

PIERCE JOINT UNIFIED SCHOOL DISTRICT

**COUNTY OF COLUSA
ARBUCKLE, CALIFORNIA**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PIERCE JOINT UNIFIED SCHOOL DISTRICT

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PIERCE JOINT UNIFIED SCHOOL DISTRICT

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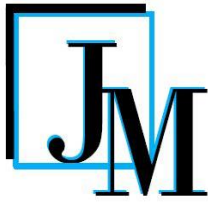
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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pierce Joint Unified School District
Arbuckle, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pierce Joint Unified School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pierce Joint Unified School District (the “District”), as of June 30, 2021, 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.

Other Matters

Change in Accounting Principle

As described in Note 1V to the financial statements, the District adopted GASB Statement No. 84, Fiduciary Activities which required a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

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

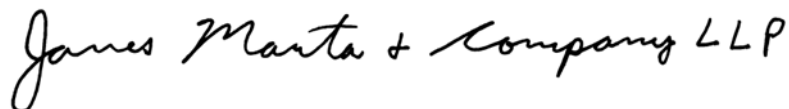
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by the July 2021 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 and the 2021 Compliance Supplement Addendum, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents 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 January 27, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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
January 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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, 2021. 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 a

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, 2021

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, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position, as of June 30, 2021, was \$14,573,355 reflecting an increase of 38.63%.

Table 1 – Net Position

	Governmental Activities		Net Change
	2021	(As restated) 2020	
Assets			
Current and other assets	\$ 17,174,458	\$ 14,636,311	\$ 2,538,147
Capital assets	28,479,747	25,688,851	2,790,896
Total Assets	45,654,205	40,325,162	5,329,043
Deferred Outflows of Resources			
Deferred loss on refunding of bonds	1,789,265	654	1,788,611
Deferred outflows on pensions	7,746,389	7,342,586	403,803
Total Deferred Outflows	9,535,654	7,343,240	2,192,414
Liabilities			
Current liabilities	2,064,621	1,383,921	680,700
Long-term obligations	36,916,131	32,588,384	4,327,747
Total Liabilities	38,980,752	33,972,305	5,008,447
Deferred Inflows of Resources			
Deferred bond premium revenue	-	841,922	(841,922)
Deferred inflows on pensions	1,635,752	2,341,996	(706,244)
Total Deferred Inflows	1,635,752	3,183,918	(1,548,166)
Net Position			
Net investment in capital assets	49,071,479	45,088,500	3,982,979
Restricted	6,069,184	3,261,635	2,807,549
Unrestricted	(40,567,308)	(37,837,956)	(2,729,352)
Total Net Position	\$ 14,573,355	\$ 10,512,179	\$ 4,061,176

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Change in Net Position

The District's total revenues increased 18.26% to \$25,552,982. The total cost of all programs and services increased by 14.81% to \$21,491,806. The District's expenses are predominantly related to educating and caring for students (63.84%). The purely administrative activities of the District accounted for 7.36% of total costs.

Table 2 – Change in Net Position

	Governmental Activities		Net Change
	2021	2020	
Revenues			
Program revenues:			
Charges for services	\$ 154,922	\$ 198,347	\$ (43,425)
Operating grants and contributions	6,825,617	2,490,785	4,334,832
General revenues:			
Federal and State aid not restricted	10,532,490	11,378,899	(846,409)
Property taxes	6,205,432	6,018,050	187,382
Other general revenues	1,834,521	1,521,112	313,409
Total Revenues	25,552,982	21,607,193	3,945,789
Expenses			
Instruction-related	12,145,849	10,313,501	1,832,348
Student support services	1,575,248	1,777,793	(202,545)
Administration	1,581,753	1,378,212	203,541
Maintenance and operations	1,852,385	1,731,249	121,136
Other	4,336,571	3,518,019	818,552
Total Expenses	21,491,806	18,718,774	2,773,032
Change in Net Position	\$ 4,061,176	\$ 2,888,419	\$ 1,172,757

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities was \$21,491,806 and \$18,718,774 for June 30, 2021 and 2020, 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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the school year, the governmental funds reported a combined fund balance of \$16,011,550 which is a decrease of \$1,875,229 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 \$2,790,896 in fiscal year 2020-21, as acquisitions and improvements grew at a higher rate than accumulated depreciation.

Long-Term Liabilities

Total long-term liabilities increased \$4,487,747 in fiscal year 2020-21. This was mainly due to the District's increase in Net Pension Liability of \$1,400,075 and an increase to the entering into a loan agreement with the California Energy Commission of \$1,974,850. General Obligation Bond Liability increased by \$1,192,083 due to refunding.

