

**Evergreen Union Elementary
School District**

County of Tehama
Cottonwood, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2022



Evergreen Union Elementary School District

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Evergreen Union Elementary School District
Cottonwood, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter—Effect of Adopting New Accounting Standard

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

(Continued)

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

Auditors' 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 auditors' 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 and *Government Auditing Standards* 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 the District's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule, and the required supplementary information listed on 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 District's basic financial statements. The accompanying supplementary information on pages 65 to 73, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 67 to 73 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

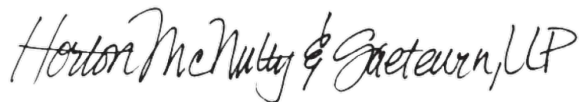
The local educational agency organization structure and the schedule of charter schools have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



December 15, 2022
Chico, California

FINANCIAL SECTION

Required Supplementary Information

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This management's discussion and analysis of Evergreen Union Elementary School District's (the District) financial performance gives an overview of our financial activities. This is a requirement of the Governmental Accounting Standards Board (GASB) Statement No. 34, which is a regulatory entity in existence to promote the "best practices" in financial reporting for governmental agencies such as our District.

This management's discussion and analysis should be read in conjunction with the District's financial statements (including notes and supplementary information).

A critical element of GASB 34 is that we must report our fixed/capital assets in monetary value, although that value is not available for use in ongoing expenditures of the District. That means the District must relate to the users of the financial statements that buildings, vehicles, computers, and other fixed/capital assets are not available to meet the demands for salaries, employee benefits, or any other expenditures of the District. The District must use its current and ongoing revenues to satisfy those demands and not fixed assets that are for the education and use of our children. We are required by GASB 34 to report our capital assets and facilities, depreciate those assets, report our debt owed to outside agencies in its entirety, and disclose financial information on our financial statements.

As described in note 1 to the basic financial statements, the District adopted the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2021. This statement has been applied as of the beginning of the period of implementation.

COMPARISON OF ORIGINAL BUDGET TO FINAL BUDGET

This District always budgets for the worst-case scenario and revises its budget during the year to reflect new information as it becomes available. Total budgeted General Fund revenues increased by \$1,633,026. Expenditures and transfers out increased by \$1,658,177.

The budget revisions on the revenue side reflect increases from the implementation of the Local Control Funding Formula (LCFF) as well as increases in federal, state, and local revenue, and the State STRS On-Behalf revenue. Budget revisions on the expenditure side included a board-approved one-time \$1,500 stipend for all employees, and revisions to the State STRS On-Behalf expenditures.

FINANCIAL HIGHLIGHTS

Total net position was \$8,842,488 at June 30, 2022.

Overall revenues were \$17,438,557 and expenses were \$16,051,183. Revenues exceeded expenses by \$1,387,374.

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. Combined, these three sections provide a comprehensive overview of the District. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District operations, reporting in more detail than the government-wide financial statements. The fund financial statements comprise the remaining statements.

Governmental Funds: Financial statements provide both short-term and long-term information about the District's overall financial position.

Fiduciary Funds: Financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

Government-Wide Financial Statements

The government-wide financial statements provide 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 District's assets and liabilities. The statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in enrollment, changes in property tax base, changes in program funding by the federal and state governments, and the condition of facilities.

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

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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 the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by bond covenants and by state law.
- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

Governmental Funds

All of the District's basic services are included in governmental funds, which generally focus on:

- How cash and other financial assets can readily be converted to cash flow (in and out).
- The balances left at year end that are available for spending.

The governmental funds financial statements provide a detailed short-term view that helps 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 financial statements, additional information is provided at the bottom of the governmental fund financial statements that explains the differences (or relationships) between them.

Fiduciary Funds

For assets that belong to others, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. A separate statement of fiduciary net position reports the District's fiduciary funds activities. These activities are excluded from the government-wide financial statements as the assets cannot be used by the District to finance its operations. The District currently has no funds of this type.

Evergreen Union Elementary School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A comparison of government-wide information for 2020-21 and 2021-22 is presented in the following tables.

Net Position

As shown in the following table, the District's net position as of June 30, 2022, was \$8,842,488. This is an increase from the previous year of \$1,387,374. The District's overall total assets increased by \$1,485,273.

Table 1: Net Position

June 30	Governmental Activities	
	2021	2022
ASSETS		
Cash and investments	\$ 8,309,234	\$ 10,929,038
Receivables	2,144,680	945,249
Inventories	25,703	25,473
Prepaid expenses	2,810	3,536
Capital assets - net	10,780,224	10,844,628
TOTAL ASSETS	21,262,651	22,747,924
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pensions	4,410,317	4,338,141
LIABILITIES		
Accounts payable and other current liabilities	1,159,274	2,222,143
Advances from grantors	167,433	391,576
Long-term debt	16,378,033	9,408,375
TOTAL LIABILITIES	17,704,740	12,022,094
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources for pensions	513,114	6,221,483
NET POSITION		
Net investment in capital assets	10,341,181	10,640,972
Restricted for:		
Capital projects	594,121	630,992
Educational programs	515,386	858,520
Other purposes	125,046	195,554
Unrestricted	(4,120,620)	(3,483,550)
TOTAL NET POSITION	\$ 7,455,114	\$ 8,842,488

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Change in Net Position

The District's total revenues were \$17,438,557; an increase from the previous year of \$156,486. The major factor that contributed to this was one-time federal and state grants for COVID-related expenses. Property taxes, state aid, and federal funding accounted for most of the District's revenue. Another 30.61% came from fees charged for services and grants and contributions.

The total cost of all programs and services for the fiscal year was \$16,051,183. Revenues exceeded the District's expenses this year by \$1,387,374. The District's expenses are primarily related to educating and caring for students (81.08%). Administrative activities accounted for 6.57% of the total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, enterprise activities, other outgo, and interest on long-term debt.

June 30	Governmental Activities	
	2021	2022
REVENUES		
Program Revenues		
Charges for services	\$ 326,110	\$ 376,734
Operating grants and contributions	5,042,557	4,960,411
Capital grants and contributions	1,042	767
General Revenues		
Property taxes	2,269,998	2,468,078
State and federal revenues	9,458,833	9,742,807
Local revenues	183,531	(110,240)
TOTAL REVENUES	17,282,071	17,438,557
EXPENSES		
Instruction	10,363,910	9,248,024
Instruction-related services	1,775,857	1,594,701
Pupil services	1,902,033	2,171,924
General administration	1,175,065	1,055,072
Plant services	1,522,301	1,452,021
Ancillary services	261,808	450,991
Enterprise activities	1,410	1,410
Other outgo	112,857	65,901
Interest on long-term debt	19,543	11,139
TOTAL EXPENSES	17,134,784	16,051,183
Change in Net Position	\$ 147,287	\$ 1,387,374

Evergreen Union Elementary School District
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Governmental Activities

The cost of all governmental activities this year was \$16,051,183.

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.

