS</b>
June 30, 2020	2020-21	0.01441%	0.01251%
June 30, 2021	2021-22	0.01449%	0.01227%
Change - Increase (Decrease)		0.00008%	-0.00024%

For the year ended June 30, 2022, the District recognized pension expense of \$2,949,892. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalPERS</b>		<b>STRS</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 504,409	\$ -	\$ 2,014,251	\$ -	\$ 2,518,660	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2020-21	52,646	67,058	127,856	201,112	180,502	268,170
Changes of Assumptions	63,741	-	3,623,833	-	3,687,574	-
Differences between Expected and Actual Experience	262,883	5,210	69,212	1,084,434	332,095	1,089,644
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	17,032	117,633	484,711	228,787	501,743	346,420
Net differences between projected and actual investment earnings on pension plan investments	-	858,776	-	3,612,217	-	4,470,993
<b>Total</b>	<b>\$ 900,711</b>	<b>\$ 1,048,677</b>	<b>\$ 6,319,863</b>	<b>\$ 5,126,550</b>	<b>\$ 7,220,574</b>	<b>\$ 6,175,227</b>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
2023	\$ (78,670)	\$ (179,703)	\$ (258,373)
2024	(152,075)	(74,088)	(226,163)
2025	(195,454)	(249,689)	(445,143)
2026	(226,176)	(543,561)	(769,737)
2027	-	218,863	218,863
Thereafter	-	7,240	7,240
<b>Total</b>	<b>\$ (652,375)</b>	<b>\$ (820,938)</b>	<b>\$ (1,473,313)</b>

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

STRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. STRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are STRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

**Discount Rate**

**CalPERS**

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Asset Class	CalPERS		
	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

<sup>(a)</sup> An expected inflation of 2.00% used for this period

<sup>(b)</sup> An expected inflation of 2.92% used for this period

Discount Rate

**STRS**

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases actuarially determined. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption 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 STRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, STRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of the June 30, 2021 measurement date, are summarized in the following table:



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(a)</sup>
Public Equity	42.0%	4.80%
Real Estate	15.0%	3.60%
Private Equity	13.0%	6.30%
Fixed Income	12.0%	1.30%
Risk Mitigating Strategies	10.0%	1.80%
Inflation Sensitive	6.0%	3.30%
Cash/Liquidity	2.0%	-0.40%
Total	100%	

<sup>(a)</sup> 20-year average

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 4,968,653	\$ 2,946,761	\$ 1,268,157

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	\$ 11,364,704	\$ 5,582,860	\$ 784,039

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS annual comprehensive financial reports available on the CalPERS' and STRS' websites.

**Payable to the Pension Plan**

As of June 30, 2022, the District had no outstanding required contributions to the pension plans.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**7. FUND BALANCES**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
Nonspendable:				
Prepaid Expenses	\$ 51,902	\$ -	\$ 6,515	\$ 58,417
Revolving Cash	40,000	-	-	40,000
Total Nonspendable	<u>91,902</u>	<u>-</u>	<u>6,515</u>	<u>98,417</u>
Restricted:				
Expanded Learning Opportunities Program	3,661	-	-	3,661
Educator Effectiveness, FY 2021-22	260,816	-	-	260,816
A-G Access/Success Grant	60,080	-	-	60,080
A-G Learning Loss Mitigation Grant	56,250	-	-	56,250
Classified: School Employee Professional				
Development Block Grant	3,229	-	-	3,229
Ongoing & Major Maintenance Account	980,271	-	-	980,271
Expanded Learning Opportunities (ELO)				
Grant: Paraprofessional Staff	9,472	-	-	9,472
Child Nutrition: School Programs	-	-	332,789	332,789
Child Nutrition: Kitchen Infrastructure Upgrade Funds	17,013	-	-	17,013
Child Nutrition: Food Service Staff Training Funds	17,530	-	-	17,530
Lottery: Instructional Materials	254,519	-	-	254,519
Bond repayments	-	2,857,214	-	2,857,214
Other Restricted Local	60,155	-	411,503	471,658
Other Restricted State	13,116	-	-	13,116
Bond fund balance	-	-	893,253	893,253
Student Activity Funds	-	-	165,846	165,846
Total Restricted	<u>1,736,112</u>	<u>2,857,214</u>	<u>1,803,391</u>	<u>6,396,717</u>
Assigned:				
Bus Replacement Reserve	201,327	-	-	201,327
Capital Projects Reserve	-	-	1,780,472	1,780,472
Total Assigned	<u>201,327</u>	<u>-</u>	<u>1,780,472</u>	<u>1,981,799</u>
Unassigned:				
Reserve for Economic Uncertainties	9,197,824	-	-	9,197,824
Total Unassigned	<u>9,197,824</u>	<u>-</u>	<u>-</u>	<u>9,197,824</u>
Total Fund Balances	<u>\$ 11,227,165</u>	<u>\$ 2,857,214</u>	<u>\$ 3,590,378</u>	<u>\$ 17,674,757</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**8. JOINT VENTURES**