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.

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 increase slightly in fiscal year 2021-22.
- 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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,277,409
Receivables	2,878,502
Prepaid expenses	18,547
Capital assets, net of accumulated depreciation	28,479,747
Total Assets	45,654,205
DEFERRED OUTFLOWS	
Deferred loss on refunding of bonds	1,789,265
Deferred outflows on pensions (Note 6)	7,746,389
Total deferred outflows	9,535,654
LIABILITIES	
Accounts payable and other current liabilities	853,583
Unearned revenue	422,950
Long-term liabilities:	
Due within one year	788,088
Due in more than one year	36,916,131
Total Liabilities	38,980,752
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pensions (Note 6)	1,635,752
Total deferred inflows	1,635,752
NET POSITION	
Net investment in capital assets	49,071,479
Restricted	6,069,184
Unrestricted	(40,567,308)
Total Net Position	\$ 14,573,355

PIERCE JOINT UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental Activities					
Instruction	\$ 10,806,064	\$ 13,415	\$ 3,725,240	\$ 1,640,446	\$ (5,426,963)
Instructional library, media and technology	104,876	-	60,018	-	(44,858)
School site administration	1,234,909	-	107,007	-	(1,127,902)
Pupil Services:					
Home-to-school transportation	329,822	-	39,608	-	(290,214)
Food services	769,640	289	790,092	-	20,741
All other pupil services	475,786	-	131,034	-	(344,752)
General administration:					
Centralized data processing	357,072	-	31,054	-	(326,018)
All other general administration	1,224,681	-	94,535	-	(1,130,146)
Plant services	1,852,385	103,798	159,910	-	(1,588,677)
Ancillary services	120,439	37,420	46,673	-	(36,346)
Community services	20,753	-	-	-	(20,753)
Enterprise activities	4,858	-	-	-	(4,858)
Interest on long-term debt	1,613,072	-	-	-	(1,613,072)
Other outgo	1,051,874	-	-	-	(1,051,874)
Depreciation (unallocated)	1,525,575	-	-	-	(1,525,575)
Total governmental activities	<u>\$ 21,491,806</u>	<u>\$ 154,922</u>	<u>\$ 5,185,171</u>	<u>\$ 1,640,446</u>	<u>(14,511,267)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					4,895,716
Taxes levied for debt service					1,309,716
Federal and state aid not restricted to specific purposes					10,532,490
Interest and investment earnings					70,032
Interagency revenues					41,989
Miscellaneous					1,722,500
Total General Revenues					<u>18,572,443</u>
Change in Net Position					4,061,176
Net Position - July 1, 2020, as originally stated					<u>10,354,137</u>
Change in accounting principle (Note 1V)					<u>158,042</u>
Net Position - July 1, 2020, as restated					<u>10,512,179</u>
Net Position - June 30, 2021					<u>\$ 14,573,355</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$ 9,222,395	\$ 1,912,032	\$ 2,385,233	\$ 777,749	\$ 14,297,409
Accounts receivable	2,848,913	2,550	-	27,039	2,878,502
Due from other funds	100,000	-	-	128,448	228,448
Prepaid expenses	18,547	-	-	-	18,547
Total Assets	\$ 12,189,855	\$ 1,914,582	\$ 2,385,233	\$ 933,236	\$ 17,422,906
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 450,686	\$ 162,951	\$ -	\$ 126,321	\$ 739,958
Due to other funds	228,448	-	-	-	228,448
Unearned revenue	422,950	-	-	-	422,950
Total Liabilities	1,102,084	162,951	-	126,321	1,391,356
Fund balances					
Nonspendable	58,547	-	-	-	58,547
Restricted	1,225,540	1,751,631	2,385,233	706,780	6,069,184
Assigned	101,134	-	-	100,135	201,269
Unassigned	9,702,550	-	-	-	9,702,550
Total Fund Balances	11,087,771	1,751,631	2,385,233	806,915	16,031,550
Total liabilities and fund balances	\$ 12,189,855	\$ 1,914,582	\$ 2,385,233	\$ 933,236	\$ 17,422,906

PIERCE JOINT UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2021

Total fund balances - governmental funds	\$ 16,011,550
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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:	\$ 45,524,342	
Accumulated depreciation:	(17,044,595)	
Net:		28,479,747

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	7,746,389
Deferred inflows of resources relating to pensions	(1,635,752)

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.

