

**RAVENDALE-TERMO SCHOOL DISTRICT  
COUNTY OF LASSEN  
RAVENDALE, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2022**

## Introductory Section

Ravendale-Termo School District  
 Audit Report  
 For The Year Ended June 30, 2022

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Financial Section

### Independent Auditor's Report

To the Board of Trustees  
Ravendale-Termo School District  
Ravendale, California 96123

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

#### **Opinions**

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

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

#### **Basis for Opinions**

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ravendale-Termo School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

## **Required Supplementary Information**

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ravendale-Termo School District's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements. The individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 individual nonmajor fund financial statements and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of Ravendale-Termo School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ravendale-Termo School District's internal control over financial reporting and compliance.

Respectfully submitted,



SingletonAuman PC

Susanville, CA  
November 7, 2022



**RAVENDALE-TERMO SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2022**

**INTRODUCTION**

Our discussion and analysis of Ravendale-Termo School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements (including notes and supplementary information), which follow this section.

**FINANCIAL HIGHLIGHTS**

- Total net position was \$1,591,720 at June 30, 2022. This was a decrease of \$26,407 from the prior year.
- Overall revenues were \$360,997, which was less than expenses of \$387,404 by \$26,407.
- The general fund reported a fund balance this year of \$848,520; an increase of \$5,156 from the prior year.
- The total costs of the District's programs increased by \$77,526 over last year due to expenditures related to the Covid-19 Pandemic.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Statements**

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

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

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

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

### **Fund Financial Statements**

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

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.

## **FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

### **Net Position**

The District's combined net position was \$1,591,720 at June 30, 2022. See Table 1.

The significant changes in Table 1 line items for fiscal 2022 vs. 2021 are:

- Unearned revenue increased due to one-time various COVID revenues not yet spent.
- Net Pension Liability decreased following the most recent actuarial valuation.

o **Table 1:**

**Net Position**

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
<b>Assets</b>			
Cash in County Treasury	\$ 899,210	\$ 919,871	-2.25%
Cash in Revolving Fund	50	50	0.00%
Accounts Receivable	88,766	63,335	40.15%
Capital Assets, Net of Accumulated Depreciation	806,874	848,869	-4.95%
<b>TOTAL ASSETS</b>	<b>1,794,900</b>	<b>1,832,125</b>	
<b>Deferred Outflow of Resources</b>			
Deferred Pension Expenses	54,054	60,147	-10.13%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>54,054</b>	<b>60,147</b>	
<b>Liabilities</b>			
Accounts Payable	86,538	75,640	14.41%
Unearned Revenue	29,792	9,724	206.38%
Net Pension Liability	74,799	148,439	-49.61%
<b>TOTAL LIABILITIES</b>	<b>191,129</b>	<b>233,803</b>	
<b>Deferred Inflows of Resources</b>			
Deferred Pension Revenues	89,976	40,342	123.03%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>89,976</b>	<b>40,342</b>	
<b>Net Position</b>			
Net Investment in Capital Assets	806,874	848,869	-4.95%
Restricted for Federal and State Programs	66,960	18,277	266.36%
Capital Projects	19,856	20,606	-3.64%
Other Purposes	2,159	-	100.00%
Unrestricted	695,871	730,375	-4.72%
<b>TOTAL NET POSITION</b>	<b>\$ 1,591,720</b>	<b>\$ 1,618,127</b>	

**Changes in Net Position**

The District's total revenues were \$360,997. The largest amount of the revenue comes from Operating Grants and Contributions (52.6%). Local Revenues accounted for another 1.7% of total revenues. Revenues increased by \$43,466 from last year primarily due to monies received from the federal and state governments to respond to the COVID-19 Pandemic.

The total cost of all programs and services was \$387,404. The District's expenses are predominately related to educating and caring for students. The remaining expenses were for pupil services, plant services (maintenance and operations), and general administration. Total expenses increased by \$77,526 from the prior year, with higher expenses due to the Covid-19 pandemic.

**Table 2:  
Changes in Net Position**

	Governmental Activities		Total Percentage
	2022	2021	Change 2022-2021
Revenues			
Program Revenues:			
Operating Grants & Contributions	\$ 189,972	\$ 77,319	145.70%
General Revenues			
Local Control Funding Formula	161,966	209,088	-22.54%
Federal Revenues	2,351	1,759	33.66%
State Revenues	188	213	-11.74%
Local Revenues	6,093	29,152	-79.10%
Transfers	427	-	100.00%
<b>TOTAL REVENUES</b>	<b>360,997</b>	<b>317,531</b>	
Program Expenses			
Instruction	122,282	91,795	33.21%
Instruction-Related Services	30,622	30,188	1.44%
Pupil Services	47,825	46,388	3.10%
Ancillary Services	141	-	100.00%
General Administration	63,055	59,048	6.79%
Plant Services	123,479	82,459	49.75%
<b>TOTAL EXPENSES</b>	<b>387,404</b>	<b>309,878</b>	
Increase (Decrease) in Net Position	\$ (26,407)	\$ 7,653	

**Governmental Activities**

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The cost of all governmental activities this year was \$387,404.

