



**PLUMAS LAKE
ELEMENTARY
SCHOOL DISTRICT**

**ANNUAL FINANCIAL
REPORT**

JUNE 30, 2020

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

OF YUBA COUNTY

PLUMAS LAKE, CALIFORNIA

JUNE 30, 2020

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
David Villanueva	President	December 2020
Michelle Perrault	Vice President	December 2020
Angela Covil	Member	December 2022
Frankye Doig	Member	December 2022
Derek Bratton	Member	December 2022

ADMINISTRATION

Jeff Roberts, Ed. D.	Superintendent
Ajit Kang	Director of Business Services

ORGANIZATION

The Plumas Lake Elementary School District (the “District”) is located in the southwest portion of Yuba County (the “County”) and includes a portion of the incorporated area of the City of Marysville, and a small portion of the town of Arboga, an adjacent unincorporated territory. The District is located approximately 40 miles from downtown Sacramento, and about 85 miles from San Francisco. U.S. Highway 70 passes through the District and is a connector between Sacramento, Yuba and Butte Counties. U.S. Interstate 5, the principal north-south highway connecting the Pacific coastal states, is located approximately 25 miles west of the District. The District currently operates two elementary schools for grades K-5 and one intermediate school for grades 6-8.

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PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees
Plumas Lake Elementary School District
Plumas Lake, California

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plumas Lake Elementary School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Plumas Lake Elementary School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

RT DENNIS
ACCOUNTANCY

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Plumas Lake Elementary School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, other postemployment benefit schedules on pages 5 through 17 and 61 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plumas Lake Elementary School District's basic financial statements. The following schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements:

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") requires:

- ❖ Schedule of Expenditures of Federal Awards

2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires:

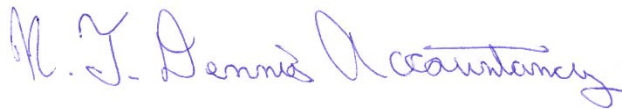
- ❖ LEA Organization Structure
- ❖ Schedule of ADA
- ❖ Schedule of Instructional Time
- ❖ Schedule of Financial Trends and Analysis
- ❖ Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
- ❖ Schedule of Charter Schools

The previously listed schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 previously listed schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Combining Fund Statements 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020 on our consideration of Plumas Lake Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plumas Lake Elementary School District's internal control over financial reporting and compliance.



November 12, 2020



Plumas Lake Elementary School District

Each student will reach their fullest potential as we strive for district excellence through sound leadership, effective communication, accountability, and investment in our staff.

- Cobblestone Elementary (K-5)
- Rio Del Oro Elementary (K-5)
- Riverside Meadows Intermediate (6-8)

Dr. Jeff Roberts, Superintendent

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Plumas Lake Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was \$18.3 million at June 30, 2020. This was an increase of \$0.8 million over the prior net position.
- Overall expenses were \$17.7 million, which were more than revenues of \$18.5 million.
- The total cost of the District's programs was \$13.5 million
- The general fund reported an increase in fund balance this year of almost \$225,000, which included one-time revenue as well as an increase in LCFF/State Aid:
 - LCFF/State Aid funding increased by \$49,384 due to higher P2 ADA.
 - Federal funding increased by \$70,801, with the greatest increase in Title I funding.
 - State funding increased due to the Retirement On-Behalf Contributions not being budgeted.
 - Other local revenue increased by \$304,623 mostly due to two bus grants that were awarded.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

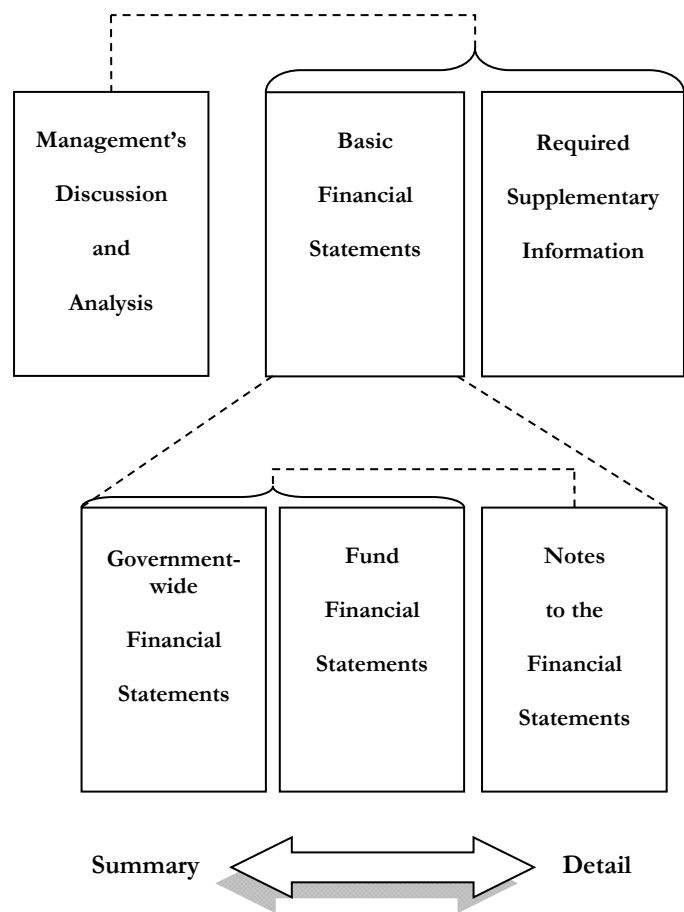
Figure A-1
Required Components of Plumas Lake Elementary School District’s Annual Financial Report

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

– The *governmental funds* statements tell how *general government* services like (public safety, education, and cemetery) were financed in the *short term* as well as what remains for future spending.

– *Fiduciary fund* statements provide information about the financial relationships—like the, ASB—in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question 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. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

The figure below shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with additional federal and state required information, as well as a detail of the nonmajor funds.

Major Features of Plumas Lake Elementary School District’s Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Fiduciary Fund
Scope	Entire District government (except fiduciary funds) and the District’s component units	The activities of the District that are not fiduciary, such as ASB.	Instances in which the District is the trustee or agent for someone else’s resources, such as the associated student body accounts.
Required financial statements	❖ Statement of net position ❖ Statement of activities	❖ Balance sheet ❖ Statement of revenues, expenditures, and changes in fund balances	❖ Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

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

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2020

The two government-wide statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's roads.

Governmental activities—Most of the District's basic services are included here, such as the instruction, instruction related, student services, general administration, and other school district operations. Property taxes, state aid, and other state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has two kinds of funds:

- ❖ *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- ❖ *Fiduciary funds*—The District is the trustee, or *fiduciary*, for its Associated Student Body (“ASB”) account. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District’s net position increased between fiscal years 2019 and 2020—by \$0.8 million. (See Table 1.)

Cash, primary current asset, increased about thirteen percent. Overall, capital assets have increased, mostly due to the District’s invest in capital assets in the current year. Deferred outflows of resources have increased and deferred inflows of resources are up as a result of the implementation of GASB 68, 75 and 82. Long-term debt shows an decrease due to little change in pension liabilities and paydown of debt over the prior year.