	(113,625)
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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	1,789,265
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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:	\$ 18,906,079	
Net pension liability	16,544,803	
California Energy Commission Loan	1,974,850	
Supplemental employee retirement plan	247,652	
Compensated absences payable	30,835	
		(37,704,219)

Total net position, governmental activities:	\$ 14,573,355
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PIERCE JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
REVENUES					
LCFF sources	\$ 15,100,801	\$ -	\$ -	\$ -	\$ 15,100,801
Federal revenue	2,466,614	-	-	706,580	3,173,194
Other state revenues	2,237,760	-	4,512	1,698,238	3,940,510
Other local revenues	1,827,178	3,015	1,311,374	196,923	3,338,490
Total revenues	21,632,353	3,015	1,315,886	2,601,741	25,552,995
EXPENDITURES					
Certificated salaries	7,041,872	-	-	-	7,041,872
Classified salaries	2,051,173	-	-	328,278	2,379,451
Employee benefits	3,717,784	-	-	135,967	3,853,751
Books and supplies	1,621,072	-	-	344,414	1,965,486
Services and other operating expenditures	1,810,760	-	217,926	40,573	2,069,259
Capital outlay	2,441,671	1,544,294	-	382,062	4,368,027
Other outgo	1,051,874	-	-	-	1,051,874
Debt service expenditures	-	-	1,164,023	-	1,164,023
Total expenditures	19,736,206	1,544,294	1,381,949	1,231,294	23,893,743
Excess (deficiency) of revenues over expenditures	1,896,147	(1,541,279)	(66,063)	1,370,447	1,659,252
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	1,640,446	-	128,448	1,768,894
Operating transfers out	(128,448)	-	-	(1,640,446)	(1,768,894)
Other sources	-	-	9,545,000	-	9,545,000
Other uses	-	-	(9,329,024)	-	(9,329,024)
Total other financing sources (uses)	(128,448)	1,640,446	215,976	(1,511,998)	215,976
Net change in fund balances	1,767,699	99,167	149,913	(141,551)	1,875,228
Fund balances, July 1, 2020, as originally reported	9,320,072	1,652,464	2,235,320	790,423	13,998,279
Change in accounting principle (Note 1V)	-	-	-	158,043	158,043
Fund balances, July 1, 2020, as restated	9,320,072	1,652,464	2,235,320	948,466	14,156,322
Fund balances, June 30, 2021	\$ 11,087,771	\$ 1,751,631	\$ 2,385,233	\$ 806,915	\$ 16,031,550

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, 2021

Total net change in fund balances - governmental funds: \$ 1,875,229

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:	\$ 4,316,471	
Depreciation expense:	<u>(1,525,575)</u>	2,790,896

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: 7,990,590

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: (11,519,850)

Accreted interest on capital appreciation bonds is recognized as an expense in the government-wide statement of activities. 362,327

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: 142,218

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: 78,088

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: (290,028)

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: 1,173

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: 2,630,533

Total change in net position - governmental activities \$ 4,061,176

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021

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, 2021

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, 2021

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 **Special Reserve Fund for Capital Outlay Projects** is used primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (Education Code section 42840).

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.

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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021

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, 2021

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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

S. 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.

T. 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.

U. 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, 2021

V. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. Prior to GASB 84 implementation, the District accounted for the Associated Student Body activity as Fiduciary Activities within the Agency Funds, which are now called Custodial Funds. The Associated Student Body activity no longer fit the criteria to be considered Fiduciary Activities. As a result, the Associated Student Body activity will be reported as a governmental activity under the Student Activity Fund in the basic financial statements.

Beginning of year net position has been restated as follows:

Net position previously reported, June 30, 2020	\$ 10,354,137
Change in accounting principle (Note 1V)	<u>158,042</u>
Net position as restated	<u><u>\$ 10,512,179</u></u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021 consist of the following:

	Governmental Activities
Cash in County Treasury	\$ 14,146,018
Cash on hand and in banks	111,391
Cash in revolving fund	<u>20,000</u>
	<u>\$ 14,277,409</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 2,399 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, 2021

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, 2021, the interfund balances were as follows:

	Due From	Due To
General Fund	\$ 100,000	\$ 228,448
Cafeteria Fund	28,448	-
Special Reserve Fund for Capital Outlay Projects	100,000	-
Total	\$ 228,448	\$ 228,448

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, 2021 are as follows:

Transfer from General Fund to Cafeteria Fund for breakfast program funding.	\$ 28,448
Transfer from Special Reserve Fund for Capital Outlay Projects to Building Fund for building projects.	1,640,446
Transfer from General Fund to Special Reserve Fund for Capital Outlay Projects to cover for capital outlay expenditures.	100,000
Total Transfers	\$ 1,768,894