Table 3: Net Cost of Governmental Activities

June 30, 2022	Total Cost of Services	Net Cost of Services
Instruction	\$ 9,248,024	\$ 6,337,260
Instruction-related services	1,594,701	1,349,201
Pupil services	2,171,924	736,908
General administration	1,055,072	911,573
Plant services	1,452,021	1,354,241
Ancillary services	450,991	64,772
Enterprise activities	1,410	1,410
Interest on long-term debt	11,139	11,139
Other outgo	65,901	(53,233)
Total	\$ 16,051,183	\$ 10,713,271

June 30, 2021	Total Cost of Services	Net Cost of Services
Instruction	\$ 10,363,910	\$ 7,871,000
Instruction-related services	1,775,857	1,492,128
Pupil services	1,902,033	64,708
General administration	1,175,065	1,099,652
Plant services	1,522,301	1,264,136
Ancillary services	261,808	17,029
Enterprise activities	1,410	1,410
Interest on long-term debt	19,543	19,543
Other outgo	112,857	(64,531)
Total	\$ 17,134,784	\$ 11,765,075

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The strong 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 \$9,291,299, an increase of \$131,254 from last year's ending fund balance. The major reasons for the increase are the increase in the Charter Schools Fund as well as the Cafeteria Special Revenue Fund.

Table 4: Fund Balance

June 30	Fund Balance		Increase (Decrease)
	2021	2022	
General	\$ 5,616,285	\$ 5,422,683	\$ (193,602)
Student Activity Special Revenue	86,781	102,183	15,402
Charter Schools	921,766	960,514	38,748
Child Development	184,413	161,324	(23,089)
Cafeteria Special Revenue	64,168	119,521	55,353
Deferred Maintenance	45,000	54,461	9,461
Capital Facilities	523,404	559,508	36,104
County School Facilities	70,717	71,484	767
Special Reserve Capital Projects	1,647,511	1,839,621	192,110
Totals	\$ 9,160,045	\$ 9,291,299	\$ 131,254

General Fund Budgetary Highlights

During the course of the year, the District revises its budget as information becomes available that results in changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with actual revenues and expenditures is provided in the other supplementary information section of the audited financial statements.

The original revenue information was based on a very conservative estimate until we received final information from the state. The final budgeted expenditures closely reflect the actual expenditures.

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$10,844,628 in capital assets, including buildings, site improvements, equipment, and leased assets. See table 5. During the year, the District completed the roofing project at Bend School, installed playground equipment, resealed asphalt, and purchased a generator and a freezer.

June 30	Governmental Activities		Increase (Decrease)
	2021	2022	
Land	\$ 3,299,553	\$ 3,299,553	\$ -
Buildings	13,983,034	14,131,126	148,092
Site improvements	1,655,408	1,913,769	258,361
Equipment and vehicles	2,209,246	2,320,649	111,403
Construction in progress	132,303	162,270	29,967
Leased assets	-	55,756	55,756
Totals at Historical Cost	21,279,544	21,883,123	603,579
Total Accumulated Depreciation/Amortization	10,499,320	11,038,495	539,175
Net Capital Assets	\$ 10,780,224	\$ 10,844,628	\$ 64,404

Long-Term Debt

At year end, the District had \$9,408,375 in long-term debt. The District decreased long-term debt by \$6,969,658 during the fiscal year. See table 6. During the year ended June 30, 2022, the District made payments on the capital financing agreement of \$174,812; offered new early retirement incentives and made payments on existing incentives; made payments on a note payable of \$87,638; increased compensated absences by \$5,927; increased lease liability due to GASB Statement No. 87 implementation; and decreased net pension liability by \$6,719,198. More detailed information about the District's long-term debt is presented in the notes to the financial statements.

Table 6: Long-Term Debt

June 30	Governmental Activities		Increase (Decrease)
	2021	2022	
Capital financing agreement	\$ 258,812	\$ 84,000	\$ (174,812)
Early retirement incentives	41,000	20,000	(21,000)
Direct borrowing note payable	180,231	92,593	(87,638)
Compensated absences	88,486	94,413	5,927
Lease liability	-	27,063	27,063
Net pension liability	15,809,504	9,090,306	(6,719,198)
Totals	\$ 16,378,033	\$ 9,408,375	\$ (6,969,658)

Evergreen Union Elementary School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District ended the year with a healthy ending balance in its General Fund. Monitoring of the budget throughout the coming year will continue to ensure a positive declaration. The Board of Trustees has demonstrated in the past that it is prepared to take the steps necessary to ensure the District's solvency.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions regarding this report or additional financial information, please contact:

Sonia Freitas, Business Manager
Evergreen Union School District
19500 Learning Way
Cottonwood, CA 96022

Basic Financial Statements

Evergreen Union Elementary School District

STATEMENT OF NET POSITION

June 30, 2022	Governmental Activities
ASSETS	
Cash and investments	\$ 10,929,038
Accounts receivable	49,132
Due from other governments	896,117
Inventories	25,473
Prepaid expenses	3,536
Nondepreciated capital assets	3,461,823
Depreciated capital assets - net	7,354,927
Leased assets - net	27,878
TOTAL ASSETS	22,747,924
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pensions	4,338,141
LIABILITIES	
Accounts payable and other current liabilities	912,567
Due to other governments	1,309,576
Advances from grantors	391,576
Long-term obligations:	
Due within one year	160,656
Due beyond one year	9,247,719
TOTAL LIABILITIES	12,022,094
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pensions	6,221,483
NET POSITION	
Net investment in capital assets	10,640,972
Restricted for capital projects	630,992
Restricted for educational programs	858,520
Restricted for other purposes	195,554
Unrestricted	(3,483,550)
TOTAL NET POSITION	\$ 8,842,488

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

Evergreen Union Elementary School District
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS					
Primary Government					
Governmental activities:					
Instruction	\$ 9,248,024	\$ -	\$ 2,909,997	\$ 767	\$ (6,337,260)
Instruction-related services	1,594,701	8,373	237,127	-	(1,349,201)
Pupil services	2,171,924	72,725	1,362,291	-	(736,908)
Ancillary services	450,991	202,114	184,105	-	(64,772)
Enterprise activities	1,410	-	-	-	(1,410)
General administration	1,055,072	19,008	124,491	-	(911,573)
Plant services	1,452,021	4,367	93,413	-	(1,354,241)
Other outgo	65,901	70,147	48,987	-	53,233
Interest on long-term debt	11,139	-	-	-	(11,139)
Total Governmental Activities	\$ 16,051,183	\$ 376,734	\$ 4,960,411	\$ 767	(10,713,271)
GENERAL REVENUES					
Property taxes - levied for general purposes					2,468,078
Federal and state aid not restricted to specific purposes					9,742,807
Unrestricted investment earnings					(377,471)
Miscellaneous					267,231
TOTAL GENERAL REVENUES					12,100,645
Change in Net Position					1,387,374
Net Position - Beginning of Year					7,455,114
Net Position - End of Year					\$ 8,842,488

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

Evergreen Union Elementary School District

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022	General Fund	Special Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 7,062,862	\$ 1,909,820	\$ 1,956,356	\$ 10,929,038
Accounts receivable	19,195	-	29,937	49,132
Due from other governments	467,932	-	428,185	896,117
Due from other funds	385,153	-	4,837	389,990
Inventories	-	-	25,473	25,473
Prepaid expenditures	2,289	-	1,247	3,536
TOTAL ASSETS	\$ 7,937,431	\$ 1,909,820	\$ 2,446,035	\$ 12,293,286
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$ 849,705	\$ 7,422	\$ 53,718	\$ 910,845
Due to other governments	1,294,728	-	14,848	1,309,576
Due to other funds	4,837	62,777	322,376	389,990
Advances from grantors	365,478	-	26,098	391,576
Total Liabilities	2,514,748	70,199	417,040	3,001,987
Fund Balances				
Nonspendable	4,289	-	26,920	31,209
Restricted	650,535	-	1,034,531	1,685,066
Committed	-	-	54,461	54,461
Assigned	1,976,182	1,839,621	913,083	4,728,886
Unassigned	2,791,677	-	-	2,791,677
Total Fund Balances	5,422,683	1,839,621	2,028,995	9,291,299
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,937,431	\$ 1,909,820	\$ 2,446,035	\$ 12,293,286