The District is a member of three joint powers authorities (JPAs). The District pays an annual premium to the entities for their coverage. The relationship between the District, the pools, and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

The District is a member of the following joint powers authorities (JPAs):

	Tri-Counties SIG June 30, 2021*	NVSIG June 30, 2021*	SELF June 30, 2021*
Total Assets	\$ 35,687,368	\$ 3,605,700	\$ 193,642,022
Deferred Outflows of Resources	189,048	-	241,554
Total Liabilities	11,255,002	1,433,365	153,709,630
Deferred Inflows of Resources	61,410	-	5,124
Net Position	<u>\$ 24,560,004</u>	<u>\$ 2,172,335</u>	<u>\$ 40,168,822</u>
Revenues	\$ 47,221,065	\$ 13,570,342	\$ 44,573,829
Expenditures	1,671,236	13,389,642	38,080,919
Change in Net Position	<u>\$ 45,549,829</u>	<u>\$ 180,700</u>	<u>\$ 6,492,910</u>

\* Latest available audited financial reports.

\* Latest available audited financial reports.

**9. COMMITMENTS AND CONTINGENCIES**

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

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**10. SUBSEQUENT EVENTS**

The District's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2022 through November 21, 2022, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>REVENUES</b>				
LCFF sources	\$ 15,967,859	\$ 17,163,168	\$ 16,343,351	\$ (819,817)
Federal revenue	2,829,805	3,377,760	1,085,144	(2,292,616)
Other state revenues	1,333,407	3,790,910	2,762,044	(1,028,866)
Other local revenues	2,217,950	2,239,468	2,048,743	(190,725)
Total revenues	22,349,021	26,571,306	22,239,282	(4,332,024)
<b>EXPENDITURES</b>				
Certificated salaries	7,462,850	7,853,592	7,350,158	503,434
Classified salaries	2,144,097	2,415,275	2,224,366	190,909
Employee benefits	3,896,863	4,765,665	4,399,117	366,548
Books and supplies	2,825,839	4,234,474	1,001,172	3,233,302
Services and other operating expenditures	2,671,578	3,829,289	2,183,776	1,645,513
Capital outlay	2,248,790	2,547,228	2,037,490	509,738
Other outgo	1,324,584	1,336,533	1,003,809	332,724
Total expenditures	22,574,601	26,982,056	20,199,888	6,782,168
Excess (deficiency) of revenues over expenditures	(225,580)	(410,750)	2,039,394	2,450,144
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(128,448)	2,028,448	(1,900,000)	(3,928,448)
Total other financing sources (uses)	(128,448)	2,028,448	(1,900,000)	(3,928,448)
Net change in fund balances	(354,028)	1,617,698	139,394	(1,478,304)
Fund balances, July 1, 2021	11,087,771	11,087,771	11,087,771	-
Fund balances, June 30, 2022	\$ 10,733,743	\$ 12,705,469	\$ 11,227,165	\$ (1,478,304)