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 122,282	\$ 91,795	\$ 40,726	\$ 61,903
Instruction-Related Service	30,622	30,188	12,594	21,768
Pupil Services	47,825	46,388	26,472	36,769
Ancillary Services	141	-	65	-
General Administration	63,055	59,048	26,600	42,603
Plant Services	123,479	82,459	58,990	69,516
<b>TOTAL</b>	<b>\$ 387,404</b>	<b>\$ 309,878</b>	<b>\$ 165,447</b>	<b>\$ 232,559</b>

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

The overall financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$871,696 which is less than last year's ending fund balance of \$897,892. The District is carefully monitoring its expenditures in order to avoid deficit spending and using its remaining reserves.

## General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final budget was approved on June 22, 2022. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2022, the District had invested \$830,745 in a broad range of capital assets. During the year, the District had no new capital assets purchased. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets**

	Governmental Activities		Total Percentage
	2022	2021	Change 2022-2021
Land	\$ 8,000	\$ 8,000	0.00%
Buildings	1,650,538	1,650,538	0.00%
Improvements	153,051	140,185	9.18%
Machinery & Equipment	168,764	157,759	6.98%
Totals at Historical Cost	\$ 1,980,353	\$ 1,956,482	
Total Accumulated Depreciation	(1,149,608)	(1,107,613)	3.79%
<b>NET CAPITAL ASSETS</b>	<b>\$ 830,745</b>	<b>\$ 848,869</b>	

During the 2022-2023 fiscal year the District plans to purchase an additional vehicle for transportation for the Expanded Learning Opportunities Program.

### Pension Liabilities

**Table 5**  
**Net Pension Liability**

	Proportionate Share of Net Pension Liability		Total Percentage
	2022	2021	Change 2022-2021
CalSTRS	\$ 43,687	\$ 84,311	-48.18%
CalPERS	31,112	64,128	-51.48%
<b>TOTAL NET PENSION LIABILITY</b>	<b>\$ 74,799</b>	<b>\$ 148,439</b>	<b>-49.61%</b>

### Other Long-Term Debt

The District had no other long-term debt at June 30, 2022.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- ❑ The uncertainty of federal and state funding can have a profound impact on the financial health of the District. Although some changes are currently anticipated, the federal and the state governments could implement additional budget cuts.
- ❑ The long term effect of the COVID Pandemic will have unknown impacts on the District. Additionally, the requirements placed on Districts by Federal and State government may have a very substantial harmful impact on the District's ability to provide an education to students, in addition to potentially detrimental financial impacts.
- ❑ The District is receiving additional one-time funding from Federal and State Governments due to the COVID Pandemic these funds have a limited time frame for allowable expenditures.
- ❑ The inevitable increases in pension contributions which will be needed to pay the unfunded net Pension Liability will require careful planning and budgeting.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Michelle Brown, CBO  
Ravendale-Termo School District  
c/o Susanville School District  
109 S. Gilman St.  
Susanville, CA 96130  
530-257-8200

## Basic Financial Statements

**RAVENDALE-TERMO SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 899,210
Cash in Revolving Fund	50
Accounts Receivable	88,766
Capital Assets:	
Land	8,000
Land Improvements, Net	41,475
Buildings, Net	751,758
Equipment, Net	29,512
Total Assets	<u>1,818,771</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows of Resources - Pensions	54,054
Total Deferred Outflows of Resources	<u>54,054</u>
<b>LIABILITIES:</b>	
Accounts Payable	86,538
Unearned Revenue	29,792
Noncurrent Liabilities:	
Net Pension Liability	74,799
Total Liabilities	<u>191,129</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows of Resources - Pensions	89,976
Total Deferred Inflows of Resources	<u>89,976</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	806,874
Restricted For:	
Federal and State Programs	66,960
Capital Projects	19,856
Other Purposes	2,159
Unrestricted	695,871
Total Net Position	<u>\$ 1,591,720</u>

The accompanying notes are an integral part of this statement.



**RAVENDALE-TERMO SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position  Governmental Activities
<b>PRIMARY GOVERNMENT:</b>			
Governmental Activities:			
Instruction	\$ 122,282	\$ 81,556	\$ (40,726)
Instruction-Related Services	30,622	18,028	(12,594)
Pupil Services	47,825	21,353	(26,472)
Ancillary Services	141	76	(65)
General Administration	63,055	36,455	(26,600)
Plant Services	123,479	64,489	(58,990)
Total Governmental Activities	<u>355,419</u>	<u>189,972</u>	<u>(165,447)</u>
Total Primary Government	<u>\$ 387,404</u>	<u>\$ 189,972</u>	<u>(197,432)</u>
General Revenues:			
LCFF Sources			161,966
Federal Revenues			2,351
State Revenues			188
Local Revenues			6,093
Transfers			427
Total General Revenues and Transfers			<u>171,025</u>
Change in Net Position			(26,407)
Net Position - Beginning			<u>1,618,127</u>
Net Position - Ending			<u>\$ 1,591,720</u>

The accompanying notes are an integral part of this statement.