Table 1 - Net Position

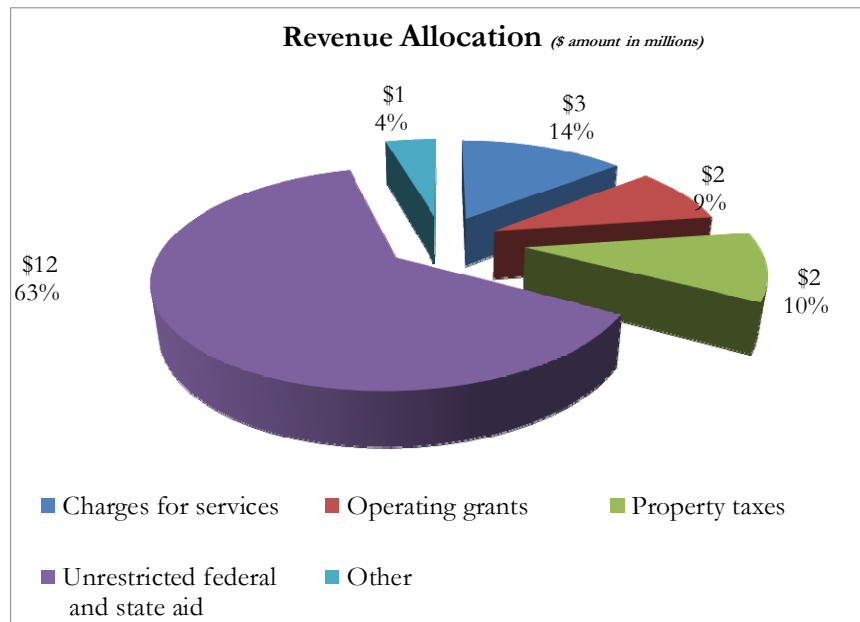
<i>(amounts in millions)</i>	2020	2019	\$ Change	% Change
ASSETS				
Current assets	\$ 11.7	\$ 8.3	\$ 3.4	41%
Capital assets, net	35.8	37.2	(1.4)	-4%
Total Assets	47.5	45.5	2.0	4%
DEFERRED OUTFLOWS OF RESOURCES				
	4.3	4.5	(0.2)	-4%
LIABILITIES				
Current liabilities	2.4	1.4	1.0	71%
Non-current liabilities	30.5	30.7	(0.2)	-1%
Total Liabilities	32.9	32.1	0.8	2%
DEFERRED INFLOWS OF RESOURCES				
	0.6	0.5	0.1	20%
NET POSITION				
Net investment in capital assets	20.9	21.8	(0.9)	-4%
Restricted	3.7	1.9	1.8	95%
Deficit	(6.3)	(6.3)	-	0%
Total Net Position	\$ 18.3	\$ 17.4	\$ 0.9	5%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

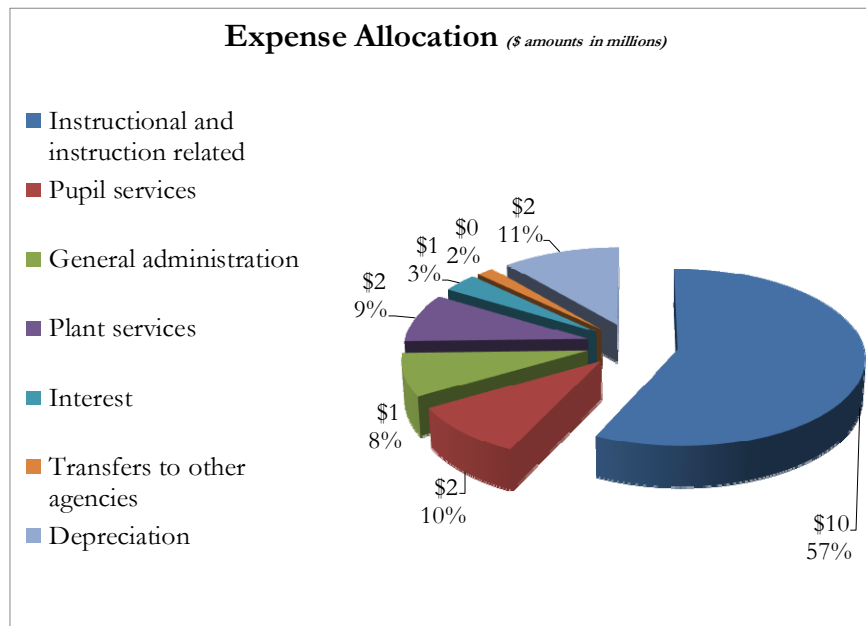
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

Changes in Net Position

The District’s total revenues increased by four percent to \$18.5 million. (See Table 2.) Almost two-thirds of the District’s revenue comes from state aid, and nine cents of every dollar raised comes from some type of grant. (See Revenue Allocation.) Another eleven percent comes from property taxes, and the rest is from other local sources.



The District’s expenses cover a range of services, with almost 60% related to instruction and instruction related expenses. (See Expense Allocation.)



PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

Governmental Activities

Table 2 - Changes in Net Position

<i>(amounts in millions)</i>	2020	2019	\$ Change	% Change
REVENUES				
Program revenues				
Charges for services	\$ 2.6	\$ 0.2	\$ 2.4	1200%
Operating grants	1.6	1.7	(0.1)	-6%
General revenues				
Property taxes	1.9	1.8	0.1	6%
Unrestricted federal and state aid	11.6	10.1	1.5	15%
Other	0.8	3.3	(2.5)	-76%
Total Revenues	18.5	17.1	1.4	8%
EXPENSES				
Instructional and instruction related	10.1	10.0	0.1	1%
Pupil services	1.7	1.4	0.3	21%
General administration	1.4	1.2	0.2	17%
Plant services	1.6	1.5	0.1	7%
Interest	0.6	0.6	-	0%
Transfers to other agencies	0.3	0.5	(0.2)	-40%
Depreciation	2.0	2.0	-	0%
Total Expenses	17.7	17.2	0.5	3%
Excess / (Deficiency)	\$ 0.8	\$ (0.1)	\$ 0.9	-900%

Revenues increased from the prior year by \$1.4 million. Actual revenues exceeded budget estimates by about \$1.5 million due to an increase in state revenue (LCFF and STRS/PERS on-behalf), local revenue, and developer fees.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

Table 3 presents the cost of each of the District’s four largest programs—instruction and instruction related, student services, plant services—and all others, as well as each program’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions.

- ❖ The total cost of all governmental activities this year was \$17.7 million.
- ❖ The net cost of all governmental activities this year was \$13.5 million.

Table 3 - Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services							
	<i>(amounts in millions)</i>			2020	2019	\$ Change	% Change				
Instruction	\$	8.2	\$	8.1	\$	7.3	\$	7.0	\$	0.3	4%
Instruction related		1.9		1.9		1.8		1.7		0.1	6%
Student services		1.7		1.4		0.5		0.6		(0.1)	-17%
Plant services		1.6		1.5		(0.1)		1.6		(1.7)	-106%
Other		4.3		4.3		4.0		4.0		-	0%
Total	\$	17.7	\$	17.2	\$	13.5	\$	14.9	\$	(1.4)	-9%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Fund Financial Statement. As the District completed the year, its funds reported a *combined* fund balance of \$10.2 million, which was a thirty-seven percent increase over last year. While the District did intentionally spend down some one-time funds in the General Fund, the District also saw a significant increase in LCFE/State Aid and developer fees, other state funds and other local revenue due to an increase in ADA. The District did cut back on one-time spending in the General Fund from the prior year.

Table 4 - Funds' Performance

	Governmental Funds			
	<i>(amounts in millions)</i>			
	2020	2019	\$ Change	% Change
REVENUES				
Local Control Funding Formula	\$ 12.3	\$ 11.5	\$ 0.8	7%
Categorical	2.7	2.3	0.4	17%
Local	4.6	3.5	1.1	31%
Total Revenues	19.6	17.3	2.3	13%
EXPENDITURES / EXPENSES				
Certificated	6.4	6.0	0.4	7%
Classified	2.2	2.1	0.1	5%
Benefits	4.0	3.4	0.6	18%
Books and supplies	0.8	0.9	(0.1)	-11%
Services and other operating expenses	1.5	1.3	0.2	15%
Capital outlay	0.6	0.1	0.5	500%
Other outgo	1.5	1.6	(0.1)	-6%
Total Expenditures	17.0	15.4	1.6	10%
NET CHANGE IN				
FUND BALANCE	\$ 2.6	\$ 1.9	\$ 0.7	37%

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the District budget several times. These budget amendments fall into three categories:

- ❖ Amendments and supplemental appropriations approved in December (First Interim) to reflect final staffing, carryover in Federal categorical funding and the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2019).
- ❖ Changes made in the Second Interim are to account for the mid-year salary increases and purchase of campus safety items as well as adjustments of revenue in the Capital Facilities Fund.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

Even with these adjustments, actual expenditures were almost \$789 thousand above Second Interim budget amounts. While the District had savings in supplies, and contracted services budgets, most of the increase was due to STRS/PERS On-Behalf adjustments.