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

Evergreen Union Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

June 30, 2022

Total Fund Balances - Governmental Funds	\$ 9,291,299
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets at historical cost	\$ 21,827,367
Accumulated depreciation	(11,010,617)
Leased assets at historical cost	55,756
Accumulated amortization	(27,878)

Total Capital Assets - Net	10,844,628
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owed at the end of the period was:

(1,722)

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

Net pension liability	9,090,306
Compensated absences	94,413
Lease liability	27,063
Early retirement incentives	20,000
Capital financing agreement	84,000
Direct borrowing note payable	92,593

Total Long-Term Liabilities	(9,408,375)
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Balance Forward	\$ 10,725,830
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The accompanying notes are an integral part of these financial statements.

Evergreen Union Elementary School District

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENT-WIDE NET POSITION

(Continued)

June 30, 2022

Balance Brought Forward	\$ 10,725,830
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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions	4,338,141
Deferred inflows of resources relating to pensions	(6,221,483)

Total Net Position - Governmental Activities	\$ 8,842,488
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The accompanying notes are an integral part of these financial statements.

Evergreen Union Elementary School District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2022	General Fund	Special Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,468,078	\$ -	\$ -	\$ 2,468,078
Local control funding formula sources	8,087,301	-	1,346,533	9,433,834
Other state revenue	2,178,404	-	634,509	2,812,913
Federal revenue	1,350,156	-	798,396	2,148,552
Other local revenue	557,215	(56,306)	291,970	792,879
Total Revenues	14,641,154	(56,306)	3,071,408	17,656,256
Expenditures				
Current:				
Instruction	8,508,890	-	1,391,525	9,900,415
Instruction-related services	1,443,176	-	271,525	1,714,701
Pupil services	1,349,150	-	832,336	2,181,486
Ancillary services	398,883	-	68,955	467,838
General administration	857,670	-	225,448	1,083,118
Plant services	1,286,737	42,240	53,997	1,382,974
Transfers between agencies	65,903	-	-	65,903
Debt service:				
Principal	82,307	121,198	87,636	291,141
Interest and other charges	1,916	3,972	7,854	13,742
Capital outlay	283,963	139,721	-	423,684
Total Expenditures	14,278,595	307,131	2,939,276	17,525,002
Excess (Deficiency) of Revenues Over Expenditures				
	362,559	(363,437)	132,132	131,254
Other Financing Sources (Uses)				
Interfund transfers in	-	555,547	614	556,161
Interfund transfers out	(556,161)	-	-	(556,161)
Total Other Financing Sources (Uses)	(556,161)	555,547	614	-
Net Change in Fund Balances	(193,602)	192,110	132,746	131,254
Fund Balances - Beginning of Year	5,616,285	1,647,511	1,896,249	9,160,045
Fund Balances - End of Year	\$ 5,422,683	\$ 1,839,621	\$ 2,028,995	\$ 9,291,299

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

Evergreen Union Elementary School District

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION

Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	131,254
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	\$	547,823
Depreciation expense		(511,297)
Amortization expense		(27,878)

Net Capital Outlay		8,648
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Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

291,143

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

2,603

Balance Forward	\$	433,648
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The accompanying notes are an integral part of these financial statements.

Evergreen Union Elementary School District

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION

(Continued)

Year Ended June 30, 2022

Balance Brought Forward	\$ 433,648
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	(5,927)
Other expenditures relating to prior periods: Certain expenditures recognized in governmental funds relate to prior periods. Typical examples, in addition to compensated absences and interest on long-term debt, are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations are first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods for early retirement incentives were:	27,000
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	938,653
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time and structured legal settlements. This year, expenses incurred for such obligations were:	(6,000)
Change in Net Position of Governmental Activities	\$ 1,387,374

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

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The District is governed by an elected five-member board. The District operates two elementary schools, one middle school, two community day schools, and two preschools in Cottonwood, California. The District is the sponsoring local educational agency for one charter school.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's, *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Implementation of New Accounting Standard

The District adopted the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2021. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized 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. This statement has been applied as of the beginning of the period of implementation. The implementation did not affect fund balance or net position, and has resulted in the following changes as of July 1, 2021:

- Initial right-to-use leased asset of \$55,756 and lease liability of \$55,756.

Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary government:

Evergreen Union Elementary School District

Blended component unit:

Evergreen Institute of Excellence

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District is financially accountable and other organizations that the nature and significance of their relationship with the District is such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Blended Component Units Separate legal entities that meet the component unit criteria described above, and whose governing body is the same or substantially the same as the District's governing board or the component unit, that provide services entirely to the District. These component units' funds are blended into those of the District by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units Separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, the District has no discretely presented component units.

Blended Component Unit

The component unit that is blended into the reporting activity of the District's report is as follows:

Evergreen Institute of Excellence is included in the Charter Schools Fund. Evergreen Institute of Excellence was created on April 30, 2015, through the authority established in the *California Education Code*, Section 47602 (Charter Schools Act of 1992), for the purpose of providing educational services to elementary school and high school level residents of Tehama County and contiguous counties.

Basis of Presentation

Government-Wide Financial Statements The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

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. Program revenues include: (a) fees, fines, and charges paid by recipients of goods or services offered by the major 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 and unrestricted grants and contributions, are presented as general revenues.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fund Financial Statements Fund financial statements are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the District are described below.

Governmental Funds

General Fund The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds Funds that are established to account for the proceeds from specific resources that are restricted to the financing of particular activities.

1. Student Activity Special Revenue Fund is used to account for the transactions of the associated student body in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*California Education Code, Section 48930-48938*).
2. Charter Schools Fund is used to report separately the activities of Evergreen Institute of Excellence.
3. Child Development Fund is used to account separately for federal, state, and local revenues and the expenditure of those funds to operate child development programs (*California Education Code, Section 8328*).
4. Cafeteria Special Revenue Fund is used to account separately for federal, state, and local resources received to operate the District's food service program (*California Education Code, Sections 38091 and 38100*).
5. Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes. Expenditures in this fund are used for major repairs or replacements of plumbing, heating, air-conditioning, electrical, roofing, and floor systems; and exterior and interior painting of school buildings.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Capital Projects Funds Funds that are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. Capital Facilities Fund is used primarily to account for funds received from fees levied on developers or others as a condition for approving development (*California Education Code, Sections 17620-17626*).
2. County School Facilities Fund is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*California Education Code, Section 17070.10*).
3. Special Reserve Fund is used to account for resources designated for capital outlay projects (*California Education Code, Section 42840*).