**RAVENDALE-TERMO SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash in County Treasury	\$ 874,965	\$ 24,245	\$ 899,210
Cash in Revolving Fund	50	--	50
Accounts Receivable	88,766	--	88,766
Total Assets	<u>963,781</u>	<u>24,245</u>	<u>988,026</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 85,469	\$ 1,069	\$ 86,538
Unearned Revenue	29,792	--	29,792
Total Liabilities	<u>115,261</u>	<u>1,069</u>	<u>116,330</u>
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	50	--	50
Restricted Fund Balances	65,851	23,124	88,975
Assigned Fund Balances	110,199	52	110,251
Unassigned:			
Reserve for Economic Uncertainty	71,000	--	71,000
Other Unassigned	601,420	--	601,420
Total Fund Balance	<u>848,520</u>	<u>23,176</u>	<u>871,696</u>
Total Liabilities and Fund Balances	<u>\$ 963,781</u>	<u>\$ 24,245</u>	<u>\$ 988,026</u>

The accompanying notes are an integral part of this statement.

**RAVENDALE-TERMO SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

Total fund balances - governmental funds balance sheet	\$ 871,696
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	830,745
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(74,799)
Deferred Resource Inflows related to the pension plans are not reported in the funds.	(89,976)
Deferred Resource Outflows related to the pension plans are not reported in the funds.	<u>54,054</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 1,591,720</u>

The accompanying notes are an integral part of this statement.

**RAVENDALE-TERMO SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	\$ 93,659	\$ --	\$ 93,659
Education Protection Account Funds	77,549	--	77,549
Local Sources	68,307	--	68,307
Federal Revenue	51,719	--	51,719
Other State Revenue	63,243	--	63,243
Other Local Revenue	(25,152)	(740)	(25,892)
Total Revenues	<u>329,325</u>	<u>(740)</u>	<u>328,585</u>
Expenditures:			
Current:			
Instruction	138,471	--	138,471
Instruction - Related Services	30,622	--	30,622
Pupil Services	36,289	8,627	44,916
Ancillary Services	141	--	141
General Administration	61,955	--	61,955
Plant Services	55,232	--	55,232
Capital Outlay	23,871	--	23,871
Total Expenditures	<u>346,581</u>	<u>8,627</u>	<u>355,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,256)</u>	<u>(9,367)</u>	<u>(26,623)</u>
Other Financing Sources (Uses):			
Transfers In	31,985	10,000	41,985
Transfers Out	(10,000)	(31,985)	(41,985)
Other Sources	427	--	427
Total Other Financing Sources (Uses)	<u>22,412</u>	<u>(21,985)</u>	<u>427</u>
Net Change in Fund Balance	5,156	(31,352)	(26,196)
Fund Balance, July 1	843,364	54,528	897,892
Fund Balance, June 30	<u>\$ 848,520</u>	<u>\$ 23,176</u>	<u>\$ 871,696</u>

The accompanying notes are an integral part of this statement.

**RAVENDALE-TERMO SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ (26,196)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	23,871
The depreciation of capital assets used in governmental activities is not reported in the funds.	(41,995)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	(23,555)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>41,468</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (26,407)</u>

The accompanying notes are an integral part of this statement.

# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### A. Summary of Significant Accounting Policies

Ravendale-Termo School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### 1. Reporting Entity

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

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

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

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

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The District reports the following major governmental funds:

# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Receivable and Payable Balances

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

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

e. Compensated Absences

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

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

f. Unearned Revenue

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



# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

g. Interfund Activity

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

h. Property Taxes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### 5. Deferred Inflows and Deferred Outflows of Resources

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

### 6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) is merged with the General Fund for purposes of presentation in the audit report.

### 7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

### 8. Use of Estimates

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

### 9. Fair Value Measurements

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

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

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

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

*GASB Statement No. 87, Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activity. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

*GASB Statement No. 92, Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

*GASB Statement No. 93, Replacement of Interbank Offered Rates*

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

**RAVENDALE-TERMO SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Super-session of GASB Statement No 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**B. Compliance and Accountability**

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

**C. Excess of Expenditures Over Appropriations**

As of June 30, 2022, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Capital Outlay	\$ 12,371

General fund: The District budgeted for Capital Outlay expenditures reclassified for audit purposes from Other Operating Expenditures.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Lassen County Treasury as part of the common investment pool (\$144,965,460 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$899,210. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances in the revolving fund (\$50) is insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

5. Investment Accounting Policy

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

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

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 8,000	\$ --	\$ --	\$ 8,000
Total capital assets not being depreciated	<u>8,000</u>	<u>--</u>	<u>--</u>	<u>8,000</u>
Capital assets being depreciated:				
Buildings	1,650,538	--	--	1,650,538
Improvements	140,185	12,866	--	153,051
Equipment	157,759	11,005	--	168,764
Right-to-Use Asset	--	--	--	--
Total capital assets being depreciated	<u>1,948,482</u>	<u>23,871</u>	<u>--</u>	<u>1,972,353</u>
Less accumulated depreciation for:				
Buildings	(866,790)	(31,990)	--	(898,780)
Improvements	(108,471)	(3,105)	--	(111,576)
Equipment	(132,352)	(6,900)	--	(139,252)
Total accumulated depreciation	<u>(1,107,613)</u>	<u>(41,995)</u>	<u>--</u>	<u>(1,149,608)</u>
Total capital assets being depreciated, net	<u>840,869</u>	<u>(18,124)</u>	<u>--</u>	<u>822,745</u>
Governmental activities capital assets, net	<u>\$ 848,869</u>	<u>\$ (18,124)</u>	<u>\$ --</u>	<u>\$ 830,745</u>