On the other hand, resources available for appropriation were about \$1.4 million above the final budgeted amount. As noted earlier:

- ❖ District saw a significant increase in Developer impact fees in the Capital Facilities Fund
- ❖ District did not budget for the STRS and PERS On-Behalf Contributions.
- ❖ District saw a significant increase in State funds due to the increase in P2 ADA.
- ❖ District saw a significant increase in other local revenue due as two bus grants were awarded.
- ❖ District experienced a significant savings in expenditures due to the COVID-19 closures of schools.

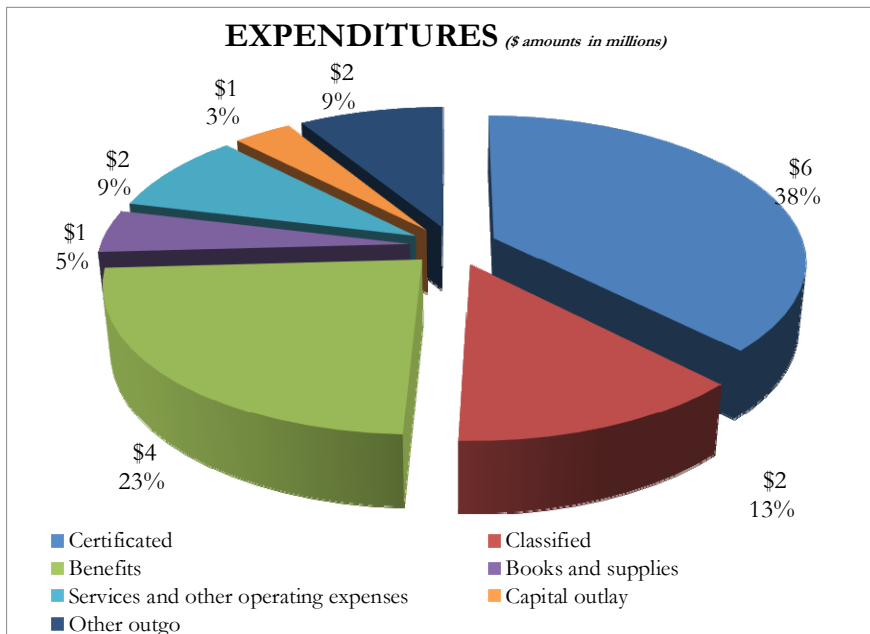
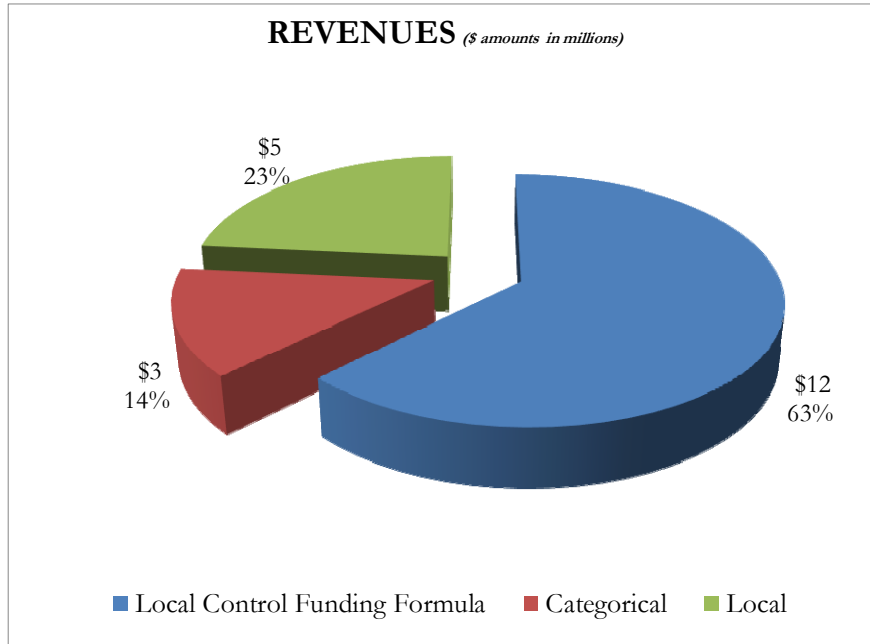
Table 5 - General Fund and Budget Performance

	General Fund Activity			General Fund Budget		
	2020	2019	% Difference	Original Budget	Final Budget	% Difference
<i>(amounts in millions)</i>						
REVENUES						
Local Control Funding Formula	\$ 12.1	\$ 11.3	7%	\$ 11.8	\$ 12.1	3%
Categorical	2.2	1.9	16%	0.8	1.0	25%
Local	1.2	0.8	50%	0.8	0.9	13%
Total Revenues	15.5	14.0	11%	13.4	14.0	4%
EXPENDITURES						
Certificated	6.4	6.0	7%	6.3	6.5	3%
Classified	2.0	1.9	5%	1.9	2.0	5%
Benefits	3.9	3.3	18%	2.9	2.9	0%
Supplies and services	1.9	1.8	6%	2.0	2.2	10%
Other	1.0	0.7	43%	0.6	0.8	33%
Total Expenditures	15.2	13.7	11%	13.7	14.4	5%
NET CHANGE IN FUND BALANCE						
	\$ 0.3	\$ 0.3	0%	\$ (0.3)	\$ (0.4)	-33%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

The following represents a break out of revenue and expenditures by object code of all of the funds.



PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested a net of \$35.8 million (net of depreciation) in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net decrease (including additions) of \$1.4 million over last year due to current year depreciation.

Table 6 - District's Capital Assets

<i>(amounts in millions)</i>	2020	2019	\$ Change	% Change
CAPITAL ASSETS				
Land and construction in progress	\$ 5.4	\$ 5.4	\$ -	0%
Buildings and equipment	55.8	55.2	0.6	1%
Accumulated depreciation	(25.4)	(23.4)	(2.0)	9%
Total Capital Assets	\$ 35.8	\$ 37.2	\$ (1.4)	-4%

Long-Term Liabilities

At year-end the District had \$30.6 million in pension liabilities, bonds, and notes outstanding, an increase of one percent over last year—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

Table 7 - District's Long Term Liabilities

<i>(amounts in millions)</i>	2020	2019	\$ Change	% Change
LONG-TERM LIABILITIES				
Net pension liabilities	\$ 13.5	\$ 13.1	\$ 0.4	3%
Certificates of participation	8.7	9.0	(0.3)	-3%
Capital leases	1.9	2.0	(0.1)	-5%
Lease revenue bonds	4.2	4.4	(0.2)	-5%
Other long-term liabilities	2.8	2.8	-	0%
Less current portion	(0.6)	(0.6)	-	0%
Total Long-term Liabilities	30.5	30.7	(0.2)	-1%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- ❖ Due to the COVID-19 Pandemic, the uncertainty of the State economy and when the State will return to "normal."
- ❖ The State is in a budget crisis and is relying on Federal stimulus funding to avoid cuts.
- ❖ The District has experienced growth in enrollment in recent years, however due to Distance Learning the District has lost students to Home School programs.
- ❖ The District used 2019-20 P2 ADA to project revenue for the budget year; and has been frozen by the California Department of Education.
- ❖ State Teachers' Retirement (STRS) and Public Employees Retirement System (PERS) employer contributions increased in the budget year and will increase in subsequent years as rates increase. The State did provide some relief in one-time funding to school districts, therefore the STRS/PERS rates did not increase as much as initially expected.
- ❖ LCFE is fully implemented therefore the District will only see COLA increases in the near future.