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Governmental Funds:

- General Fund
- Special Reserve Capital Projects Fund

Nonmajor Governmental Funds:

- Student Activity Special Revenue Fund
- Charter Schools Fund
- Child Development Fund
- Cafeteria Special Revenue Fund
- Deferred Maintenance Fund
- Capital Facilities Fund
- County School Facilities Fund

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

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

These budgets are revised by the District’s Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information.

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

Estimates

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

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Tehama County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest 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. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2022, the fair value of the County pool is 97.46% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during the year ended June 30, 2022, was \$462,246. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2022, was \$273,682.

Accounts Receivable and Due From Other Governments

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed, but not received, as of June 30, 2022. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the District has earned or been allocated, but has not received, as of June 30, 2022. At June 30, 2022, no allowance for doubtful accounts was deemed necessary.

Balances Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Balances due to/from other funds between funds within governmental activities are eliminated in the statement of net position.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Inventories and Prepaid Expenses

Inventories consist of supplies and materials. Expenses are recorded as the supplies and materials are consumed. Inventories are valued on the average cost method for purchased supplies and materials. Donated commodities inventory is valued at its fair value at the time of donation. Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$25,000 or more and an estimated useful life in excess of one year. All fixed assets are valued at historical cost, or estimated historical cost if the actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002. Capital assets also include right-to-use leased assets, the measurement of which is described later in this section.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Amortization of right-to-use assets is provided over the shorter of the lease period or the assets' estimated useful lives. The range of estimated useful lives in years by type of asset is as follows:

Buildings	40-50
Portable classrooms	20-25
Site improvements	10-20
Equipment	5-20
Vehicles	8-12
Right-to-use leased building	2

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations, including contracts giving the District the right to use leased assets, are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Advances From Grantors

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

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations, fiduciary fund operations, or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. All long-term debt to be repaid from fiduciary resources is reported as liabilities in the fiduciary fund statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

Compensated Absences

The liability for earned but unused vacation leave is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), which will only be recognized as an outflow of resources (expense/expenditures) in the future. District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Leases

Lessee The District recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset's useful life or the life of the lease.

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The District uses the following key estimates and assumptions:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt in the government-wide statement of net position.

Equity Classifications

Government-Wide Statements Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fund Statements Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable Fund Balance: Consists of amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

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

Assigned Fund Balance: Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

Unassigned Fund Balance: Consists of the residual balance in the General Fund that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than 5% but not more than 25% of General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes 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, as needed, unless the District's Board of Trustees has provided otherwise in its commitment or assignment actions.

Local Control Funding Formula Grant and Property Tax

The District's local control funding formula (LCFF) grant is received from a combination of local property taxes and state apportionments.

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

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Property taxes are recorded as LCFF sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's LCFF provides a base grant per average daily attendance (ADA), which varies by grade span, plus supplemental and concentration grants that reflect student demographic factors and categorical programs.

Revenue – Nonexchange Transactions

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

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

Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental funds – by character:
 - Current (further classified by function)
 - Debt service
 - Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Pensions

Deferred outflows of resources/deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by California State Teachers' Retirement System (CalSTRS) and CalPERS for purposes of measuring the net pension liability. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2022	Maturities	Fair Value
Deposits (1)		\$ 104,383
Investments That Are Not Securities (2)		
County treasurer's investment pool	1.80 years average	10,824,655
Total Cash and Investments Per Government-Wide Statement of Net Position		\$ 10,929,038

(1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

(2) **Investments That Are Not Securities** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Credit Risk – Investments

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District has no investment policy that would further limit its investment choices. As of June 30, 2022, the District's investments in commercial paper were rated A1 by Standard & Poor's. The District's investments in corporate bonds were rated AAA by Standard & Poor's. The District's investment in the County investment pool is unrated.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2022:

- County treasurer's investment pool of \$10,824,655 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2022	General Fund	Other Governmental Funds
Other	\$ 19,195	\$ 29,937

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following:

June 30, 2022	General Fund	Other Governmental Funds
Due From		
Federal government	\$ 198,259	\$ 147,885
State government	178,320	153,850
Local governments	91,353	126,450
Total	\$ 467,932	\$ 428,185

5. INTERFUND TRANSFERS AND BALANCES DUE TO/FROM OTHER FUNDS

Balances Due To/From Other Funds

Balances due to/from other funds in the fund financial statements are as follows:

Due From Other Funds	Due to Other Funds	Amount
General	Cafeteria Special Revenue	\$ 71,000
General	Child Development	34,119
General	Charter Schools	217,257
General	Special Reserve Capital Projects	62,777
Cafeteria Special Revenue	General	4,837
Total		\$ 389,990

The specific purposes of the balances due to/from other funds are as follows:

General Fund interfund receivable from the Cafeteria Special Revenue Fund to repay an interfund loan to cover cash needs;

General Fund interfund receivable from the Child Development Fund for indirect costs;

General Fund interfund receivable from the Charter Schools Fund for oversight fees;

General Fund interfund receivable from the Special Reserve Capital Projects Fund to reimburse the General Fund for purchase that was incorrectly charged to the General Fund; and

Cafeteria Special Revenue Fund interfund receivable from the General Fund for interfund support related to unpaid student lunch fees and to reimburse the Cafeteria Special Revenue Fund for COVID-19 related supplies.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers are as follows:

Transfer Out	Transfer In	Amounts
General	Cafeteria Special Revenue	\$ 614
General	Special Reserve Capital Projects	555,547
Total		\$ 556,161

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The specific purposes of the interfund transfers that do not occur on a routine basis are as follows:

Interfund transfer out from the General Fund to the Special Reserve Capital Projects Fund to fund facilities needs.

No transfers are inconsistent with the activities of the funds making the transfer.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Nondepreciated Capital Assets				
Land	\$ 3,299,553	\$ -	\$ -	\$ 3,299,553
Construction in progress	132,303	178,059	148,092	162,270
Total Nondepreciated Capital Assets	3,431,856	178,059	148,092	3,461,823
Depreciated Capital Assets				
Buildings	13,983,034	148,092	-	14,131,126
Site improvements	1,655,408	258,361	-	1,913,769
Equipment and vehicles	2,209,246	111,403	-	2,320,649
Total Depreciated Capital Assets	17,847,688	517,856	-	18,365,544
Less: Accumulated Depreciation				
Buildings	8,307,237	323,877	-	8,631,114
Site improvements	863,861	94,386	-	958,247
Equipment and vehicles	1,328,222	93,034	-	1,421,256
Total Accumulated Depreciation	10,499,320	511,297	-	11,010,617
Total Depreciated Capital Assets - Net	7,348,368	6,559	-	7,354,927
Leased Assets				
Building	-	55,756	-	55,756
Less: Accumulated amortization	-	27,878	-	27,878
Total Leased Assets - Net	-	27,878	-	27,878
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	\$ 10,780,224	\$ 212,496	\$ 148,092	\$ 10,844,628

Depreciation and amortization expense was charged to governmental activities as follows:

Year Ended June 30, 2022	
Governmental Activities	
Instruction	\$ 265,283
Instruction-related services	15,575
Pupil services	85,594
Ancillary services	3,180
Enterprise activities	1,410
General administration	11,727
Plant services	156,406
Total Depreciation/Amortization Expense - Governmental Activities	\$ 539,175

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2022	General Fund	Special Reserve Capital Projects Fund	Other Governmental Funds
Vendors	\$ 175,490	\$ 7,422	\$ 41,316
Salaries and benefits	671,846	-	7,472
Other	2,369	-	4,930
Total	\$ 849,705	\$ 7,422	\$ 53,718

8. DUE TO OTHER GOVERNMENTS

Due to other governments consisted of the following:

June 30, 2022	General Fund	Other Governmental Funds
Due To		
State government	\$ 1,176,867	\$ 14,848
Local governments	117,861	-
Total	\$ 1,294,728	\$ 14,848

9. CAPITAL FINANCING AGREEMENTS

The District entered into agreements to purchase buildings and equipment with an original cost of \$1,287,895. The agreements are, in substance, a purchase, and are reported as capital financing agreements. The agreements bear interest at 0% to 2.8%. On June 30, 2022, the principal balance outstanding was \$84,000.