Depreciation was charged to functions as follows:

Pupil Services	\$ 4,177
General Administration	1,101
Plant Services	36,717
	<u>\$ 41,995</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

F. Interfund Balances and Activities

1. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2022, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Cafeteria Fund*	\$ 10,000	Supplement other funds sources
Charter School Fund*	General Fund	31,985	Residual equity transfer to Close Charter School Fund
	Total	<u>\$ 41,985</u>	

\* - Other Governmental Funds

G. Joint Ventures (Joint Powers Agreements)

The District participates in two Joint Powers Agreements (JPA's), the Northern California Schools Insurance Group and the Schools Excess Liability Fund. The insurance groups arrange for and provide property and liability insurance for their members. The District pays premiums commensurate with the level of coverage requested. These are partial self-insurance programs.

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

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

Condensed financial information for the JPA's for June 30, 2022 was not available as of our report date.

H. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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 California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

**RAVENDALE-TERMO SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2022)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2022)	16.920%	16.920%
Required State Contribution Rates (at June 30, 2022)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based , in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2022)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2022)	22.910%	22.910%

\*Amounts are limited to 120% of Social Security Wage Base



# RAVENDALE-TERMO SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2022 (measurement date June 30, 2021), California Education Code Section 22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2021-22, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law section 20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2022 (measurement date June 30, 2021) the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2021-22, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2021, due to an amendment of Government Code 20825.2 (c).

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2022 (measurement date June 30, 2021) the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	\$ 6,671	\$ 5,088
2021	10.328%	9,193	3,860
2022	10.828%	6,632	629

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

d. Contributions Recognized

For the fiscal year ended June 30, 2022 (measurement period June 30, 2021), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
	Contributions - Employer	\$ 10,778	\$ 6,145
Contributions - State On Behalf Payments	629	--	629
Total Contributions	<u>\$ 11,407</u>	<u>\$ 6,145</u>	<u>\$ 17,552</u>

  

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
	Contributions - Employer	\$ 9,105	\$ 4,544
Contributions - State On Behalf Payments	6,632	--	6,632
Total Contributions	<u>\$ 15,737</u>	<u>\$ 4,544</u>	<u>\$ 20,281</u>

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

As of June 30, 2022 (measured June 30, 2021), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 43,687
CalPERS	31,112
Total Net Pension Liability	<u>\$ 74,799</u>

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

The District's proportionate share of the net pension liability for each Plan as of June 30, 2021 and June 30, 2022 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2021	0.00010%	0.00010%	0.00020%	0.00020%
Proportion June 30, 2022	0.00010%	0.00010%	0.00020%	0.00020%
Change in Proportion	--	--	--	--

\*Represents State's Proportionate Share on Behalf of District employees

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (40,624)	\$ (33,014)	\$ (73,638)
State On Behalf Pension Expense	629	--	629
Employer Contributions to Pension Expense	10,778	6,145	16,923
Change in Contributions Subsequent to Measurement Date	(1,673)	(1,601)	(3,274)
Change in Other Outflows/Inflows of Resources	27,688	32,894	60,582
Total Pension Expense	<u>\$ (3,201)</u>	<u>\$ 4,424</u>	<u>\$ 1,223</u>

b. Deferred Outflows and Inflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 10,778	\$ 6,145	\$ 16,923
Differences between actual and expected experience	107	1,075	1,182
Changes in assumptions	5,116	--	5,116
Change in employer's proportionate share	18,742	12,091	30,833
Net difference between projected and actual earnings	--	--	--
Total Deferred Outflows of Resources	<u>\$ 34,743</u>	<u>\$ 19,311</u>	<u>\$ 54,054</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ 4,746	\$ 73	\$ 4,819
Changes in assumptions	--	--	--
Change in employer's proportionate share	24,820	14,128	38,948
Net difference between projected and actual earnings	34,789	11,420	46,209
Total Deferred Inflows of Resources	<u>\$ 64,355</u>	<u>\$ 25,621</u>	<u>\$ 89,976</u>

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2023	\$ 20,826	\$ 11,209	\$ (20,124)	\$ (6,645)	\$ 5,267
2024	10,046	4,580	(16,240)	(6,054)	(7,667)
2025	1,873	3,522	(16,503)	(6,168)	(17,275)
2026	1,871	--	(10,448)	(6,756)	(15,332)
2027	127	--	(580)	--	(453)
Thereafter	--	--	(462)	--	(462)
Total	<u>\$ 34,743</u>	<u>\$ 19,311</u>	<u>\$ (64,355)</u>	<u>\$ (25,621)</u>	<u>\$ (35,922)</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2022 were based on actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	-3	-18
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.5%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 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.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% CalSTRS AND 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the discount bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS		
Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

CalPERS			
Asset Class(1)	Assumed Asset Allocation	Real Return Years 1-10 (2,4)	Real Return Years 11+ (3,4)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	--	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	--	-0.92%