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>CalPERS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>	<b>June 30, 2019 <sup>(1)</sup></b>	<b>June 30, 2020 <sup>(1)</sup></b>	<b>June 30, 2021 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.01459%	0.01492%	0.01547%	0.01485%	0.01557%	0.01489%	0.01441%	0.01449%
Proportionate share of the net pension liability (asset)	\$ 1,656,641	\$ 2,199,655	\$ 3,055,149	\$ 3,545,955	\$ 4,151,852	\$ 4,340,679	\$ 4,421,168	\$ 2,946,761
Covered payroll <sup>(2)</sup>	\$ 1,489,066	\$ 1,641,513	\$ 1,583,093	\$ 1,693,754	\$ 1,766,067	\$ 1,889,397	\$ 2,606,681	\$ 1,878,516
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%	229.74%	169.61%	156.87%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 175,278	\$ 194,470	\$ 219,860	\$ 263,057	\$ 318,987	\$ 372,608	\$ 539,583	\$ 430,368
<b>STRS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>	<b>June 30, 2019 <sup>(1)</sup></b>	<b>June 30, 2020 <sup>(1)</sup></b>	<b>June 30, 2021 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.01119%	0.01142%	0.01176%	0.01186%	0.01209%	0.01196%	0.01251%	0.01227%
Proportionate share of the net pension liability (asset)	\$ 6,536,592	\$ 7,690,109	\$ 9,511,447	\$ 10,967,879	\$ 11,113,958	\$ 10,804,049	\$ 12,123,635	\$ 5,582,860
Covered payroll <sup>(2)</sup>	\$ 4,628,682	\$ 4,387,642	\$ 4,998,879	\$ 5,479,737	\$ 5,705,584	\$ 6,121,585	\$ 7,583,090	\$ 7,437,979
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%	176.49%	159.88%	75.06%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 411,027	\$ 470,794	\$ 628,859	\$ 790,726	\$ 928,869	\$ 1,046,791	\$ 1,224,669	\$ 1,258,506

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>CalPERS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>	<b>Fiscal Year 2019-20 <sup>(1)</sup></b>	<b>Fiscal Year 2020-21 <sup>(1)</sup></b>	<b>Fiscal Year 2021-22 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 175,278	\$ 194,470	\$ 219,860	\$ 263,057	\$ 318,987	\$ 372,608	\$ 539,583	\$ 430,368
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(192,649)	(220,106)	(262,927)	(321,583)	(376,936)	(415,574)	(436,797)	(504,409)
Contribution deficiency (excess)	<u>\$ (17,371)</u>	<u>\$ (25,636)</u>	<u>\$ (43,067)</u>	<u>\$ (58,526)</u>	<u>\$ (57,949)</u>	<u>\$ (42,966)</u>	<u>\$ 102,786</u>	<u>\$ (74,041)</u>
Covered payroll <sup>(3)</sup>	\$ 1,489,066	\$ 1,641,513	\$ 1,583,093	\$ 1,693,754	\$ 1,766,067	\$ 1,889,397	\$ 2,606,681	\$ 1,878,516
Contributions as a percentage of covered payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%
<b>STRS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>	<b>Fiscal Year 2019-20 <sup>(1)</sup></b>	<b>Fiscal Year 2020-21 <sup>(1)</sup></b>	<b>Fiscal Year 2021-22 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 411,027	\$ 470,794	\$ 628,859	\$ 790,726	\$ 928,869	\$ 1,046,791	\$ 1,224,669	\$ 1,258,506
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(493,039)	(635,416)	(794,756)	(939,083)	(1,066,031)	(1,180,212)	(1,085,570)	(1,225,256)
Contribution deficiency (excess)	<u>\$ (82,012)</u>	<u>\$ (164,622)</u>	<u>\$ (165,897)</u>	<u>\$ (148,357)</u>	<u>\$ (137,162)</u>	<u>\$ (133,421)</u>	<u>\$ 139,099</u>	<u>\$ 33,250</u>
Covered payroll <sup>(3)</sup>	\$ 4,628,682	\$ 4,387,642	\$ 4,998,879	\$ 5,479,737	\$ 5,705,584	\$ 6,121,585	\$ 7,583,090	\$ 7,437,979
Contributions as a percentage of covered payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%	16.920%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

<sup>(3)</sup> Covered payroll is the payroll on which contributions to a pension plan are based.



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. PURPOSE OF SCHEDULES**

- A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

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

- B - Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumptions

There were no changes in the assumptions used in the calculation of both the PERS and STRS collective net pension liabilities.

Changes in Benefit Terms

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

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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C - Schedule of Pension Contributions