The amount of interest cost incurred during the year ended June 30, 2022, was \$3,558, all of which was charged to expenses. The District's future payments under this obligation are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 21,000	\$ -	\$ 21,000
2024	21,000	-	21,000
2025	21,000	-	21,000
2026	21,000	-	21,000
Total	\$ 84,000	\$ -	\$ 84,000

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. DIRECT BORROWING NOTE PAYABLE

In February 2008, the District borrowed \$1,000,000 from Municipal Services Group, Inc., at 8%. On June 30, 2022, the principal balance outstanding was \$92,593. The amount of interest cost incurred during the year ended June 30, 2022, was \$6,214, all of which was charged to expenses.

The note payable matures in 2023 as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 92,593	\$ 2,899	\$ 95,492

11. LEASE

In March 2020, the District has entered into a three-year lease agreement as lessee for the acquisition and use of modular buildings. An initial lease liability was recorded in the amount of \$55,756 as of July 1, 2021. At June 30, 2022, the value of the lease liability was \$27,063. The District is required to make monthly principal and interest payments of \$2,505. The lease has an interest rate of 3.6%. The agreement does not contain a purchase option. Conditions of the lease do not provide for variable payments or residual value guarantees. The estimated useful life exceeds the lease term. The value of the right-to-use asset as of June 30, 2022, was \$55,756 and had accumulated amortization of \$27,878. The amount of interest cost incurred during the year ended June 30, 2022, was \$1,367, all of which was charged to expenses. There were no variable or other payments recognized for the year ended June 30, 2022, that were not previously included in the measurement of the lease liability.

The future lease payments are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 27,063	\$ 492	\$ 27,555

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt:

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Compensated absences	\$ 88,486	\$ 5,927	\$ -	\$ 94,413	\$ -
Capital financing agreement	258,812	-	174,812	84,000	21,000
Direct borrowing note payable	180,231	-	87,638	92,593	92,593
Early retirement incentives	41,000	6,000	27,000	20,000	20,000
Lease liability	-	55,756	28,693	27,063	27,063
Net pension liability	15,809,504	-	6,719,198	9,090,306	-
Total	\$ 16,378,033	\$ 67,683	\$ 7,037,341	\$ 9,408,375	\$ 160,656

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. FUND BALANCES COMPONENTS

Fund balances are composed of the following:

June 30, 2022	General Fund	Special Reserve Capital Projects Fund	Other Governmental Funds
Nonspendable			
Reserved for:			
Revolving cash	\$ 2,000	\$ -	\$ 200
Inventories	-	-	25,473
Prepaid expenditures	2,289	-	1,247
Total Nonspendable	\$ 4,289	\$ -	\$ 26,920
Restricted			
Restricted for:			
Capital projects	\$ -	\$ -	\$ 630,992
Student activities	-	-	102,183
Federal and state categoricals	650,535	-	301,356
Total Restricted	\$ 650,535	\$ -	\$ 1,034,531
Committed			
Committed for:			
Deferred maintenance	\$ -	\$ -	\$ 54,461
Assigned			
Assigned for:			
District technology	\$ 50,000	\$ -	\$ -
Child care	408,822	-	-
Staff development	10,000	-	-
STRS/PERS	100,000	-	-
Potential litigation	258,816	-	-
EV bus charging infrastructure	93,236	-	-
Curriculum	77,600	-	-
School vehicles	100,000	-	-
Unrestricted lottery	757,708	-	-
Campus security/safety	120,000	-	-
Capital projects	-	1,839,621	-
Charter schools	-	-	751,759
Child development	-	-	161,324
Total Assigned	\$ 1,976,182	\$ 1,839,621	\$ 913,083
Unassigned			
Designated for			
economic uncertainties	\$ 2,791,677	\$ -	\$ -

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

14. JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): California's Valued Trust (CVT), Northern California Schools Insurance Group (NCSIG), Northern Valley Schools Insurance Group (NVSIG), Northern California Regional Liability Excess Fund (ReLIEF), and Schools Excess Liability Fund (SELF). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

15. COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

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

COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The ongoing pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly-evolving situation. The impact of the pandemic on the District's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to assess the overall impact of COVID-19 on the District's future. However, if the pandemic continues, the disease could have a material adverse effect on the District's results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the District's operations and financial performance.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Construction Commitments

Construction project commitments are as follows:

June 30, 2022	Remaining Construction Commitment
Shade structures project	\$ 462,303
Walk-in freezer project	29,025
Total	\$ 491,328

16. RISK MANAGEMENT

The District is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the District participates in risk pools under joint powers agreements for property, liability, workers' compensation, health care, and excess liability coverage.

17. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS, and classified employees are members of CalPERS.

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2022	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 5,095,532	\$ 3,140,843	\$ 4,678,991	\$ 310,701
CalPERS School Employer Pool	3,994,774	1,197,298	1,542,492	518,141
Total	\$ 9,090,306	\$ 4,338,141	\$ 6,221,483	\$ 828,842

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of activities.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

California State Teachers' Retirement System

Plan Description Certificated employees of the District participate in STRP, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at www.calstrs.com.

Benefits Provided STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

- **CalSTRS 2% at 60** CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.
- **CalSTRS 2% at 62** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

Contributions Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2021-22 was 16.92% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2022, were \$1,027,409.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2022, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2022

District's proportionate share of the net pension liability	\$ 5,095,532
State's proportionate share of the net pension liability associated with the District	2,563,927
Total	\$ 7,659,459

The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.011%.

State Teachers' Retirement Law also requires the state to contribute 10.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. For the year ended June 30, 2022, the District recognized pension expense of \$502,411 and revenue of \$502,411 for support provided by the state. 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	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,765	\$ 542,377
Net difference between projected and actual earnings on pension plan investments	-	4,030,988
Change in assumptions	721,743	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,378,926	105,626
District contributions subsequent to the measurement date	1,027,409	-
Total	\$ 3,140,843	\$ 4,678,991

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$1,027,409 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (599,760)
2024	(387,374)
2025	(736,679)
2026	(1,025,102)
2027	115,927
Thereafter	67,431
Total	\$ (2,565,557)

Actuarial Assumptions The total pension liability in the June 30, 2020, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.80%
Private equity	13%	6.30%
Real estate	15%	3.60%
Inflation sensitive	6%	3.30%
Fixed income	12%	1.30%
Risk mitigating strategies	10%	1.80%
Cash/liquidity	2%	-0.40%
Total	100%	

Discount Rate The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers were made at statutory contribution rates in accordance with the statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assumes that contributions, benefit payments, and administrative expenses occurred midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

June 30, 2022	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 10,372,679	\$ 5,095,532	\$ 715,600

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Annual Comprehensive Financial Report (ACFR)*.