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

(3) An expected inflation of 2.92% used for this period

(4) Figures are based on the previous ALM of 2017

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

The following represents 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:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 88,932	\$ 52,459
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 43,687	\$ 31,112
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 6,135	\$ 13,389

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

**3 Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability**

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2021</b> (Previously Reported)	\$ 622,446	\$ 447,041	\$ 175,405	\$ 91,095	\$ 84,310
<b>Changes for the year:</b>					
Change in Prop share	(51,584)	(37,048)	(14,536)	(23,258)	8,722
Service Cost	12,636	--	12,636	5,328	7,308
Interest	40,459	--	40,459	17,061	23,398
Differences between expected and actual experience	(5,593)	--	(5,593)	(2,358)	(3,235)
Contributions:					
Employer	--	9,559	(9,559)	(4,031)	(5,528)
Employee	--	6,213	(6,213)	(2,620)	(3,593)
State On Behalf Payments	--	6,193	(6,193)	(2,612)	(3,582)
Net Investment Income	--	111,284	(111,284)	(46,927)	(64,357)
Other Income	--	150	(150)	(63)	(87)
Benefit Payments, including refunds of employee contributions	(27,735)	(27,735)	--	--	--
Administrative expenses	--	(418)	418	176	242
Borrowing Costs	--	(149)	149	63	86
Other Expenses	--	(3)	3	1	2
<b>Net Changes</b>	<b>(31,817)</b>	<b>68,047</b>	<b>(99,864)</b>	<b>(59,240)</b>	<b>(40,624)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 590,629</b>	<b>\$ 515,088</b>	<b>\$ 75,541</b>	<b>\$ 31,855</b>	<b>\$ 43,686</b>

(1)-Includes refunds of employee contributions.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2021</b> (Previously Reported)	\$ 213,785	\$ 149,658	\$ 64,127
<b>Changes for the year:</b>			
Change in Proportionate Share	(57,282)	(40,100)	(17,182)
Service Cost	3,592	--	3,592
Interest	11,042	--	11,042
Differences between expected and actual experience	(98)	--	(98)
Contributions:			
Employer	--	4,547	(4,547)
Employee	--	1,559	(1,559)
Net Investment Income	--	24,371	(24,371)
Benefit Payments, including refunds of employee contributions	(7,547)	(7,547)	--
Administrative expenses	--	(109)	109
Net Changes	(50,293)	(17,279)	(33,014)
Balance at June 30, 2022	<u>\$ 163,492</u>	<u>\$ 132,379</u>	<u>\$ 31,113</u>

(1) - Includes refunds of employee contributions

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

I. Commitments and Contingencies

Litigation

The District is not involved in litigation at this time. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

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



**RAVENDALE-TERMO SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

J. Deferred Resources

As of June 30, 2022 Deferred Inflows of Resources consisted of:

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022
Governmental Activities				
Pension Related				
CalSTRS	\$ 34,400	\$ 19,500	\$ 19,157	\$ 34,743
CalPERS	24,009	6,145	10,843	19,311
Total Governmental Activities	<u>58,409</u>	<u>25,645</u>	<u>30,000</u>	<u>54,054</u>
Total Deferred Outflows of Resources	<u>\$ 58,409</u>	<u>\$ 25,645</u>	<u>\$ 30,000</u>	<u>\$ 54,054</u>

Future amortization of deferred outflows of resources is as follows:

Governmental Activities			
Year Ending June 30	CalSTRS	CalPERS	Total
2023	\$ 20,826	\$ 11,209	\$ 32,035
2024	10,046	4,580	14,626
2025	1,873	3,522	5,395
2026	1,871		1,871
2027	127		127
Thereafter			--
Total	<u>\$ 34,743</u>	<u>\$ 19,311</u>	<u>\$ 54,054</u>

As of June 30, 2022 Deferred Outflows of Resources consisted of:

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022
Governmental Activities				
Pension Related				
CalSTRS	\$ 37,997	\$ 50,882	\$ 24,524	\$ 64,355
CalPERS	(974)	33,884	7,289	25,621
Total Governmental Activities	<u>37,023</u>	<u>84,766</u>	<u>31,813</u>	<u>89,976</u>
Total Deferred Outflows of Resources	<u>\$ 37,023</u>	<u>\$ 84,766</u>	<u>\$ 31,813</u>	<u>\$ 89,976</u>

Future amortization of deferred inflows of resources is as follows:

Governmental Activities			
Year Ending June 30	CalSTRS	CalPERS	Total
2023	\$ 20,124	\$ 6,645	\$ 26,769
2024	16,240	6,054	22,294
2025	16,503	6,168	22,671
2026	10,448	6,754	17,202
2027	580		580
Thereafter	460		460
Total	<u>\$ 64,355</u>	<u>\$ 25,621</u>	<u>\$ 89,976</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

K. Subsequent Events

Subsequent events were evaluated through November 7, 2022, which is the date these financial statements were available to be issued.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**RAVENDALE-TERMO SCHOOL DISTRICT**