These indicators were taken into account when adopting the general fund budget for 2020-21.

Amounts available for appropriation in the General fund budget are \$14.9 million (not including STRS/PERS On-Behalf), a slight decrease of three percent over the final 2019-20 General fund budget of \$15.5 million. The District did receive about \$350 thousand in one-time funding in 2019-20. The District expects to receive additional Federal and CARES Act funding and will make adjustments accordingly.

Budgeted expenditures are expected to decrease about 1.7 percent to \$15 million. The District had one-time expenditures in 2019-20, which are not in the budget for 2020-21. As the District opens school for on-site instruction there may be a need to adjust the budget for additional staffing and PPE supplies.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact Dr. Jeff Roberts, Superintendent or Ajit Kang, Director of Business Services, 2743 Plumas School Road, Plumas Lake, CA 95961, (530) 743-4428.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental
	<i>(Amounts in thousands)</i> Activities
ASSETS	
Deposits and investments	\$ 8,722
Accrued receivables	2,946
Prepaid expenses	66
Capital assets, not depreciable	5,411
Capital assets, depreciable, net	30,386
Total Assets	47,531
DEFERRED OUTFLOWS OF RESOURCES	4,291
TOTAL ASSETS AND DEFERRED OUTFLOWS OF REVENUES	\$ 51,822
LIABILITIES	
Accrued liabilities	\$ 1,727
Unearned revenue	5
Long-term obligations, current portion	628
Long-term obligations, non-current	30,527
Total Liabilities	32,887
DEFERRED INFLOWS OF RESOURCES	649
NET POSITION	
Net investment in capital assets	20,939
Restricted for	
Capital projects	3,322
Educational programs	342
Unrestricted - (Deficit)	(6,317)
Total Net Position	18,286
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 51,822

The accompanying notes are an integral part of these financial statements

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Instruction	\$ 8,178	\$ 169	\$ 756	\$ (7,253)
Instruction-related services				
Instructional supervision and administration	559	-	51	(508)
Instructional library, media, and technology	218	-	1	(217)
School site administration	1,145	55	7	(1,083)
Pupil services				
Home-to-school transportation	299	-	-	(299)
Food services	671	569	447	345
All other pupil services	702	-	183	(519)
General administration				
Centralized data processing	314	-	2	(312)
All other general administration	1,050	103	77	(870)
Plant services	1,628	1,681	9	62
Ancillary services	18	5	-	(13)
Interest on long-term debt	573	-	-	(573)
Transfer to other agencies	320	-	87	(233)
Depreciation (unallocated)	1,995	-	-	(1,995)
Total Governmental Activities	\$ 17,670	\$ 2,582	\$ 1,620	(13,468)
General revenues				
Taxes and subventions				
				1,119
				787
				11,634
				163
				580
				14,283
				CHANGE IN NET POSITION
				815
				Net Position - Beginning
				17,471
				Net Position - Ending
				\$ 18,286

The accompanying notes are an integral part of these financial statements

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General Fund	Capital Facilities Fund	Debt Service Fund for Blended Component Units
ASSETS			
Deposits and investments	\$ 2,609,991	\$ 3,321,413	\$ 2,166,838
Accrued receivables	2,929,177	-	-
Due from other funds	46,353	-	-
Prepaid expenditures	65,656	-	-
Total Assets	\$ 5,651,177	\$ 3,321,413	\$ 2,166,838
LIABILITIES			
Accrued liabilities	\$ 1,525,938	\$ 895	\$ -
Due to other funds	145,677	-	15,862
Unearned revenue	5,196	-	-
Total Liabilities	1,676,811	895	15,862
FUND BALANCES			
Non-spendable	70,756	-	-
Spendable			
Restricted	321,192	3,320,518	-
Committed	412,213	-	2,150,976
Assigned	70,795	-	-
Unassigned	3,099,410	-	-
Total Fund Balances	3,974,366	3,320,518	2,150,976
Total Liabilities and Fund Balances	\$ 5,651,177	\$ 3,321,413	\$ 2,166,838

The accompanying notes are an integral part of these financial statements

Non-Major Governmental Funds	Total Governmental Funds
\$ 624,252	\$ 8,722,494
17,287	2,946,464
145,677	192,030
-	65,656
\$ 787,216	\$ 11,926,644
\$ 1,551	\$ 1,528,384
30,491	192,030
-	5,196
32,042	1,725,610
500	71,256
22,039	3,663,749
732,520	3,295,709
115	70,910
-	3,099,410
755,174	10,201,034
\$ 787,216	\$ 11,926,644

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

(\$ Amounts in thousands)

Total Fund Balance - Governmental Funds \$ 10,201

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

	Capital assets	\$ 61,193	
	Accumulated depreciation	(25,396)	35,797

Unamortized discount and refunding result:

In governmental funds, discounts and economic losses on refunding are not recognized in fund financial statements. In the governmental-wide statements, discounts and economic losses are amortized over the life of the debt. Unamortized discounts and economic losses included deferred outflows of resources on the statement of net position are:

274

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 unmatured interest owing at the end of the period was:

(199)

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2020

(\$ amounts in thousands)

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 liabilities	13,503	
Net OPEB obligation	61	
Compensated absences	60	
Certificates of participation payable	8,685	
Capital leases payable	1,944	
Lease revenue bonds payable	4,229	
Other long term debt	2,673	(31,155)

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	4,017
Deferred inflows of resources relating to pensions	(649)

Total Net Position - Governmental Activities \$ 18,286

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Facilities Fund	Debt Service Fund for Blended Component Units
REVENUES			
Local Control Funding Formula ("LCFF") Sources	\$ 12,149,984	\$ -	\$ -
Federal sources	463,821	-	-
Other State sources	1,699,853	-	-
Other local sources	1,163,226	2,418,638	824,152
Total Revenues	15,476,884	2,418,638	824,152
EXPENDITURES			
Current			
Instruction	8,455,370	-	-
Instruction-related services			
Instructional supervision and administration	574,995	-	-
Instructional library, media, and technology	226,775	-	-
School site administration	1,163,043	-	-
Pupil services			
Home-to-school transportation	708,171	-	-
Food services	24,883	-	-
All other pupil services	701,692	-	-
General administration			
Centralized data processing	310,402	-	-
All other general administration	893,135	123,644	-
Plant services			
Ancillary services	1,708,361	-	-
Transfers to other agencies	18,260	-	-
Debt service			
Interest and other	320,406	-	-
Principal	66,966	336,700	162,131
	89,000	315,000	189,000
Total Expenditures	15,261,459	775,344	351,131
Excess (Deficiency) of Revenues Over Expenditures	215,425	1,643,294	473,021
OTHER FINANCING SOURCES (USES)			
Transfers In	15,862	242,526	-
Transfers Out	(6,658)	-	(258,388)
Net Financing Sources (Uses)	9,204	242,526	(258,388)
NET CHANGE IN FUND BALANCE	224,629	1,885,820	214,633
Fund Balance - Beginning	3,749,737	1,434,698	1,936,343
Fund Balance - Ending	\$ 3,974,366	\$ 3,320,518	\$ 2,150,976