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

4. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions and Transfers	Deductions and Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 89,042	\$ -	\$ -	\$ 89,042
Work in progress	2,573,482	2,214,715	-	4,788,197
	<u>2,662,524</u>	<u>2,214,715</u>	<u>-</u>	<u>4,877,239</u>
Depreciable assets:				
Sites and improvements	1,185,361	584,449	-	1,769,810
Building and improvements	33,718,725	105,967	-	33,824,692
Furniture and equipment	3,641,261	1,411,340	-	5,052,601
	<u>38,545,347</u>	<u>2,101,756</u>	<u>-</u>	<u>40,647,103</u>
Totals, at cost	<u>41,207,871</u>	<u>4,316,471</u>	<u>-</u>	<u>45,524,342</u>
Accumulated depreciation:				
Sites and improvements	(637,996)	(77,587)	-	(715,583)
Building and improvements	(12,802,943)	(998,885)	-	(13,801,828)
Furniture and equipment	(2,078,081)	(449,103)	-	(2,527,184)
	<u>(15,519,020)</u>	<u>(1,525,575)</u>	<u>-</u>	<u>(17,044,595)</u>
Depreciable assets, net	<u>23,026,327</u>	<u>576,181</u>	<u>-</u>	<u>23,602,508</u>
Capital assets, net	<u>\$ 25,688,851</u>	<u>\$ 2,790,896</u>	<u>\$ -</u>	<u>\$ 28,479,747</u>

The entire amount of depreciation expense was unallocated.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, is shown below:

	Balance			Balance	Due
	July 1, 2020	Additions	Deductions	June 30, 2021	Within
					One Year
General Obligation Bonds	\$ 15,833,428	\$ 9,545,000	\$ 7,990,590	\$ 17,387,838	\$ 346,343
Accreted Interest	1,880,568	-	362,327	1,518,241	363,657
Compensated Absences	32,008	-	1,173	30,835	-
California Energy Commission Loan	-	1,974,850	-	1,974,850	-
Supplemental Employee Retirement Plan	325,740	-	78,088	247,652	78,088
Net Pension Liability	15,144,728	1,400,075	-	16,544,803	-
	<u>\$ 33,216,472</u>	<u>\$ 12,919,925</u>	<u>\$ 8,432,178</u>	<u>\$ 37,704,219</u>	<u>\$ 788,088</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, 2021 is \$1,974,850.

Year Ended			
June 30,	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	103,939	-	103,939
2024	103,939	-	103,939
2025	103,939	-	103,939
2026	103,939	-	103,939
2027-2031	519,698	-	519,698
2032-2036	519,698	-	519,698
20237-2041	519,698	-	519,698
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, 2021

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		Maturity Date	Amount of		Issued in Current Year	Accreted	Redeemed	Outstanding June 30, 2021
	Of Issue	Interest Rates		Original Issue	Outstanding July 1, 2020		Interest Current Year	Current Year	
Capital Appreciation	2002	5.30 - 5.64%	8/1/2027	\$ 1,736,041	\$ 1,518,428	\$ -	\$ -	\$ 210,590	\$ 1,307,838
Accreted Interest	2002	5.30 - 5.64%	8/1/2027	-	1,880,568	-	-	362,327	1,518,241
2016, Series A	2017	2.00 - 5.00%	8/1/2046	7,000,000	6,315,000	-	-	4,450,000	1,865,000
2016, Series B	2018	2.00 - 5.00%	8/1/2044	8,000,000	8,000,000	-	-	3,330,000	4,670,000
2021 Refunding	2021	0.259 - 3.075%	8/1/2047	9,545,000	-	9,545,000	-	-	9,545,000
				<u>\$26,281,041</u>	<u>\$17,713,996</u>	<u>\$9,545,000</u>	<u>\$ -</u>	<u>\$ 8,352,917</u>	<u>\$18,906,079</u>

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

Year Ended June 30,	Year Ended		
	Principal	Interest	Total
2022	\$ 346,343	\$ 636,357	\$ 982,700
2023	325,548	877,658	1,203,206
2024	344,897	901,399	1,246,296
2025	366,738	926,297	1,293,035
2026	381,500	948,387	1,329,887
2027-2031	1,827,812	3,335,628	5,163,440
2032-2036	2,470,000	2,036,700	4,506,700
2037-2041	3,820,000	1,576,034	5,396,034
2042-2046	5,620,000	842,306	6,462,306
2047-2051	1,885,000	67,341	1,952,341
Totals	<u>\$ 17,387,838</u>	<u>\$ 12,148,107</u>	<u>\$ 29,535,945</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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. Future estimated payments at June 30, 2021 are as follows:

Year Ended	
June 30,	Principal
2022	78,088
2023	75,937
2024	50,000
2025	43,627
Totals	<u>\$ 247,652</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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 comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS 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 comprehensive annual 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, 2021, 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	20.700%	20.700%	16.15%	16.15%

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	CalPERS	STRS	Total
Contributions - employer	\$ 436,797	\$ 1,085,570	\$ 1,522,367
On behalf contributions - state	-	707,269	707,269
Total	\$ 436,797	\$ 1,792,839	\$ 2,229,636

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

As of June 30, 2021, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 4,421,168
STRS	12,123,635
Total Net Pension Liability	\$ 16,544,803

PIERCE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

Measurement			
Dates	Fiscal Year	CalPERS	STRS
June 30, 2019	2019-20	0.01489%	0.01196%
June 30, 2020	2020-21	0.01441%	0.01251%
Change - Increase (Decrease)		<u>-0.00048%</u>	<u>0.00055%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$290,028. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 436,797	\$ -	\$ 1,792,839	\$ -	\$ 2,229,636	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2019-20	77,716	36,494	119,228	308,177	196,944	344,671
Changes of Assumptions	221,729	-	3,846,836	-	4,068,565	-
Differences between Expected and Actual Experience	395,338	-	74,895	769,408	470,233	769,408
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	39,544	194,044	653,840	78,710	693,384	272,754
Net differences between projected and actual investment earnings on pension plan investments	87,627	-	-	248,919	87,627	248,919
Total	<u>\$ 1,258,751</u>	<u>\$ 230,538</u>	<u>\$ 6,487,638</u>	<u>\$ 1,405,214</u>	<u>\$ 7,746,389</u>	<u>\$ 1,635,752</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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 year ended June 30, 2022. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2022	\$ 361,354	\$ 621,013	\$ 982,367
2023	140,083	696,294	836,377
2024	66,679	801,910	868,589
2025	23,299	626,308	649,607
2026	-	332,436	332,436
Thereafter	-	211,625	211,625
Total	\$ 591,415	\$ 3,289,586	\$ 3,881,001

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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 ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

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.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

^(a) An expected inflation of 2.00% used for this period

^(b) 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, 2020 measurement date, are summarized in the following table.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return ^(a)
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%	

^(a) 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)	\$ 6,356,235	\$ 4,421,168	\$ 2,815,159

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	\$ 18,317,124	\$ 12,123,635	\$ 7,010,038

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

As of June 30, 2021, the District had no outstanding required contributions to the pension plans.

PIERCE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
Nonspendable:					
Prepaid Expenses	\$ 18,547	\$ -	\$ -	\$ -	\$ 18,547
Revolving Cash	40,000	-	-	-	40,000
Total Nonspendable	<u>58,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,547</u>
Restricted:					
Classified: School Employee Professional Development Block Grant	6,534	-	-	-	6,534
Ongoing & Major Maintenance Account	562,219	-	-	-	562,219
Expanded Learning Opportunities (ELO) Grant	347,194	-	-	-	347,194
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff	47,542	-	-	-	47,542
Child Nutrition: School Programs	-	-	-	203,809	203,809
Lottery: Instructional Materials	200,613	-	-	-	200,613
Bond repayments	-	-	2,385,233	-	2,385,233
Other Restricted Local	61,438	-	-	350,044	411,482
Bond fund balance	-	1,751,631	-	-	1,751,631
Student Activity Funds	-	-	-	152,927	152,927
Total Restricted	<u>1,225,540</u>	<u>1,751,631</u>	<u>2,385,233</u>	<u>706,780</u>	<u>6,069,184</u>
Assigned:					
Bus Replacement Reserve	101,134	-	-	-	101,134
Capital Projects Reserve	-	-	-	100,135	100,135
Total Assigned	<u>101,134</u>	<u>-</u>	<u>-</u>	<u>100,135</u>	<u>201,269</u>
Unassigned:					
Reserve for Economic Uncertainties	9,702,550	-	-	-	9,702,550
Total Unassigned	<u>9,702,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,702,550</u>
Total Fund Balances	<u>\$ 11,087,771</u>	<u>\$ 1,751,631</u>	<u>\$ 2,385,233</u>	<u>\$ 806,915</u>	<u>\$ 16,031,550</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2020*	NVSIG June 30, 2019*	SELF June 30, 2020*
Total Assets	\$ 31,162,833	\$ 3,462,129	\$ 174,621,313
Deferred Outflows of Resources	193,233	-	312,483
Total Liabilities	9,491,036	1,470,494	141,193,559
Deferred Inflows of Resources	79,963	-	64,325
Net Position	<u>\$ 21,785,067</u>	<u>\$ 1,991,635</u>	<u>\$ 33,675,912</u>
Revenues	\$ 46,777,391	\$ 14,333,771	\$ 77,945,029
Expenditures	44,211,743	14,073,808	64,133,389
Change in Net Position	<u>\$ 2,565,648</u>	<u>\$ 259,963</u>	<u>\$ 13,811,640</u>

* 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, 2021

10. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District’s operations and financial results at this time.