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation

## **SUPPLEMENTARY INFORMATION**

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<b>Student Activity Fund</b>	<b>Cafeteria Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 163,703	\$ 255,650	\$ 1,010,650	\$ 396,081	\$ 1,895	\$ 282,322	\$ 2,110,301
Accounts receivable	2,244	160,993	-	598	2,005	-	165,840
Due from other funds	-	-	3,900	18,802	-	1,500,000	1,522,702
Prepaid expenses	-	6,515	-	-	-	-	6,515
Total Assets	<u>\$ 165,947</u>	<u>\$ 423,158</u>	<u>\$ 1,014,550</u>	<u>\$ 415,481</u>	<u>\$ 3,900</u>	<u>\$ 1,782,322</u>	<u>\$ 3,805,358</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 101	\$ 7,421	\$ 121,297	\$ 3,978	\$ -	\$ 1,850	\$ 134,647
Due to other funds	-	73,370	-	-	3,900	-	77,270
Unearned revenue	-	3,063	-	-	-	-	3,063
Total Liabilities	<u>101</u>	<u>83,854</u>	<u>121,297</u>	<u>3,978</u>	<u>3,900</u>	<u>1,850</u>	<u>214,980</u>
Fund balances							
Nonspendable	-	6,515	-	-	-	-	6,515
Restricted	165,846	332,789	893,253	411,503	-	-	1,803,391
Assigned	-	-	-	-	-	1,780,472	1,780,472
Total Fund Balances	<u>165,846</u>	<u>339,304</u>	<u>893,253</u>	<u>411,503</u>	<u>-</u>	<u>1,780,472</u>	<u>3,590,378</u>
Total liabilities and fund balances	<u>\$ 165,947</u>	<u>\$ 423,158</u>	<u>\$ 1,014,550</u>	<u>\$ 415,481</u>	<u>\$ 3,900</u>	<u>\$ 1,782,322</u>	<u>\$ 3,805,358</u>

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<b>Student Activity Fund</b>	<b>Cafeteria Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Total</b>
<b>REVENUES</b>							
Federal revenue	\$ -	\$ 954,744	\$ -	\$ -	\$ -	\$ -	\$ 954,744
Other state revenues	-	57,110	-	-	1,328,727	-	1,385,837
Other local revenues	227,041	3,704	5,645	119,978	-	(32)	356,336
Total revenues	227,041	1,015,558	5,645	119,978	1,328,727	(32)	2,696,917
<b>EXPENDITURES</b>							
Classified salaries	-	335,658	-	-	-	-	335,658
Employee benefits	-	151,498	-	-	-	-	151,498
Books and supplies	130,926	331,494	33,549	-	-	-	495,969
Services and other operating expenditures	83,196	16,491	1,249	14,771	-	-	115,707
Capital outlay	-	-	2,157,952	43,748	-	219,631	2,421,331
Other outgo	-	44,922	-	-	-	-	44,922
Total expenditures	214,122	880,063	2,192,750	58,519	-	219,631	3,565,085
Excess (deficiency) of revenues over expenditures	12,919	135,495	(2,187,105)	61,459	1,328,727	(219,663)	(868,168)
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	-	-	1,328,727	-	-	1,900,000	3,228,727
Operating transfers out	-	-	-	-	(1,328,727)	-	(1,328,727)
Total other financing sources (uses)	-	-	1,328,727	-	(1,328,727)	1,900,000	1,900,000
Net change in fund balances	12,919	135,495	(858,378)	61,459	-	1,680,337	1,031,832
Fund balances, July 1, 2021	152,927	203,809	1,751,631	350,044	-	100,135	2,558,546
Fund balances, June 30, 2022	\$ 165,846	\$ 339,304	\$ 893,253	\$ 411,503	\$ -	\$ 1,780,472	\$ 3,590,378

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**JUNE 30, 2022**

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The Pierce Joint Unified School District (the District) is located in Arbuckle, California. The District was organized as a unified school district of the State of California in 1964 and provides public education for grades kindergarten through twelve within Colusa County. There were no changes to the District boundaries in the current year. The District currently operates two elementary schools, one junior high school, one high school, and a continuation high school.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Abel Gomez	President	2024
Barbara Bair	Vice-President	2022
John Friel	Clerk	2024
George Green	Member	2024
Amy Charter	Member	2022

**ADMINISTRATION**

Carol Geyer  
Superintendent

Daena Meras  
Chief Business Official

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**JUNE 30, 2022**

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	<b>Second Period Report</b>	<b>Second Period Report*</b>	<b>Annual Report</b>
Elementary			
TK through Third	382.75	382.48	383.96
Fourth through Sixth	313.56	313.57	313.59
Seventh through Eighth	210.16	208.63	209.86
Total Elementary	906.47	904.68	907.41
Secondary			
Regular classes	462.33	459.55	458.00
Continuation education	10.25	9.80	9.91
Total Secondary	472.58	469.35	467.91
Total	1,379.05	1,374.03	1,375.32