EXHIBIT B-1

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 113,035	\$ 112,487	\$ 93,659	\$ (18,828)
Education Protection Account Funds	42,764	78,443	77,549	(894)
Local Sources	84,189	73,297	68,307	(4,990)
Federal Revenue	26,145	61,270	51,719	(9,551)
Other State Revenue	17,013	64,418	63,243	(1,175)
Other Local Revenue	42,502	42,766	(25,152)	(67,918)
Total Revenues	<u>325,648</u>	<u>432,681</u>	<u>329,325</u>	<u>(103,356)</u>
Expenditures:				
Current:				
Certificated Salaries	67,239	69,398	64,169	5,229
Classified Salaries	40,870	34,194	27,953	6,241
Employee Benefits	54,713	52,337	44,818	7,519
Books And Supplies	71,793	113,997	50,545	63,452
Services And Other Operating Expenditures	169,346	209,526	135,225	74,301
Capital Outlay	12,000	11,500	23,871	(12,371)
Total Expenditures	<u>415,961</u>	<u>490,952</u>	<u>346,581</u>	<u>144,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(90,313)</u>	<u>(58,271)</u>	<u>(17,256)</u>	<u>41,015</u>
Other Financing Sources (Uses):				
Transfers In	--	438	31,985	31,547
Transfers Out	(10,000)	(10,012)	(10,000)	12
Other Sources	--	32,362	427	(31,935)
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>22,788</u>	<u>22,412</u>	<u>(376)</u>
Net Change in Fund Balance	(100,313)	(35,483)	5,156	40,639
Fund Balance, July 1	--	--	843,364	843,364
Fund Balance, June 30	<u>\$ (100,313)</u>	<u>\$ (35,483)</u>	<u>\$ 848,520</u>	<u>\$ 884,003</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015		
District's proportion of the net pension liability (asset)	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0003%	0.0004%	
District's proportionate share of the net pension liability (asset)	\$ 43,687	\$ 84,311	\$ 114,703	\$ 87,312	\$ 103,578	\$ 100,293	\$ 189,853	\$ 208,619		
State's proportionate share of associated with the District	31,855	91,095	68,853	64,163	61,355	57,385	100,928	127,105		
Total	\$ 75,542	\$ 175,406	\$ 183,556	\$ 151,475	\$ 164,933	\$ 157,678	\$ 290,781	\$ 335,724		
District's covered-employee payroll	\$ 56,378	\$ 53,760	\$ 68,163	\$ 50,679	\$ 59,070	\$ 61,622	\$ 130,113	\$ 158,291		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.49%	156.83%	168.28%	172.28%	175.35%	162.76%	145.91%	131.79%		
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%		

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015		
Contractually required contribution	\$ 10,778	\$ 9,105	\$ 9,193	\$ 11,097	\$ 7,313	\$ 7,431	\$ 6,612	\$ 11,554		
Contributions in relation to the contractually required contribution	(10,778)	(9,105)	(9,193)	(11,097)	(7,313)	(7,431)	(6,612)	(11,554)		
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
District's covered-employee payroll	\$ 63,700	\$ 56,378	\$ 53,760	\$ 68,163	\$ 50,679	\$ 59,070	\$ 61,622	\$ 130,113		
Contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%		

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information years for which information is available.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA STATE PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015		
District's proportion of the net pension liability (asset)	0.0002%	0.0002%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0004%
District's proportionate share of the net pension liability (asset)	\$ 31,112	\$ 64,128	\$ 43,425	\$ 35,729	\$ 33,899	\$ 26,501	\$ 20,404	\$ 42,004		
District's covered-employee payroll	\$ 21,952	\$ 30,409	\$ 20,867	\$ 17,919	\$ 18,196	\$ 16,249	\$ 15,394	\$ 38,901		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.73%	210.88%	208.10%	199.39%	186.30%	163.09%	132.55%	107.98%		
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%		

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**CALIFORNIA STATE PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015		
Contractually required contribution	\$ 6,145	\$ 4,544	\$ 5,997	\$ 3,769	\$ 2,783	\$ 2,527	\$ 1,925	\$ 1,812		
Contributions in relation to the contractually required contribution	(6,145)	(4,544)	(5,997)	(3,769)	(2,783)	(2,527)	(1,925)	(1,812)		
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
District's covered-employee payroll	\$ 26,822	\$ 21,952	\$ 30,409	\$ 20,867	\$ 17,919	\$ 18,196	\$ 16,249	\$ 15,394		
Contributions as a percentage of covered-employee payroll	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%		

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for years for which information is available.