The District’s management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2021 through January 27, 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, 2021

	<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>
REVENUES				
LCFF sources	\$ 14,074,113	\$ 15,180,964	\$ 15,100,801	\$ (80,163)
Federal revenue	402,532	2,857,147	2,466,614	(390,533)
Other state revenues	1,003,110	3,465,023	2,237,760	(1,227,263)
Other local revenues	293,100	1,829,912	1,827,178	(2,734)
Total revenues	15,772,855	23,333,046	21,632,353	(1,700,693)
EXPENDITURES				
Certificated salaries	6,951,628	7,370,309	7,041,872	328,437
Classified salaries	2,010,354	2,122,578	2,051,173	71,405
Employee benefits	3,356,051	3,952,160	3,717,784	234,376
Books and supplies	1,367,384	4,783,190	1,621,072	3,162,118
Services and other operating expenditures	1,995,837	3,375,319	1,810,760	1,564,559
Capital outlay	325,518	2,498,210	2,441,671	56,539
Other outgo	-	1,097,408	1,051,874	45,534
Total expenditures	16,006,772	25,199,174	19,736,206	5,462,968
Excess (deficiency) of revenues over expenditures	(233,917)	(1,866,128)	1,896,147	3,762,275
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(128,448)	(128,448)	(128,448)	-
Total other financing sources (uses)	(128,448)	(128,448)	(128,448)	-
Net change in fund balances	(362,365)	(1,994,576)	1,767,699	3,762,275
Fund balances, July 1, 2020	9,300,072	9,300,072	9,300,072	-
Fund balances, June 30, 2021	\$ 8,937,707	\$ 7,305,496	\$ 11,067,771	\$ 3,762,275

PIERCE JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾	June 30, 2016⁽¹⁾	June 30, 2017⁽¹⁾	June 30, 2018⁽¹⁾	June 30, 2019⁽¹⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.01459%	0.01492%	0.01547%	0.01485%	0.01557%	0.01489%	0.01441%
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
Covered payroll ⁽²⁾	\$ 1,489,066	\$ 1,641,513	\$ 1,583,093	\$ 1,693,754	\$ 1,766,067	\$ 1,889,397	\$ 2,606,681
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%
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%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 175,278	\$ 194,470	\$ 219,860	\$ 263,057	\$ 318,987	\$ 372,608	\$ 539,583

STRS	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾	June 30, 2016⁽¹⁾	June 30, 2017⁽¹⁾	June 30, 2018⁽¹⁾	June 30, 2019⁽¹⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.01119%	0.01142%	0.01176%	0.01186%	0.01209%	0.01196%	0.01251%
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
Covered payroll ⁽²⁾	\$ 4,628,682	\$ 4,387,642	\$ 4,998,879	\$ 5,479,737	\$ 5,705,584	\$ 6,121,585	\$ 7,583,090
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%
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%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 411,027	\$ 470,794	\$ 628,859	\$ 790,726	\$ 928,869	\$ 1,046,791	\$ 1,224,669

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

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

(3) 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, 2021

CalPERS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 175,278	\$ 194,470	\$ 219,860	\$ 263,057	\$ 318,987	\$ 372,608	\$ 539,583
Contributions in relation to the contractually required contribution ⁽²⁾	(192,649)	(220,106)	(262,927)	(321,583)	(376,936)	(415,574)	(436,797)
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>
Covered payroll ⁽³⁾	\$ 1,489,066	\$ 1,641,513	\$ 1,583,093	\$ 1,693,754	\$ 1,766,067	\$ 1,889,397	\$ 2,606,681
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%
STRS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 411,027	\$ 470,794	\$ 628,859	\$ 790,726	\$ 928,869	\$ 1,046,791	\$ 1,224,669
Contributions in relation to the contractually required contribution ⁽²⁾	(493,039)	(635,416)	(794,756)	(939,083)	(1,066,031)	(1,180,212)	(1,085,570)
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>
Covered payroll ⁽³⁾	\$ 4,628,682	\$ 4,387,642	\$ 4,998,879	\$ 5,479,737	\$ 5,705,584	\$ 6,121,585	\$ 7,583,090
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%

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

⁽²⁾ 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.