California Public Employees' Retirement System

Plan Description Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

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

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2021-22 fiscal year was 22.91%. The District's contributions to CalPERS for the fiscal year ended June 30, 2022, were \$740,085.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2022, the District reported a net pension liability of \$3,994,774 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0196%.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$518,141. 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	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 119,254	\$ 9,417
Net difference between projected and actual earnings on pension plan investments	-	1,533,075
Changes in proportion and differences between District contributions and proportionate share of contributions	337,959	-
District contributions subsequent to the measurement date	740,085	-
Total	\$ 1,197,298	\$ 1,542,492

The \$740,085 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (144,582)
2024	(210,800)
2025	(303,519)
2026	(426,378)
Total	\$ (1,085,279)

Actuarial Assumptions The total pension liability in the June 30, 2020, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

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

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

June 30, 2022	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 6,735,749	\$ 3,994,774	\$ 1,719,176

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued ACFR.

18. EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2021-22, pursuant to *California Education Code*, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

Evergreen Union Elementary School District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. FUTURE GASB IMPLEMENTATION

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This statement improves financial reporting by establishing a definition for SBITA and providing uniform guidance for accounting and financial reporting for transactions that meet this definition. This statement establishes that a SBITA results in a right-to-use asset—an intangible asset—and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2022, will have on the District's financial statements, if any.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2023, will have on the District's financial statements, if any.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement outlines a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2024, will have on the District's financial statements, if any.

Required Supplementary Information

Evergreen Union Elementary School District
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended June 30, 2022	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 2,275,673	\$ 2,275,716	\$ 2,468,078	\$ 192,362
Local control funding formula sources	8,185,226	8,271,070	8,087,301	(183,769)
Other state revenue	1,822,303	1,866,751	2,178,404	311,653
Federal revenue	966,215	2,797,790	1,350,156	(1,447,634)
Other local revenue	1,010,681	681,797	557,215	(124,582)
Total Revenues	14,260,098	15,893,124	14,641,154	(1,251,970)
Expenditures				
Certificated salaries	5,614,151	5,643,810	5,828,252	(184,442)
Classified salaries	2,618,463	2,931,485	2,748,739	182,746
Employee benefits	3,583,712	3,728,203	3,544,334	183,869
Books and supplies	567,390	1,359,093	625,837	733,256
Services and other operating	949,884	1,235,912	1,027,488	208,424
Capital outlay	404,946	529,049	374,436	154,613
Other outgo	118,778	87,949	45,286	42,663
Debt service:				
Principal	71,292	71,292	82,307	(11,015)
Interest and other charges	11,650	11,650	1,916	9,734
Total Expenditures	13,940,266	15,598,443	14,278,595	1,319,848
Excess (Deficiency) of Revenues Over Expenditures	319,832	294,681	362,559	67,878
Other Financing Source (Uses)				
Interfund transfers out	(25,000)	(25,000)	(556,161)	(531,161)
Net Change in Fund Balances	294,832	269,681	(193,602)	(463,283)
Fund Balances - Beginning of Year	5,616,285	5,616,285	5,616,285	-
Fund Balances - End of Year	\$ 5,911,117	\$ 5,885,966	\$ 5,422,683	\$ (463,283)

See the accompanying notes to this budgetary comparison schedule.

Evergreen Union Elementary School District
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's Governing Board annually adopts a budget for the General Fund of the District. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule of the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budget, as amended. Unexpended appropriations on the annual budget lapse at the end of each fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations by the following amounts:

<u>June 30, 2022</u>	<u>General Fund</u>
Certificated salaries	\$ 184,442
Debt service - principal	\$ 11,015

These excess expenditures were offset by unexpended appropriations in other categories.

Evergreen Union Elementary School District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2022		2021		2020	
District's proportion of the net pension liability (asset)	0.011%		0.010%		0.010%	
District's proportionate share of the net pension liability (asset)	\$	5,095,532	\$	10,024,966	\$	9,031,600
State's proportionate share of the net pension liability (asset) associated with the District		2,563,927		5,167,830		4,927,381
Total	\$	7,659,459	\$	15,192,796	\$	13,958,981
District's covered-employee payroll	\$	6,159,517	\$	5,654,936	\$	5,360,117
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		82.73%		177.28%		168.50%
Plan fiduciary net position as a percentage of the total pension liability		87.20%		71.80%		72.60%

Years Ended June 30	2019		2018		2017		2016		2015	
District's proportion of the net pension liability (asset)	0.010%		0.009%		0.009%		0.010%		0.009%	
District's proportionate share of the net pension liability (asset)	\$	9,190,700	\$	8,323,200	\$	7,279,290	\$	5,340,055	\$	4,871,994
State's proportionate share of the net pension liability (asset) associated with the District		5,262,131		4,923,975		4,144,580		3,560,688		3,175,842
Total	\$	14,452,831	\$	13,247,175	\$	11,423,870	\$	8,900,743	\$	8,047,836
District's covered-employee payroll	\$	5,208,746	\$	4,832,750	\$	4,529,674	\$	4,368,694	\$	3,996,353
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		176.45%		172.22%		160.70%		122.23%		121.91%
Plan fiduciary net position as a percentage of the total pension liability		71.00%		69.00%		70.00%		74.00%		77.00%

See the accompanying notes to the required supplementary information.

Evergreen Union Elementary School District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2022	2021	2020
Contractually required contribution	\$ 1,027,409	\$ 994,762	\$ 966,994
Contributions in relation to the contractually required contribution	(1,027,409)	(994,762)	(966,994)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,159,517	\$ 5,654,936	\$ 5,360,117
Contributions as a percentage of covered-employee payroll	16.68%	17.59%	18.04%

Years Ended June 30	2019	2018	2017	2016	2015
Contractually required contribution	\$ 872,627	\$ 751,622	\$ 607,960	\$ 486,034	\$ 387,940
Contributions in relation to the contractually required contribution	(872,627)	(751,622)	(607,960)	(486,034)	(387,940)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,208,746	\$ 4,832,750	\$ 4,529,674	\$ 4,368,694	\$ 3,996,353
Contributions as a percentage of covered-employee payroll	16.75%	15.55%	13.42%	11.13%	9.71%

See the accompanying notes to the required supplementary information.

Evergreen Union Elementary School District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2022	2021	2020
District's proportion of the net pension liability (asset)	0.0196%	0.0189%	0.0181%
District's proportionate share of the net pension liability (asset)	\$ 3,994,774	\$ 5,784,538	\$ 5,280,647
District's covered-employee payroll	\$ 2,726,498	\$ 2,717,296	\$ 2,513,531
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	146.52%	212.88%	210.09%
Plan fiduciary net position as a percentage of the total pension liability	81.00%	70.00%	70.00%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0175%	0.0178%	0.0165%	0.0160%	0.0152%
District's proportionate share of the net pension liability (asset)	\$ 4,663,385	\$ 4,251,717	\$ 3,258,760	\$ 2,212,142	\$ 1,691,412
District's covered-employee payroll	\$ 2,314,320	\$ 2,274,561	\$ 1,969,579	\$ 1,776,238	\$ 1,592,442
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	201.50%	186.92%	165.45%	124.54%	106.21%
Plan fiduciary net position as a percentage of the total pension liability	70.80%	71.90%	73.90%	79.40%	83.50%

See the accompanying notes to the required supplementary information.