The accompanying notes are an integral part of these financial statements

	Non-Major Governmental Funds	Total Governmental Funds
\$	141,954	\$ 12,291,938
	435,155	898,976
	63,627	1,763,480
	190,518	4,596,534
	<u>831,254</u>	<u>19,550,928</u>
	-	8,455,370
	-	574,995
	-	226,775
	-	1,163,043
	-	708,171
	634,335	659,218
	-	701,692
	-	310,402
	30,491	1,047,270
	35,322	1,743,683
	-	18,260
	-	320,406
	-	565,797
	-	593,000
	<u>700,148</u>	<u>17,088,082</u>
	<u>131,106</u>	<u>2,462,846</u>
	6,658	265,046
	-	(265,046)
	<u>6,658</u>	-
	137,764	2,462,846
	617,410	7,738,188
\$	<u>755,174</u>	<u>\$ 10,201,034</u>

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

(\$ Amounts in thousands)

Net Change in Fund Balances - Governmental Funds \$ 2,463

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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

	575	
Expenditures for capital outlay:		
Depreciation expense:	(1,995)	(1,420)

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:

593

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 it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

7

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES,
Continued
FOR THE YEAR ENDED JUNE 30, 2020**

(\$ amounts in thousands)

Amortization of debt issue premium or discount or deferred result
from debt refunding:

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

(14)

Postemployment benefits other than pensions ("OPEB"):

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

(1)

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:

(813)

Change in net position of Governmental Activities	\$	815
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PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>ASB Agency Funds</u>	
ASSETS		
Deposits and investments	\$	34,803
LIABILITIES		
Due to student groups:		
Riverside	\$	8,810
Rio Del Oro		13,638
Cobblestone		12,355
Total Liabilities	\$	34,803

The accompanying notes are an integral part of these financial statements

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Plumas Lake Elementary School District (“District”), also generically known as a Local Educational Agency (“LEA”), was established in 1863, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K – 8 as mandated by the State and/or Federal agencies. The District operates two Kindergarten through fifth grade schools and one middle school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Plumas Lake Elementary School District, this includes general operations, food service, and student related activities of the District.

1 - B. Blended Component Unit

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Plumas Lake Elementary School District 2016 Lease Financing Corporation (the “Corporation”) is a nonprofit, public benefit corporation, incorporated under the laws of the State of California. The Corporation was formed to provide financing assistance to the District for the construction and acquisition of major capital facilities. Upon completion of the subject transactions, the District intends to occupy the Corporation's facilities under a lease, purchase agreement effective through the year 2044. At the end of the lease term, title of the Corporation's property will pass to the District for no additional consideration. The financial activity for the Corporation is presented in the financial statements as the part of the Capital Facilities Fund.

The District has determined that Community Facilities District No. 1 and No. 2 meet the criteria as a component unit and therefore are presented in the Districts general-purpose financial statements. The Community Facilities Districts were established to issue Mello-Roos Bonds as described in Note 8 - B. The District is not aware of any other entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity. The Community Facilities District is reported as Funds 49 and 52 and does not issue separate financial statements.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2020

1 - C. Other Related Entities

Joint Powers Authority (JPA). The District is associated with three JPAs. These organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 12 to the financial statements. These organizations are, Tri-County Schools Insurance Group (TCSIG), North Valley Schools Insurance Group (NVSIG), and Schools Excess Liability Fund (SELF).

1 - D. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue 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. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.

Major Governmental Funds

General Fund. This is the chief operating fund for all LEAs. It is used to account for the ordinary operations of an LEA. All transactions except those accounted for in another fund are accounted for in this fund.

Capital Facilities Fund. This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code §17620–§17626). The authority for these levies may be county/city ordinances (Government Code §65970–§65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code §66006).

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Debt Service Fund for Blended Component Units. This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles ("GAAP"). The Mello-Roos Community Facilities Act of 1982 (Government Code §53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" ("CFD") for the purpose of selling tax-exempt bonds to finance public improvements and services.

Non-Major Governmental Funds

Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

Cafeteria Special Revenue Fund. This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* §38090–§38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (*Education Code* §38091 and §38100).

Deferred Maintenance Fund. This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* §17582).

Capital Project Funds. Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Special Reserve Fund for Capital Outlay Projects. This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* §42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49. Other authorized resources that may be deposited to the Special Reserve Fund for Capital Outlay Projects (Fund 40) are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code* §17462) and rentals and leases of real property specifically authorized for deposit to the fund by the governing board (*Education Code* §41003).

Capital Project Fund for Blended Component Units. This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et seq.) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" ("CFD") for the purpose of selling tax-exempt bonds to finance public improvements and services.

Fiduciary Funds

Trust and Agency Funds. Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Student Body Fund. The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code* §48930–§48938).

1 - E. Basis of Accounting

Government-Wide and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Governmental Funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Local Control Funding Formula (“LCFF”), property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues – Exchange and Non-Exchange Transactions. The Local Control Funding Formula (“LCFF”) and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the LCFF is made and the District's actual tax receipts, as reported by the county auditor, is subtracted the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded.

The District recognizes property tax revenues actually received as reported on California Department of Education (“CDE”)’s Principal Apportionment Data Collection Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2020

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Interfund Activity. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

1 - F. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments. The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2020, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The District considers the deposits and investments in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	31
Site Improvements	20 – 30
Equipment	5 – 10

Interfund Balances. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences. Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of the liability is not reported separately.

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the CA State Teachers Retirement System ("STRS") and CA Public Employee Retirement System Pension Plan ("PERS") and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by STRS and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Premiums and Discounts. In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the straight line method.

Fund Balance. Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Restricted - The portion of fund balance representing resources subject to legally enforceable constraints externally imposed either by resource providers (e.g., grantors or creditors) or by law through constitutional provisions or enabling legislation.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Committed – The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the LEA through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Assigned – The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the LEA’s highest level of decision-making authority or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued. The constraints may be modified or removed by a process less formal than is required to remove constraints that give rise to committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

Unassigned – In the general fund, residual fund balance in excess of amounts reported in the nonspendable, restricted, committed, or assigned fund balance classifications and net of Reserve for Economic Uncertainties. In all governmental funds including the general fund, the excess of nonspendable, restricted, and committed fund balance over total fund balance (deficits). Assigned amounts must be reduced or eliminated if a deficit exists.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position. Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2020. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The district-wide financial statements report \$3,663,749 of restricted net position.

Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposits and Investments

	Governmental	Fiduciary	
	Activities	Funds	Total
Deposits in financial institutions	\$ 5,600	\$ 34,803	\$ 40,403
Cash in County	8,559,162	-	8,559,162
Cash with fiscal agent	157,732	-	157,732
Total	\$ 8,722,494	\$ 34,803	\$ 8,757,297

2 - B. Cash Deposits

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation (“FDIC”) or are collateralized as required by Statutes of the State. As of June 30, 2020, the carrying amount of the District’s bank deposits was \$40,403, and the respective bank balances totaled \$41,741. The total bank balances were insured through the FDIC.

2 - C. Investments

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

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

2 - D. Policies and Practices

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

2 - E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool. See "Specific Identification" for various maturities of the District's investments.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

2 - F. Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation are provided by the following schedule that shows the distribution of the District's investments by maturity:

<u>Investment Type:</u>	<u>S & P Rating</u>	<u>Maturity (Days)</u>	<u>Reported Value</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
Cash in county	A - AAA	240	\$ 8,559,162	2	\$ 8,564,176
Money market / mutual fund	NR	1	157,732	1	157,732
Total			\$ 8,716,894		\$ 8,721,908

Copies of the quarterly investment report, with the exact investment makeup of the District's cash in county pool may be obtained from the Yuba County Treasurer's office.