⁽³⁾ 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, 2021

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 seven years are shown.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 seven years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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 ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

SUPPLEMENTARY INFORMATION

PIERCE JOINT UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total
ASSETS						
Cash and cash equivalents	\$ 152,927	\$ 184,311	\$ 440,376	\$ -	\$ 135	\$ 777,749
Accounts receivable	-	26,407	632	-	-	27,039
Due from other funds	-	28,448	-	-	100,000	128,448
Total Assets	<u>\$ 152,927</u>	<u>\$ 239,166</u>	<u>\$ 441,008</u>	<u>\$ -</u>	<u>\$ 100,135</u>	<u>\$ 933,236</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 35,357	\$ 90,964	\$ -	\$ -	\$ 126,321
Total Liabilities	<u>-</u>	<u>35,357</u>	<u>90,964</u>	<u>-</u>	<u>-</u>	<u>126,321</u>
Fund balances						
Restricted	152,927	203,809	350,044	-	-	706,780
Assigned	-	-	-	-	100,135	100,135
Total Fund Balances	<u>152,927</u>	<u>203,809</u>	<u>350,044</u>	<u>-</u>	<u>100,135</u>	<u>806,915</u>
Total liabilities and fund balances	<u>\$ 152,927</u>	<u>\$ 239,166</u>	<u>\$ 441,008</u>	<u>\$ -</u>	<u>\$ 100,135</u>	<u>\$ 933,236</u>

PIERCE JOINT UNIFIED SCHOOL DISTRICT

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

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total
REVENUES						
Federal revenue	\$ -	\$ 706,580	\$ -	\$ -	\$ -	\$ 706,580
Other state revenues	-	57,792	-	1,640,446	-	1,698,238
Other local revenues	75,649	1,282	120,353	-	(361)	196,923
Total revenues	75,649	765,654	120,353	1,640,446	(361)	2,601,741
EXPENDITURES						
Classified salaries	-	328,278	-	-	-	328,278
Employee benefits	-	135,967	-	-	-	135,967
Books and supplies	73,249	271,165	-	-	-	344,414
Services and other operating expenditures	7,516	13,889	19,168	-	-	40,573
Capital outlay	-	-	382,062	-	-	382,062
Total expenditures	80,765	749,299	401,230	-	-	1,231,294
Excess (deficiency) of revenues over expenditures	(5,116)	16,355	(280,877)	1,640,446	(361)	1,370,447
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	28,448	-	-	100,000	128,448
Operating transfers out	-	-	-	(1,640,446)	-	(1,640,446)
Total other financing sources (uses)	-	28,448	-	(1,640,446)	100,000	(1,511,998)
Net change in fund balances	(5,116)	44,803	(280,877)	-	99,639	(141,551)
Fund balances, July 1, 2020, as originally reported	-	159,006	630,921	-	496	790,423
Change in accounting principle (Note 1V)	158,043	-	-	-	-	158,043
Fund balances, July 1, 2020, as restated	158,043	159,006	630,921	-	496	948,466
Fund balances, June 30, 2021	\$ 152,927	\$ 203,809	\$ 350,044	\$ -	\$ 100,135	\$ 806,915

PIERCE JOINT UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2021

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 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>
Amy Charter	President	2024
Abel Gomez	Vice-President	2022
Barbara Bair	Clerk	2024
John Friel	Member	2022
George Green	Member	2024

ADMINISTRATION

Carol Geyer
Superintendent

Daena Meras
Chief Business Official

PIERCE JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Grade Level</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	180	In compliance
Grade 1	180	In compliance
Grade 2	180	In compliance
Grade 3	180	In compliance
Grade 4	180	In compliance
Grade 5	180	In compliance
Grade 6	180	In compliance
Grade 7	180	In compliance
Grade 8	180	In compliance
Grade 9	180	In compliance
Grade 10	180	In compliance
Grade 11	180	In compliance
Grade 12	180	In compliance

PIERCE JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR FISCAL YEAR ENDED JUNE 30, 2021

<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, 2021

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, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<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	* \$ 229,997
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	* 502,256
84.425C	Governor's Emergency Education Relief (GEER) Fund:		
	Learning Loss Mitigation	15517	* 75,902
84.425	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	15535	* 39,618
	Subtotal Education Stabilization Fund (ESF) Cluster		847,773
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	60,782
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	288,091
84.367	ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	14341	42,885
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	10,055
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	21,236
	Total U.S. Department of Education		1,270,822
<u>U.S. Department of the Treasury</u>			
<i>Passed through California Department of Education</i>			
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation	13391	* 1,212,526
	Total U.S. Department of the Treasury		1,212,526
<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	656,765
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	10,197
	Total U.S. Department of Agriculture		666,962
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education</i>			
93.778	Unrestricted: Medi-Cal Administrative Activities (MAA)	10060	22,884
	Total U.S. Department of Health and Human Services		22,884
	Total Federal Programs		\$ 3,173,194