Evergreen Union Elementary School District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2022		2021		2020	
Contractually required contribution	\$	740,085	\$	564,385	\$	535,878
Contributions in relation to the contractually required contribution		(740,085)		(564,385)		(535,878)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	2,726,498	\$	2,717,296	\$	2,513,531
Contributions as a percentage of covered-employee payroll		27.14%		20.77%		21.32%

Years Ended June 30	2019		2018		2017		2016		2015	
Contractually required contribution	\$	453,994	\$	359,437	\$	315,891	\$	233,336	\$	209,081
Contributions in relation to the contractually required contribution		(453,994)		(359,437)		(315,891)		(233,336)		(209,081)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	2,314,320	\$	2,274,561	\$	1,969,579	\$	1,776,238	\$	1,592,442
Contributions as a percentage of covered-employee payroll		19.62%		15.80%		16.04%		13.14%		13.13%

See the accompanying notes to the required supplementary information.

Evergreen Union Elementary School District

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

1. PENSION – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2021.

Changes in Assumptions

There were no significant changes in assumptions during the measurement period ended June 30, 2021.

2. PENSION – CALIFORNIA STATE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2021.

Changes in Assumptions

There were no significant changes of assumptions during the measurement period ended June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION SECTION

Evergreen Union Elementary School District

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

June 30, 2022

The Evergreen Union Elementary School District (the District) was established in 1954 and is located in Tehama County. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one middle school, two community day schools, and two preschools. The Evergreen Union Elementary School District is the sponsoring local educational agency for one charter school.

GOVERNING BOARD

Name	Office	Term Expires
Christine Flood	President	2022
Lester Grade	Clerk	2022
Brad Constant	Member	2024
Jim Tomasini	Member	2024
Michael Mitchell	Member	2022

ADMINISTRATION

Brad Mendenhall
Superintendent

Sonia Freitas
Business Manager

Evergreen Union Elementary School District

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2022

Charter school sponsored by the District that is included in the audit of the District:

	Charter Number
Evergreen Institute of Excellence	#1754

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District

SCHEDULE OF AVERAGE DAILY ATTENDANCE

Year Ended June 30, 2022

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
ELEMENTARY				
Regular ADA*				
Transitional kindergarten/ kindergarten through grade 3	416	419	416	419
Grades 4 through 6	307	311	307	311
Grades 7 through 8	198	199	198	199
Community Day School				
Transitional kindergarten/ kindergarten through grade 3	1	1	1	1
Grades 4 through 6	1	2	1	2
Grades 7 through 8	2	2	2	2
ADA Totals	925	934	925	934

**Includes opportunity classes, home and hospital, and special day classes.*

	Originally Reported		Final	
	Second Period Report	Annual Report	Second Period Report	Annual Report
EVERGREEN INSTITUTE OF EXCELLENCE				
ELEMENTARY				
Regular ADA				
Transitional kindergarten/ kindergarten through grade 3	42	42	42	42
Grades 4 through 6	26	26	26	26
Grades 7 through 8	24	24	24	24
ELEMENTARY TOTALS	92	92	92	92
HIGH SCHOOL				
Regular ADA				
Grades 9 through 12	36	35	36	35
ADA Totals (All Full-Time Independent Study)	128	127	128	127

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2022

	Minutes	Days	Actual	Actual	Approved	Approved	Total	Total	Multitrack	Status
	Requirement	Requirement	Minutes Offered	Days Offered	J-13A Credited Minutes*	J-13A Credited Days*	Traditional Calendar Minutes	Traditional Calendar Days	Calendar Days	
Kindergarten	36,000	180	52,405	179	305	1	52,710	180	N/A	Complied
Grade 1	50,400	180	50,615	179	295	1	50,910	180	N/A	Complied
Grade 2	50,400	180	50,615	179	295	1	50,910	180	N/A	Complied
Grade 3	50,400	180	50,615	179	295	1	50,910	180	N/A	Complied
Grade 4	54,000	180	59,745	179	345	1	60,090	180	N/A	Complied
Grade 5	54,000	180	59,745	179	345	1	60,090	180	N/A	Complied
Grade 6	54,000	180	59,745	179	345	1	60,090	180	N/A	Complied
Grade 7	54,000	180	59,745	179	345	1	60,090	180	N/A	Complied
Grade 8	54,000	180	59,745	179	345	1	60,090	180	N/A	Complied

**The District received an approved Form J-13A for one emergency closure day, representing the above amount of instructional minutes.*

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

Years Ended June 30	(Budget) 2023	2022	2021	2020
General Fund				
Revenues and other financial sources	\$ 12,637,368	\$ 14,641,154	\$ 15,018,032	\$ 12,666,133
Expenditures	13,557,116	14,278,595	14,462,451	12,031,513
Other uses and transfers out	-	556,161	34	293,179
Total Outgo	13,557,116	14,834,756	14,462,485	12,324,692
Change in Fund Balance	(919,748)	(193,602)	555,547	341,441
Ending Fund Balance	\$ 4,502,935	\$ 5,422,683	\$ 5,616,285	\$ 5,060,738
Available reserves	\$ 2,784,702	\$ 2,791,677	\$ 2,930,605	\$ 2,287,362
Designated for economic uncertainties	\$ 2,784,702	\$ 2,791,677	\$ 2,930,605	\$ 2,287,362
Undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as a percentage of total outgo	21%	19%	20%	19%
Total long-term debt	\$ 9,247,719	\$ 9,408,375	\$ 16,378,033	\$ 15,067,146
Average daily attendance at P-2	1,041	1,053	1,193 *	1,193

**Pursuant to California Education Code, Section 43502, the District was funded based on 2019-20 ADA.*

The General Fund balance has increased by \$361,945 over the past two years. The fiscal year 2022-23 budget projects a decrease of \$919,748 (17.0%). For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years and anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term debt has decreased by \$5,658,771 over the past two years.

Average daily attendance has decreased by 140 over the past two years. The District anticipates ADA to decline by 12 during fiscal year 2022-23.

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2022

	General Fund	Charter Schools Fund	Child Development Fund	Capital Facilities Fund	Special Reserve Capital Projects Fund
Annual Financial and Budget Report Fund Balances	\$ 5,734,505	\$ 1,008,008	\$ 219,090	\$ 588,368	\$ 1,913,691
Adjustments Increasing (Decreasing) the Fund Balances					
Overstatement of cash and investments	(311,822)	(47,494)	-	(28,860)	(74,070)
Overstatement of due from other governments	-	-	(44,228)	-	-
Understatement of due to other governments	-	-	(13,538)	-	-
Net Adjustments	(311,822)	(47,494)	(57,766)	(28,860)	(74,070)
Audited Financial Statements Fund Balances	\$ 5,422,683	\$ 960,514	\$ 161,324	\$ 559,508	\$ 1,839,621

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
U.S. Department of Education			
Passed Through California Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund: Learning Loss	84.425U	10155	\$ 102,548
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund	84.425D	15547	222,384
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER) Fund	84.425D	15559	588,077
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	26,851
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Emergency Needs	84.425U	15620	13,017
COVID-19 - American Rescue Plan-Homeless Children and Youth II (ARP-HCY II) Program	84.425W	15566	515
Total Education Stabilization Fund			953,392
ESEA - Title I, Part A, Basic Grants Low-Income and Neglected	84.010A	14329	167,475
Special Education - IDEA Basic Local Assistance	84.027	13379	109,701
ESEA - Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	47,808
ESEA - Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	20,441
Total U.S. Department of Education			1,298,817
Subtotal Forward			\$ 1,298,817

See the accompanying note to the other supplementary information.