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal Government			
Categorical aid	\$ 390,585	\$ 10,468	\$ 401,053
State Government			
LCFF deferrals	2,056,722	-	2,056,722
Categorical aid	107,010	6,679	113,689
Lottery	44,506	-	44,506
Bus grants	329,999	-	329,999
Other local sources	355	140	495
Total	\$ 2,929,177	\$ 17,287	\$ 2,946,464

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance		Balance	
	(Amounts in thousands)		(Amounts in thousands)	
	July 01, 2019	Additions	June 30, 2020	
Capital assets not being depreciated				
Land	\$ 5,411	\$ -	\$ 5,411	
Capital assets being depreciated				
Land improvements	\$ 2,430	\$ -	\$ 2,430	
Buildings & improvements	51,603	-	51,603	
Furniture & equipment	1,174	575	1,749	
Total Capital Assets Being Depreciated	55,207	575	55,782	
Less Accumulated Depreciation				
Land improvements	364	160	524	
Buildings & improvements	22,389	1,736	24,125	
Furniture & equipment	648	99	747	
Total Accumulated Depreciation	23,401	1,995	25,396	
Depreciable Capital Assets, net	\$ 31,806	\$ (1,420)	\$ 30,386	
Total Capital Assets, net	\$ 37,217	\$ (1,420)	\$ 35,797	

NOTE 5 – INTERFUND TRANSACTIONS

5 - A. Interfund Receivables/Payables (Due From/Due To)

Due To Other Funds	Due From Other Funds		
	General Fund	Non-Major Govt Funds	Total
General Fund	\$ -	\$ 145,677	\$ 145,677
Debt Service Fund for Blended Component Units	15,862	-	15,862
Non-Major Funds	30,491	-	30,491
Total Due From Other Funds	\$ 46,353	\$ 145,677	\$ 192,030

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Cafeteria Fund owes the General Fund for prior year expenditures as well as indirect costs and a negative cash in county balance in the amount of	\$ 30,491
Debt Service for Blended Component Units Fund owes the General Fund for CFD administrative fees in the amount of	15,862
General Fund owes the Cafeteria Fund for operational support including bad debt and catering in the amount of	3,723
General Fund owes the Deferred Maintenance Fund for LCFF deferred maintenance transfer in	141,954
Total	\$ 192,030

5 - B. Operating Transfers

<u>Transfer To Other Funds</u>	<u>Interfund Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 6,658	\$ 6,658
Debt Service Fund for Blended Component Units	15,862	242,526	-	258,388
Total Interfund Transfers Out	\$ 15,862	\$ 242,526	\$ 6,658	\$ 265,046

The Debt Service Fund for Blended Component Units transferred to the General Fund for administrative costs in the amount of	\$ 15,862
The Debt Service Fund for Blended Component Units transferred to the Capital Facilities Fund for debt service in the amount of	242,526
The General Fund transferred to the Cafeteria Fund for debt and annual support in the amount of	6,658
Total	\$ 265,046

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020, consisted of the following:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 38,884	\$ -	\$ -	\$ -	\$ 38,884
LCFF State aid	84,622	-	-	-	84,622
EPA recovery	622,788	-	-	-	622,788
Accounts payable	168,954	895	1,551	-	171,400
Insurance and withholdings	230,812	-	-	-	230,812
Interest payable	-	-	-	199,000	199,000
Special education excess cost	48,913	-	-	-	48,913
Bus purchases payable	330,965	-	-	-	330,965
Total	\$ 1,525,938	\$ 895	\$ 1,551	\$ 199,000	\$ 1,727,384

NOTE 7 – UNEARNED REVENUE

The District periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The unearned revenue totals at June 30, 2020, consist of the following:

	General Fund
State categorical sources	\$ 4,621
Other	575
Total	\$ 5,196

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 8 – LONG-TERM DEBT

8 - A. Long-Term Debt Summary

	Balance			Balance	Balance Due
	(Amounts in thousands) July 01, 2019	Additions	Deductions	June 30, 2020	In One Year
Mello Roos Special Tax Bonds	\$ 4,418	\$ -	\$ 189	\$ 4,229	\$ 203
Certificates of Participation (COPs)	9,000	-	315	8,685	330
Plumas Lake Owners Group	2,673	-	-	2,673	-
Capital Lease	2,033	-	89	1,944	95
Net pension liabilities ("NPL")	13,085	418	-	13,503	-
Net OPEB obligations	60	1	-	61	-
Compensated absences	60	-	-	60	-
Total	\$ 31,329	\$ 419	\$ 593	\$ 31,155	\$ 628

8 - B. Mello Roos Special Tax Bonded Debt

In 2005, the voter of the District’s Community Facilities District (“CFD”) No. 1 authorized the issuance of \$17,500,000 of Special Tax Bonds. These bonds are payable through Mello Roos special taxes levied in Community Facilities District No. 1, and are not secured by the District’s General Fund.

In fiscal year 2005/2006, the first series of bonds, Series 2005 Bonds, were issued in the aggregate principal amount of \$4,900,000 maturing through August 2035, and having interest rates of between 4% to 4.75%. The Series 2005 Bonds were issued to payback a portion of the development of the Rio Del Oro Elementary School to the Plumas Lakes Owners Group.

On or about December 3, 2014 the CFD No. 1 refinanced these special tax bonds with an aggregate principal amount of \$4,009,000. The difference in cash flow requirements between these two issues is a reduction of \$733,656. This resulted in a deferred inflows of resources in the amount of \$6,000 which will be amortized over the life of the bonds.

In 2006, the voter of the District’s Community Facilities District No. 2 authorized the issuance of \$100,000,000 of Special Tax Bonds. These bonds are payable through Mello Roos special taxes levied in Community Facilities District No. 2, and are not secured by the District’s General Fund.

In fiscal year 2006/2007, the first series of bonds, Series 2007 Bonds, were issued in the aggregate principal amount of \$1,275,000 maturing through August 2037, and having an interest rate of 5.625%. The Series 2007 Bonds were issued to finance the construction cost of Cobblestone Elementary School.

On or about December 3, 2014 the CFD No.2 refinanced these special tax bonds. The difference in cash flow requirements between these two issues is a reduction of \$369,231. This resulted in a deferred outflows of resources in the amount of \$59,000 which will be amortized over the life of the bonds.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

The annual requirements to amortize the Mellos Roos Special Tax bonds payable outstanding as of June 30, 2020, are as follows (\$ amounts in thousands):

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds	
				Outstanding June 30, 2019	Redeemed	Outstanding June 30, 2020	
2015	2036	3.75%	4,009	3,406	147	3,259	
2015	2036	3.75%	1,189	1,012	42	970	
			\$ 5,198	\$ 4,418	\$ 189	\$ 4,229	

8 - C. Debt Service Requirements to Maturity – Mello Roos Special Tax Bonds

The bonds mature through 2036 as follows (\$ amounts in thousands):

Community Facilities District (CFD) No. 1 (Refunding)			
Year Ending June 30,	Principal	Interest	Total
2021	\$ 156	\$ 119	\$ 275
2022	160	113	273
2023	164	107	271
2024	173	101	274
2025	177	94	271
2026 - 2030	998	365	1,363
2031 - 2035	1,169	162	1,331
2036	262	5	267
Total	\$ 3,259	\$ 1,066	\$ 4,325

Community Facilities District (CFD) No. 2 (Refunding)			
Year Ending June 30,	Principal	Interest	Total
2021	\$ 47	\$ 35	\$ 82
2022	47	34	81
2023	47	32	79
2024	52	30	82
2025	51	28	79
2026 - 2030	295	110	405
2031 - 2035	353	49	402
2036	78	1	79
Total	\$ 970	\$ 319	\$ 1,289

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

8 - D. Certificates of Participation (“COP”s)

On June 1, 2007, the Plumas Elementary School District entered into an agreement with the Public Property Financing Corporation of California (the Corporation) to issue the 2007 COPs in the amount of \$7,205,000 for the construction of Cobblestone Elementary School. The District entered into an agreement with the Corporation to make base rental payments to the Corporation to service the debt of the COPs.

On or about November 15, 2012 the Corporation refinanced these COPs. The difference in cash flow requirements between these two issues is a reduction of \$1,731,835. This resulted in a deferred outflow of resources of \$129,441 which will be amortized over the life of the bonds. As previously stated, a BAN was refunded into a COP; as well as financing an additional \$850,000. The difference in cash flow requirements between these two issues is an additional \$4,284,917.