**RAVENDALE-TERMO SCHOOL DISTRICT**

EXHIBIT D-1

CHARTER SCHOOL FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other Local Revenue	\$ --	\$ 175	\$ 175
Total Revenues	<u>--</u>	<u>175</u>	<u>175</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>175</u>	<u>175</u>
Other Financing Sources (Uses):			
Other Uses	<u>(32,362)</u>	<u>(31,985)</u>	<u>377</u>
Total Other Financing Sources (Uses)	<u>(32,362)</u>	<u>(31,985)</u>	<u>377</u>
Net Change in Fund Balance	(32,362)	(31,810)	552
Fund Balance, July 1	--	31,862	31,862
Fund Balance, June 30	<u>\$ (32,362)</u>	<u>\$ 52</u>	<u>\$ 32,414</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**

EXHIBIT D-2

CAFETERIA FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other Local Revenue	\$ 40	\$ (165)	\$ (205)
Total Revenues	<u>40</u>	<u>(165)</u>	<u>(205)</u>
Expenditures:			
Current:			
Books And Supplies	9,500	8,542	958
Services And Other Operating Expenditures	<u>1,790</u>	<u>85</u>	<u>1,705</u>
Total Expenditures	<u>11,290</u>	<u>8,627</u>	<u>2,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,250)</u>	<u>(8,792)</u>	<u>2,458</u>
Other Financing Sources (Uses):			
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>--</u>
Net Change in Fund Balance	(1,250)	1,208	2,458
Fund Balance, July 1	<u>--</u>	<u>2,060</u>	<u>2,060</u>
Fund Balance, June 30	<u>\$ (1,250)</u>	<u>\$ 3,268</u>	<u>\$ 4,518</u>

**RAVENDALE-TERMO SCHOOL DISTRICT**

EXHIBIT D-3

CAPITAL FACILITIES FUND  
 CAPITAL PROJECTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 250	\$ (750)	\$ (1,000)
Total Revenues	<u>250</u>	<u>(750)</u>	<u>(1,000)</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>250</u>	<u>(750)</u>	<u>(1,000)</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	250	(750)	(1,000)
Fund Balance, July 1	--	20,606	20,606
Fund Balance, June 30	<u>\$ 250</u>	<u>\$ 19,856</u>	<u>\$ 19,606</u>

## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

## Supplementary Information Section

**RAVENDALE-TERMO SCHOOL DISTRICT**

LOCAL EDUCATION AGENCY  
ORGANIZATION STRUCTURE  
JUNE 30, 2022

The District was established in 1913 and its size is approximately 325 square miles located in Lassen County of Northern California. The boundaries of the District did not change during the fiscal year. The District consists of one elementary school.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Larry Morgan	President	4 year term ending 12/2026
Jeff Askew	Clerk	4 year term ending 12/2024
Robert Stokes	Member	4 year term ending 12/2026

Administration

Jason Waddell - Superintendent

Michelle Brown - CBO

**RAVENDALE-TERMO SCHOOL DISTRICT**

SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2022

TABLE E-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	5.72	5.72	5.32	5.32
TK/K-3 Totals	5.72	5.72	5.32	5.32
Grades 4-6:				
Regular ADA	4.75	4.75	4.62	4.62
Grades 4-6 Totals	4.75	4.75	4.62	4.62
Grades 7 and 8:				
Regular ADA	0.64	0.64	0.69	0.69
Grades 7 and 8 Totals	0.64	0.64	0.69	0.69
ADA Totals	11.11	11.11	10.63	10.63

N/A - There were no audit findings which resulted in necessary revisions to attendance.

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

**RAVENDALE-TERMO SCHOOL DISTRICT**

SCHEDULE OF INSTRUCTIONAL TIME  
 YEAR ENDED JUNE 30, 2022

TABLE E-2

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>2021-22 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Transitional Kindergarten	36,000	58,860	180	N/A	In Compliance
Kindergarten	36,000	58,860	180	N/A	In Compliance
Grade 1	50,400	58,860	180	N/A	In Compliance
Grade 2	50,400	58,860	180	N/A	In Compliance
Grade 3	50,400	58,860	180	N/A	In Compliance
Grade 4	54,000	58,860	180	N/A	In Compliance
Grade 5	54,000	58,860	180	N/A	In Compliance
Grade 6	54,000	58,860	180	N/A	In Compliance
Grade 7	54,000	61,560	180	N/A	In Compliance
Grade 8	54,000	61,560	180	N/A	In Compliance

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.



**RAVENDALE-TERMO SCHOOL DISTRICT**  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 YEAR ENDED JUNE 30, 2022

TABLE E-3

General Fund	Budget 2023 (see note 1)	2022	2021	2020
Revenues and other financial sources	\$ 338,653	\$ 361,737	\$ 311,736	\$ 283,356
Expenditures	438,055	346,581	277,133	273,678
Other uses and transfers out	12,500	10,000	7,500	2,000
Total outgo	450,555	356,581	284,633	275,678
Change in fund balance (deficit)	(111,902)	5,156	27,103	7,678
Ending fund balance	\$ 736,618	\$ 848,520	\$ 843,364	\$ 816,261
Available reserves (see note 2)	\$ 672,509	\$ 672,509	\$ 730,375	\$ 697,883
Available reserves as a percentage of total outgo (see note 3)	149.3%	188.6%	256.6%	253.2%
Total long-term debt	\$ 74,799	\$ 74,799	\$ 148,439	\$ 158,128
Average daily attendance at P-2	11	11	6	6

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.

The minimum recommended reserve for a district of this size is five percent of budgeted general fund expenditures, transfers out, and other uses (total outgo). The District has maintained this recommended reserve.

District reserves are above state minimum amounts.