Evergreen Union Elementary School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL PROGRAMS			
Subtotal Brought Forward			\$ 1,298,817
U.S. Department of Agriculture Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	13390	183,320
National School Lunch	10.555	13391	583,370
Nonmonetary Assistance			
Food Donation	10.555		31,092
Total Child Nutrition Cluster			797,782
COVID-19 - Pandemic EBT Local Administrative Grant	10.649	15644	614
Passed Through Tehama County Department of Education			
Schools and Roads - Grants to Counties	10.666	10044	33,527
Total U.S. Department of Agriculture			831,923
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,130,740

See the accompanying note to the other supplementary information.

PURPOSE OF SCHEDULES

Schedule of Charter Schools

This schedule lists all charter schools sponsored by the District and indicates whether or not the charter school is included in the audit of the District.

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District met or exceeded its local funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *California Education Code*, Sections 46200 through 46208.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of each fund, as reported in the annual financial and budget report, to the audited financial statements.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER REPORTS SECTION

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

To the Board of Trustees
Evergreen Union Elementary School District
Cottonwood, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evergreen Union Elementary School District (the District) as of and for the year ended June 30, 2022; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

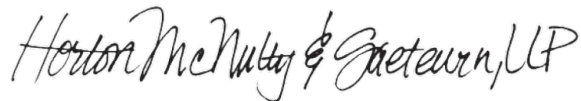
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Report on Compliance and Other Matters

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

Purpose of This Report

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



December 15, 2022
Chico, California

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

To the Board of Trustees
Evergreen Union Elementary School District
Cottonwood, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Evergreen Union Elementary School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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 of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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 provision of contracts or grant agreements applicable to the District's federal programs.

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

(Continued)

Auditors' 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 considered 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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 identified during the audit.

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

(Continued)

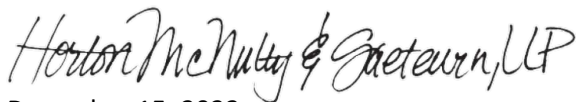
Report on Internal Control Over Compliance

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 with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 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 have not been 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.

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



December 15, 2022
Chico, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE

To the Board of Trustees
Evergreen Union Elementary School District
Cottonwood, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted on pages 82 and 83 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with 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.

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 District's state programs.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE

(Continued)

Auditors' 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 material noncompliance when it exists. The risk of not detecting 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 procedures as we considered 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 control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

June 30, 2022	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher certification and misassignments	Yes
C. Kindergarten continuance	Yes
D. Independent study	Yes
E. Continuation education	Not applicable
F. Instructional time	Yes
G. Instructional materials	Yes
H. Ratios of administrative employees to teachers	Yes
I. Classroom teacher salaries	Yes
J. Early retirement incentive	No
K. Gann limit calculation	Yes
L. School accountability report card	Yes
M. Juvenile court schools	Not applicable
N. Middle and early college high schools	No
O. K-3 grade span adjustment	Yes
P. Transportation maintenance of effort	Yes
Q. Apprenticeship: Related and supplemental instruction	No
R. Comprehensive school safety plan	Yes
S. District of choice	No
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	Yes
U. After/Before school education and safety program:	
After school	No
Before school	No
General requirements	No
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	No
Z. Immunizations	No
AZ. Educator effectiveness	Yes
BZ. Expanded learning opportunities grant (ELO-G)	Yes
CZ. Career technical education incentive grant	No
DZ. In-person instruction grant	Yes

**INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

June 30, 2022	Procedures Performed
Charter schools:	
AA. Attendance	Yes
BB. Mode of instruction	No
CC. Nonclassroom-based instruction/independent study	Yes
DD. Determination of funding for nonclassroom-based instruction	Yes
EE. Annual instructional minutes – classroom based	No
FF. Charter school facility grant program	No

District of choice (S) steps 2 and 3 were not performed because the board of the District did not elect to operate as a school district of choice. Testing for immunizations (Z) was not performed because the District did not include any schools that did not submit immunization assessment reports to the California Department of Public Health or that reported a high number of conditionally enrolled students.

Since the District did not participate in the following programs during 2021-22 or the program is not applicable to elementary school districts, all steps related to them were not performed:

- E. Continuation education
- J. Early retirement incentive
- M. Juvenile court schools
- N. Middle and early college high schools
- Q. Apprenticeship: Related and supplemental instruction
- U. After/Before school education and safety program
- Y. Independent study-course based
- CZ. Career technical education incentive grant

Since the District did not sponsor any charter schools that offered classroom-based instruction during 2021-22, all steps related to the following were not performed:

- BB. Mode of instruction
- EE. Annual instructional minutes – classroom based

Since the District did not sponsor any charter schools that received the charter school facility grant program funding, the step related to the charter school facility grant program was not performed.

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 identified during the audit.

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

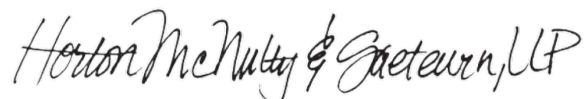
Report on Internal Control Over Compliance

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, such that there is a reasonable possibility that 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 by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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.

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 for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



December 15, 2022
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

Evergreen Union Elementary School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

SECTION I

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
AL No. 84.425 COVID-19 - Education Stabilization Fund (ESF)	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for state programs:	Unmodified

Evergreen Union Elementary School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

(Continued)

SECTION II FINDINGS

FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS

FEDERAL AWARDS AUDIT

None.

SECTION IV FINDINGS

STATE AWARDS AUDIT

None.

Evergreen Union Elementary School District

CORRECTIVE ACTION PLAN

June 30, 2022

Not applicable: there are no current-year findings related to federal awards.

Evergreen Union Elementary School District

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022

CLASSROOM TEACHER SALARIES

61000 (2021-001)

State Compliance

Condition The District is not in compliance with the required minimum percentage for payment of classroom teachers' compensation under *California Education Code*, Section 41372(b). The District's percentage of current expense of education for classroom teachers' compensation was 59.22% for the fiscal year ended June 30, 2021.

Criteria *California Education Code*, Section 41372(b), requires the District to expend 60% or greater of the District's current expense of education for payment of classroom teachers' compensation.

Effect The current expense of education for the District was \$12,688,150, and classroom teachers' compensation was \$7,514,439, resulting in a deficiency of \$98,968.

Cause The District received one-time grants during the year that were not spent on classroom teachers' salaries and benefits.

Repeat Finding No, this is not a repeat finding.

Recommendation The District should implement procedures to ensure that a minimum of 60% of the current expense of education is for classroom teachers' compensation. The District should deposit the deficiency of \$98,968 with the County Superintendent of Schools. If no application for exemption is made, the District should add the deficiency of \$98,968 to the amounts to be expended for compensation of classroom teachers during the next fiscal year.

Current Status Fully implemented.