\* The revisions to the Second Period of Attendance are not the result of the audit.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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<b><u>Grade Level</u></b>	<b><u>Standard Minutes Requirement</u></b>	<b><u>2021-22 Actual Minutes</u></b>	<b><u>Instructional Days</u></b>	<b><u>Status</u></b>
Kindergarten	36,000	58,585	180	In compliance
Grade 1	50,400	54,085	180	In compliance
Grade 2	50,400	54,805	180	In compliance
Grade 3	50,400	54,805	180	In compliance
Grade 4	54,000	56,785	180	In compliance
Grade 5	54,000	56,785	180	In compliance
Grade 6	54,000	55,645	180	In compliance
Grade 7	54,000	65,025	180	In compliance
Grade 8	54,000	65,025	180	In compliance
Grade 9	64,800	66,668	180	In compliance
Grade 10	64,800	66,668	180	In compliance
Grade 11	64,800	66,668	180	In compliance
Grade 12	64,800	66,668	180	In compliance



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**FOR FISCAL YEAR ENDED JUNE 30, 2022**

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<u>Charter School ID Number</u>	<u>Charter Schools Chartered by the District</u>	<u>Included in the District Financial Statements, or Separate Report</u>
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There are currently no charter schools within the District.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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There were no adjustments made to any funds of the District.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Assistance Listing Number</b>	<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
Education Stabilization Fund (ESF) Cluster			
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund	15536	* \$ 21
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	* 408,638
84.425	Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	* 286,371
	Subtotal Education Stabilization Fund (ESF) Cluster		<u>695,030</u>
Title III Cluster:			
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	62,925
84.365A	ESEA (ESSA): Title III, Immigrant Student Program	14346	<u>1,339</u>
	Subtotal Title III Cluster		<u>64,264</u>
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	259,326
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	<u>3,142</u>
	Total U.S. Department of Education		<u>1,021,762</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: School Programs (NSL Sec 4)	13391	864,672
10.555	SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	15637	<u>15,388</u>
	Total U.S. Department of Agriculture		<u>880,060</u>
	Total Federal Programs		<u>\$ 1,901,822</u>

\* Tested as a major program

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Adopted Budget 2022/2023</b>	<b>Actuals 2021/2022</b>	<b>Actuals 2020/2021</b>	<b>Actuals 2019/2020</b>
<b><u>General Fund and Special Reserve Fund for Other Than Capital Outlay</u></b>				
Revenues and Other Financial Sources	\$ 22,578,197	\$ 22,239,282	\$ 21,632,353	\$ 19,152,732
Expenditures	21,075,136	20,199,888	19,736,206	17,631,555
Other Uses and Transfers Out	528,448	1,900,000	128,448	371,747
Total Outgo	21,603,584	22,099,888	19,864,654	18,003,302
Change in Fund Balance	974,613	139,394	1,767,699	1,149,430
Ending Fund Balance	<u>\$ 12,201,778</u>	<u>\$ 11,227,165</u>	<u>\$ 11,087,771</u>	<u>\$ 9,320,072</u>
Available Reserves	<u>\$ 10,160,867</u>	<u>\$ 9,197,824</u>	<u>\$ 9,702,550</u>	<u>\$ 8,588,595</u>
Reserve for Economic Uncertainties	<u>\$ 10,160,867</u>	<u>\$ 9,197,824</u>	<u>\$ 9,702,550</u>	<u>\$ 8,634,722</u>
Undesignated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,127)</u>
Available Reserves as a Percentage of Total Outgo	47.0%	41.6%	48.8%	47.7%
Total Long-Term Debt	\$ 27,972,798	\$ 28,858,992	\$ 37,704,219	\$ 33,216,472
Average Daily Attendance at P-2	1,409	1,374	1,400	1,400

The general fund and special reserve fund for other than capital outlay fund balance has increased by \$3,056,523 over the past three years. The fiscal year 2022-23 budget projects an increase of \$974,613. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in all of the past three fiscal years.

Total long-term liabilities have decreased by \$4,357,480 over the past two years due to decreases in the net pension liability offset by the issuances of new general obligation bonds.

Average Daily Attendance (ADA) has decreased by 26 over the past two years and attendance is budgeted to increase for the fiscal year 2022-23.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Schedule Of Average Daily Attendance**

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

**2. Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

**3. Schedule of Charter Schools**

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

**4. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Annual Financial and Budget Report with the audited financial statements.

**5. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the County Office and is presented under the modified accrual basis of accounting. The April 2022 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) require a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District did not elect to use the 10% de minimis cost rate.