The annual requirements to amortize the bonds payable outstanding as of June 30, 2020, are as follows (*\$ amounts in thousands*):

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds	
				Outstanding June 30, 2019	Redeemed	Outstanding June 30, 2020	
2013	2043	3.00% to 4.50%	\$ 3,705	\$ 3,610	\$ 95	\$ 3,515	
2013	2038	3.00% to 4.00%	6,205	5,390	220	5,170	
			\$ 9,910	\$ 9,000	\$ 315	\$ 8,685	

8 - E. Debt Service Requirements to Maturity – COPs

The bonds mature through 2043 as follows (*\$ amounts in thousands*):

Year Ending June 30,	Certificates of Participation 2012 BAN Refunding		
	Principal	Interest	Total
2021	\$ 100	\$ 145	\$ 245
2022	100	142	242
2023	100	138	238
2024	105	135	240
2025	115	130	245
2026 - 2030	625	580	1,205
2031 - 2035	140	441	581
2036 - 2040	980	258	1,238
2041 - 2043	1,250	46	1,296
Total	\$ 3,515	\$ 2,015	\$ 5,530

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

In fiscal year 2007/2008, the second series of bonds, Series 2007 Bonds, were issued in the aggregate principal amount of \$2,525,000 maturing through August 2012, and having an interest rate of 5%. The Series 2007 Bonds were issued to finance a portion of construction costs. However, on or about July 15, 2012, the District refinanced these BANs into Certificates of Participation (COPs) and financed an additional \$850,000 for a land purchase for a future high school site (the District’s purchase of land was an agreement with Wheatland Union High School District as a matter of settlement between the two districts regarding some prior collections of excess developer fees). See COP note for additional details.

(\$ amounts in thousands)

Year Ending June 30,	Certificates of Participation 2012 Refunding		
	Principal	Interest	Total
2021	\$ 230	\$ 182	\$ 412
2022	235	175	410
2023	240	168	408
2024	245	161	406
2025	260	153	413
2026 - 2030	265	627	892
2031 - 2035	1,475	340	1,815
2036 - 2038	2,220	35	2,255
Total	\$ 5,170	\$ 1,841	\$ 7,011

8 - F. Plumas Lake Owner’s Group

The District’s development of the Rio Del Oro Elementary School was funded in part by the Plumas Lake Owners Group (PLOG). Upon completion of the school site, the District acquired a liability in the amount of \$7,014,232. The payment terms of the liability are that the District makes payments if there is adequate cash flow in the Capital Facilities Fund from developer fees. This liability is non-interest bearing. The District did not make any payments during the 20196-20 year. The outstanding liability at June 30, 2020 is \$2,673,407.

8 - G. Capital Lease

On September 1, 2016, the Plumas Elementary School District entered into a site lease agreement with the Public Property Financing Corporation of California (the Corporation) to fund the District’s solar projects. The district is leasing District sites to the Corporation. During the lease, the corporation is providing site improvement which consist of solar panels and any construction needed (in association with the solar panels) at the three school sites. The capital lease has been funded by Clean Renewable Energy Bonds that were issued for \$2,194,000. The bond debt service payments is the same schedule as the capital lease payment schedule.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

8 - H. Debt Service Requirements to Maturity – Capital Lease

The lease payments through 2034 as follows (*\$ amounts in thousands*):

Year Ending June 30,	<i>(Amounts in thousands)</i>	Lease Payment
2021	\$	159
2022		162
2023		164
2024		167
2025		170
2026 - 2030		887
2031 - 2034		759
Total		\$ 2,468
Less: Amount representing interest		524
Present value of minimum lease payments		\$ 1,944

8 - I. Pension Liabilities

The District's pension activities between the District and Cal STRS and Cal PERS for the year ended June 30, 2020, resulted in net pension obligations and other related balances as follows:

	Cal STRS	Cal PERS	Total
District's proportionate share of the net pension liability	\$ 9,543	\$ 3,960	\$ 13,503

<i>(Amounts in thousands)</i>	Cal STRS	Cal PERS	Total
Deferred Outflows of Resources	\$ 3,058	\$ 959	\$ 4,017
Deferred Inflows of Resources	(612)	(37)	(649)
Net Effect on Net Position	\$ 2,446	\$ 922	\$ 3,368

See Note 10 for additional information regarding the pension plans and activities.

8 - J. Other Postemployment Benefits

The District's OPEB for the year ended June 30, 2020, resulted in an OPEB obligation of \$61,000. See Note 11 for additional information regarding the pension plans and activities.

8 - K. Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2020, amounted to \$60,000. The General Fund would be responsible for the liability.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 9– FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Debt Service for Blended Component Unit Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Non-restricted					
Reserve for revolving cash	\$ 5,100	\$ -	\$ -	\$ 500	\$ 5,600
Reserve for prepaid exp.	65,656	-	-	-	65,656
Total Nonspendable	70,756	-	-	500	71,256
Spendable					
Restricted					
Educational programs					
Federal	-	-	-	20,312	20,312
State	226,735	-	-	-	226,735
Local	94,457	939,789	-	-	1,034,246
Capital projects for dev.	-	2,380,729	-	1,727	2,382,456
Total Restricted	321,192	3,320,518	-	22,039	3,663,749
Committed					
Deferred maintenance	-	-	-	732,520	732,520
COP / CFD debt service	412,213	-	2,150,976	-	2,563,189
Total Committed	412,213	-	2,150,976	732,520	3,295,709
Assigned					
Lottery	70,795	-	-	-	70,795
Capital projects	-	-	-	115	115
Total Assigned	70,795	-	-	115	70,910
Unassigned					
Reserve for econ. uncertainties	916,087	-	-	-	916,087
Unassigned	2,183,323	-	-	-	2,183,323
Total Unassigned	3,099,410	-	-	-	3,099,410
Total	\$ 3,974,366	\$ 3,320,518	\$ 2,150,976	\$ 755,174	\$ 10,201,034

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 two months of general fund operating expenditures, or four percent of General Fund expenditures and other financing uses.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

10 - A. General Information about California State Teachers' Retirement System ("CalSTRS")

Plan description. CalSTRS administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan, and a fund used to account for ancillary activities associated with various deferred compensation plans and programs:

- ❖ State Teachers' Retirement Plan ("STRP")
- ❖ CalSTRS Pension 2 Program (Internal Revenue Code 403(b) and 457(b) plans)
- ❖ Teachers' Health Benefits Fund ("THBF")
- ❖ Teachers' Deferred Compensation Fund ("TDCF")

CalSTRS provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

The STRP is a multiple employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit ("DB") Program, Defined Benefit Supplement ("DBS") Program, Cash Balance Benefit ("CBB") Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

Plan Benefits Provided. The STRP DB Program has two benefit formulas:

- ❖ CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS
- ❖ CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

The 2% refers to the percentage of your final compensation that you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate. In addition, 2% at 62 members aren't eligible for benefit enhancements, the Reduced Benefit Election or the CalSTRS Replacement Benefits Program.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Contributions:	Effective Date	2% at 60 Members	2 % at 62 Members
Members:	July 1, 2016	10.25%	10.205%
Employers:	July 1, 2019	17.10%	
	July 1, 2020	19.10%	
	July 1, 2021 – June 30, 2046	The CalSTRS Funding Plan authorizes the Teachers' Retirement Board (the board) to adjust the employer contribution up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.	
State:	July 1, 20146	Increase from prior rate ceases in 2046-47	
	July 1, 2019	10.328% plus \$2.2 billion	
	July 1, 2017 – June 30, 2046	The board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.	
	July 1, 2046 and thereafter	4.517%	

Contributions to the pension plan from the District was \$1,048,000 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