**NOTES:**

- 1 Budget 2023 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
 REPORT WITH AUDITED FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2022

TABLE E-4

	<u>General Fund</u>	<u>Special Reserve Fund for Other Than Capital Outlay</u>
June 30, 2022, annual financial and budget report fund balances	\$ 820,739	\$ 27,781
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Reclassification for financial statement presentation*	<u>27,781</u>	<u>(27,781)</u>
Net adjustments and reclassifications	<u>27,781</u>	<u>(27,781)</u>
June 30, 2022, audited financial statement fund balances	<u>\$ 848,520</u>	<u>\$ --</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

\*This audit reclassification is made for financial statement purposes only; pursuant to GASB Statement 54 which, when applied, does not recognize these funds as special revenue fund types. Therefore, the fund balances are consolidated with the General Fund. However, the District is permitted under current State law to account for these funds as special revenue fund types for interim reporting and budgeting purposes.

No charter schools are chartered by Ravendale-Termo School District.

Charter Schools

Included In  
Audit?

None

N/A

## Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Ravendale-Termo School District  
Ravendale, California 96123

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ravendale-Termo School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Ravendale-Termo School District's basic financial statements and have issued our report thereon dated November 7, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Ravendale-Termo School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ravendale-Termo School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ravendale-Termo School District's internal control.

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

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

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#### **Chester:**

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ravendale-Termo School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2022-001.

## Ravendale-Termo School District's Response to Findings

Ravendale-Termo School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ravendale-Termo School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

Respectfully submitted,



Singleton Auman PC

Susanville, CA  
November 7, 2022

### **Independent Auditor's Report on State Compliance**

Board of Trustees  
Ravendale-Termo School District  
Ravendale, California 96123

Members of the Board of Trustees:

### **Report on Compliance**

#### **Opinion**

We have audited the Ravendale-Termo School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Ravendale-Termo School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

#### **Basis for Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and



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

<u>2021-22 K-12 Audit Guide Procedures</u>	<u>Procedures Performed?</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:</b>	
A. Attendance .....	Yes
B. Teacher Certification and Misassignments .....	Yes
C. Kindergarten Continuance .....	Yes
D. Independent Study .....	No, See Below
E. Continuation Education .....	N/A
F. Instructional Time .....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers .....	Yes
I. Classroom Teacher Salaries .....	Yes
J. Early Retirement Incentive .....	N/A
K. GANN Limit Calculation .....	Yes
L. School Accountability Report Card .....	Yes
M. Juvenile Court Schools .....	N/A
N. Middle or Early College High Schools .....	N/A
O. K-3 Grade Span Adjustment .....	Yes
P. Transportation Maintenance of Effort .....	Yes
Q. Apprenticeship: Related and Supplemental Instruction .....	N/A
R. Comprehensive School Safety Plan .....	Yes
S. District of Choice .....	N/A
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:</b>	
T. California Clean Energy Jobs Act .....	N/A
U. After/Before School Education and Safety Program .....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts .....	Yes
X. Local Control and Accountability Plan .....	Yes
Y. Independent Study-Course Based .....	N/A
Z. Immunizations .....	Yes
AZ. Educator Effectiveness .....	Yes
BZ. Expanded Learning Opportunities (ELO-G) .....	Yes
CZ. Career Technical Education Incentive Grant .....	N/A
DZ. In Person Instruction Grant .....	N/A
<b>CHARTER SCHOOLS:</b>	
AA. Attendance .....	N/A
BB. Mode of Instruction .....	N/A
CC. Nonclassroom-Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom-Based Instruction .....	N/A
EE. Annual Instructional Minutes - Classroom Based .....	N/A
FF. Charter School Facility Grant Program .....	N/A

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

We did not perform testing for Independent Study and Independent Study-Course Based. The procedure was not required to be performed due to the fact the ADA was below the testing threshold.

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

### **Report on Internal Control over Compliance**

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

### **Ravendale-Termo School District's Response to Findings**

Ravendale-Termo School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Ravendale-Termo School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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 2021-22 Guide of Annual Audits of K-12 Local Education Agencies and State Compliance Reporting in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



SingletonAuman PC  
Susanville, CA  
November 7, 2022

## Findings and Recommendations Section

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?  Yes  No

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

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**B. Financial Statement Findings**

None

**D. State Award Findings and Questioned Costs**

**Finding 2022-001 Transportation Maintenance of Effort (CDDC#40000)**

Criteria or Specific Requirement

Education Code Section 2575(k)

Finding (Condition)

The District did not meet the transportation expenditure requirements for the current fiscal year.

Amount of Questioned Costs, How Computed and Prevalence

None

Effect

The District is out of compliance with State requirements.

Cause

The District only requires one van and one transportation employee due to the lack of students.

Recommendation

We recommend that the District monitor its' transportation services

LEA's Response

The District concurs with this finding.

**RAVENDALE-TERMO SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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**None**

**RAVENDALE-TERMO SCHOOL DISTRICT**

**CORRECTIVE ACTION PLAN**

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

**Person Monitoring Corrective Action Plan**

District Contracted Superintendent, Jason Waddell

**Finding 2022-001 Transportaion Maintenance of Effort**

The District did not meet the transportation expenditure requirements for the current fiscal year per Education Code Section 2575(k).

**Corrective Action Planned**

The District will monitor their transportion expenditures to insure compliance with state requirements.

**Expected Completion Date**

Ongoing