* Tested as a major program

PIERCE JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Adopted Budget 2021/2022	Actuals 2020/2021	Actuals 2019/2020	Actuals 2018/2019
<u>General Fund and Special Reserve Fund for Other Than Capital Outlay</u>				
Revenues and Other Financial Sources	\$ 22,349,021	\$ 21,632,353	\$ 19,132,732	\$ 18,182,395
Expenditures	22,574,601	19,736,206	17,631,555	16,961,026
Other Uses and Transfers Out	128,448	128,448	371,747	29,592
Total Outgo	22,703,049	19,864,654	18,003,302	16,990,618
Change in Fund Balance	(354,028)	1,767,699	1,129,430	1,191,777
Ending Fund Balance	\$ 10,713,743	\$ 11,067,771	\$ 9,300,072	\$ 8,170,642
Available Reserves	\$ 9,386,452	\$ 9,702,550	\$ 8,588,595	\$ 7,479,557
Reserve for Economic Uncertainties	\$ 9,386,452	\$ 9,702,550	\$ 8,634,722	\$ 7,479,557
Undesignated Fund Balance	\$ -	\$ -	\$ (46,127)	\$ -
Available Reserves as a Percentage of Total Outgo	41.3%	48.8%	47.7%	44.0%
Total Long-Term Debt	\$ 36,916,131	\$ 37,704,219	\$ 33,216,472	\$ 33,965,362
Average Daily Attendance at P-2	1,395	1,400	1,400	1,413

The general fund and special reserve fund for other than capital outlay fund balance has increased by \$4,088,906 over the past three years. The fiscal year 2021-22 budget projects a decrease of \$354,028. 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 increased by \$3,738,857 over the past two years due to issuance of new general obligation bonds and increases in the net pension liability.

Average Daily Attendance (ADA) has decreased by 13 over the past two years and attendance is budgeted to decrease for the fiscal year 2021-22.

PIERCE JOINT UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. 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).

2. Schedule of Charter Schools

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

3. 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.

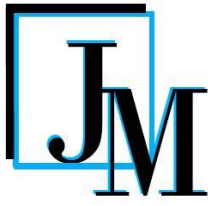
4. Schedule of Expenditures of Federal Awards

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 July 2021 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) and the 2021 Compliance Supplement Addendum 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.

5. 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



**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 2020-21 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, 2021.

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 2020-21 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

Description	Procedures Performed
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	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

Description	Procedures Performed
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

Charter Schools

Description	Procedures Performed
Independent Study-Course Based	No, see below
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
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Kindergarten Continuance because there were no repeating kindergarten students during the year.

We did not perform any procedures related to Early Retirement Incentive, Apprenticeship: Related and Supplemental Instruction, 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 the second previous fiscal year.

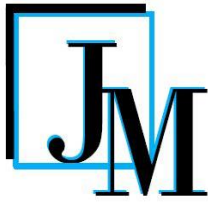
We did not perform any procedures related to Independent Study-Course Based for Charter Schools, Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for 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, 2021.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 27, 2022



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 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.

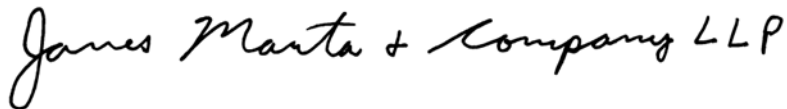
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

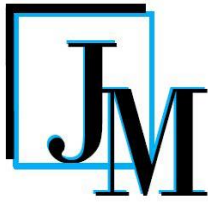
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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
January 27, 2022



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**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 July 2021 Edition of the OMB Compliance Supplement and the 2021 Compliance Supplement Addendum that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2021. 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 July 2021 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* and the 2021 Compliance Supplement Addendum. 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, 2021.

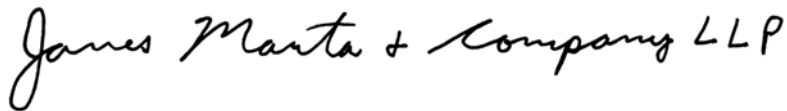
Internal Control Over Compliance

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
January 27, 2022

FINDINGS AND RECOMMENDATION

PIERCE JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation

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, 2021

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, 2021

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, 2021

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, 2021

No matters were reported.