The schedule on the following page provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of federal food commodities received from the California Department of Education as a pass-through grant from the U.S. Department of Agriculture that are not reflected in the financial statements.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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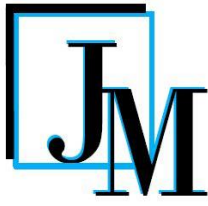
**5. Schedule of Expenditures of Federal Awards (Continued)**

	<b>Assistance Listing Number</b>	<b>Amount</b>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$2,039,888
Reconciling items		
Child Nutrition: School Programs (NSL Sec 4)	10.555	(74,684)
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	(42,847)
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	(20,535)
Total Schedule of Expenditures of Federal Awards		\$1,901,822

**6. 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.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

Board of Trustees  
Pierce Joint Unified School District  
Arbuckle, California

We have audited the compliance of Pierce Joint Unified School District (the “District”) with the types of compliance requirements described in the State of California’s 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the “Audit Guide”) to the state laws and regulations listed below for the year ended June 30, 2022.

**Management’s Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District’s management.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the District’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed 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.



**Local Education Agencies Other Than Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

**School Districts, County Offices of Education, and Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	
General Requirements	
After School	Yes
Before School	No, see below
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	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In-Person Instruction Grant	Yes

**Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Independent Study and Continuation Education as the reported ADA was below the materiality threshold for testing in the current year.

We did not perform any procedures related to Career Technical Education Incentive Grant (ELO-G) as the District did not receive any funding in the current year.

We did not perform any procedures related to Immunizations as none of the District's schools appeared on the lists of schools that did not submit immunization assessment reports to the California Department of Public Health or those that reported combined conditional admission and overdue rates greater than 10 percent in kindergarten and in 7th grade.

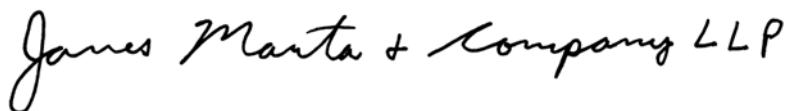
We did not perform any procedures related to Independent Study-Course Based, Early Retirement Incentive, Juvenile Court Schools, Middle or Early College High Schools, Apprenticeship: Related and Supplemental Instruction, the Before portion of the After/Before School Education and Safety Program, and District of Choice because the District did not participate in these programs.

We did not perform any procedures related to California Clean Energy Jobs Act because the District completed the requirements in a previous fiscal year.

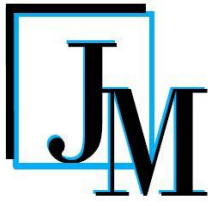
We did not perform any procedures related to Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

**Opinion on Compliance with State Laws and Regulations**

In our opinion, Pierce Joint Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2022.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 21, 2022



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Pierce Joint Unified School District  
Arbuckle, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Joint Unified School District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

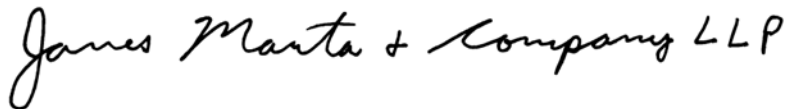
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

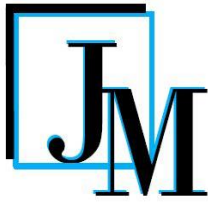
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 21, 2022



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Pierce Joint Unified School District  
Arbuckle, California

**Compliance**

We have audited Pierce Joint Unified School District's (the "District") compliance with the types of compliance requirements described in the April 2022 Edition of the OMB Compliance Supplement that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the April 2022 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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

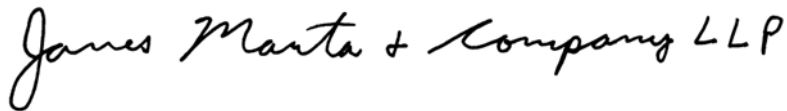
## Internal Control Over Compliance

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

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

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

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



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 21, 2022

## **FINDINGS AND RECOMMENDATION**

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes    \_\_\_\_\_ X No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 200.516(a)? \_\_\_\_\_ Yes    \_\_\_\_\_ X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund (ESF) Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes    \_\_\_\_\_ No

**State Awards**

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

Type of auditor’s report issued on compliance for state programs: Unmodified



**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

No matters were reported.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Section IV – State Award Findings and Questioned Costs**

No matters were reported.

**PIERCE JOINT UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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No matters were reported.