	<i>(Amounts in thousands)</i>
District's proportionate share of the net pension liability	\$ 9,543
State's proportionate share of the net pension liability associated with the District	3,369
Total	\$ 12,912

The components of the net pension liability ("NPL") of the STRP for participating employers and the state (nonemployer contributing entity) as of June 30, 2019, are as follows:

	<i>(\$ in millions)</i>
Total Pension Liability	\$329,178
Less: STRP Fiduciary Net Position	238,862
NPL of Employers and the State of California	90,316
STRP Fiduciary Net Position as a % of the Total Pension Liability	72.6%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers to the pension plan relative to the contributions of all participating school districts and the State. The District's proportion was as follows:

	<u>Jun. 30, 2019</u>	<u>Jun. 30, 2018</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0001057	0.0001024	0.0000033

For the year ended June 30, 2020, the District recognized pension expense of \$1,060,000 and revenue of \$726,000 for support provided by the State. At June 30, 2020, 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
	<i>(Amounts in thousands)</i>	
Differences between expected and actual experience	\$ -	\$ 245
Changes of assumptions	1,207	-
Net difference between projected and actual earnings on pension plan investments	-	367
Changes in proportion and differences between District contributions and proportionate share of contributions	803	-
District contributions subsequent to the measurement date	1,048	-
Total	\$ 3,058	\$ 612

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<i>(Amounts in thousands)</i>	
Year Ending June 30,		
2021	\$ 1,553	\$ 98
2022	505	353
2023	443	103
2024	437	1
2025	78	29
2026 - 2027	42	28
Total	\$ 3,058	\$ 612

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Actuarial Assumptions. The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 – June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return ³	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

¹ Net of investment expenses, but gross of administrative expenses.

The long-term investment rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance) as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return¹
Global Equity	47.0%	4.8%
Fixed Income	12.0%	1.3%
Real Estate	13.0%	3.6%
Private Equity	13.0%	6.3%
Risk Mitigating Strategies	9.0%	1.8%
Inflation Sensitive	4.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

¹ 20-years average

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 are made at statutory contribution rates in accordance with the rate increases as disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expenses occur 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.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. Presented below is the net pension liability of employer using the current discount rate of 7.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
(Amounts in thousands)	(6.10%)	(7.10%)	(8.10%)
District's proportionate share of the net pension liability	\$ 14,210	\$ 9,543	\$ 5,673

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

10 - B. General Information about California Public Employees’ Retirement System (“CalPERS”)

Plan Description. The Schools Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF B) is administered by the California Public Employees’ Retirement System (CalPERS or the System). Plan membership consists of nonteaching and noncertified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. The Plan excludes school safety members who participate either in the agent multiple-employer defined benefit pension plan or the public agency cost-sharing multiple-employer defined benefit pension plan administered by CalPERS, depending on the number of active members.

The Plan was established to provide retirement, death and disability benefits to nonteaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute.

Benefits Provided. The Service Retirement benefit is a monthly allowance equal to the product of benefit factor, years of service, and final compensation.

- ❖ The *benefit factor* for classic members comes from the 2% at 55 benefit factor table. PEPRA members hired on or after January 1, 2013 are subject to the 2% at 62 benefit factor table.
- ❖ The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer’s contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer’s contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at the rate of 0.004 years of service for each day of sick leave.
- ❖ The *final compensation* is the monthly average of the member’s highest 12 consecutive months’ full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). For new PEPRA members hired after January 1, 2013 final compensation is based on the monthly average of the member’s highest 36 consecutive months’ full-time equivalent monthly pay. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base.
- ❖ The employees in this plan may or may not be covered by Social Security. For employees with service prior to January 1, 2001 covered by Social Security, the final compensation is offset by \$133.33 (or by one-third if, the final compensation is less than \$400). For PEPRA members, the final compensation is not offset.

Contributions. CalPERS required employer contributions to be 19.721% of payroll. The report also reported an employee contribution rate of 7.0% for classic and PEPRA. Contributions to the pension plan from the District was \$425,000 for the year ended June 30, 2020.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

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

At June 30, 2020, the District reported a liability of \$3,960,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentages presented in the CalPERS *Schedule of Employer Allocations and Collective Pension Amounts* and applied to amounts presented in the Schedule of Collective Pension Amounts by Employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2018 through June 30, 2019. The components of the employers' collective net pension liability related to the Plan as of June 30, 2019, are as follows:

	<i>(\$ in millions)</i>	2019
Total pension liability		\$97,301
Less:		
Plan fiduciary net position		68,157
Net Pension Liability of Employers		\$29,144

The District's proportion was as follows:

	<u>Jun. 30, 2019</u>	<u>Jun. 30, 2018</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0001359	0.0001377	-0.0000018

For the year ended June 30, 2020, the District recognized pension expense of \$707,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>(Amounts in thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 288	\$ -
Changes of assumptions		189	-
Net difference between projected and actual earnings on pension plan investments			37
Changes in proportion and differences between District contributions and proportionate share of contributions		57	-
District contributions subsequent to the measurement date		425	-
Total		\$ 959	\$ 37

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*amounts in thousands*):

Year Ending June 30,				
2021		\$	765	\$ (36)
2022			157	72
2023			34	11
2024			3	(10)
Total		\$	959	\$ 37

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019.

The collective total pension liability was based on the following assumptions:

Investment rate of return		7.15%
Inflation		2.5%
Salary increases		Varies by Entry Age and Service
Mortality Rate Table ¹		Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter	

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return. 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.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

The expected real rates of return by asset class are as followed:

Asset Class¹	Assumed Asset Allocation	Real Return Years 1 – 10²	Real Return Years 11+³
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation rate of 2.00% used for this period.

³ An expected inflation rate of 2.92% used for this period.

Discount Rate. The discount rate used to measure the total pension liability for PERF B 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability calculated using a discount rate of 7.15%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (*\$ in millions*):

	Current		
	1% Decrease	Discount Rate	1% Increase
<i>(Amounts in thousands)</i>	(6.15%)	(7.15%)	(8.15%)
District's proportionate share of the net pension liability	\$ 5,709	\$ 3,960	\$ 2,510

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

NOTE 11 – POSTEMPLOYMENT HEALTHCARE PLAN (Cal STRS)

Plan Description. CalSTRS administers a postemployment benefit plan Medicare Premium Payment (“MPP”) Program. The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (“OPEB”) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (“THBF”).

Benefits Provided. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Contributions. The MPP Program is funded on a pay-as-you go basis from a portion of monthly contributions, by Districts in the retirement system. In accordance with California Education Code §25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total contributions directed to the MPP Program for year 2018-19 was \$28.0 million. The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

At June 30, 2020, the District reported a liability of \$60,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on the District’s proportionate share of total CalSTRS-Calculated Employer Contribution, statutorily determined. The District’s proportion was as follows:

	<u>Jun. 30, 2019</u>	<u>Jun. 30, 2018</u>	<u>Difference</u>
Net OPEB Liability Allocation Basis	0.0001633	0.0001611	0.0000022

For the year ended June 30, 2020, the District recognized pension expense of \$0. At June 30, 2020, the District had no deferred outflows of resources nor deferred inflows of resources.

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. The total OPEB liability for the MPP Program as of June 30, 2019, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed below.

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 – June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.50%
Medicare Part A Premium Costs Trend Rate ¹	3.7%
Medicare Part B Premium Costs Trend Rate ¹	4.1%

¹ The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year, however; the increases are approximately equivalent to a 3.7 percent and 4.1 percent increase each year for Medicare Part A and Part B, respectively.

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23% of the potentially eligible population of 165,422.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

Discount Rate. The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37% from 3.87% as of June 30, 2018.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.

The following table presents the net OPEB liability of employers as of June 30, 2017, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

<i>(Amounts in thousands)</i>	1% Decrease	Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
District's proportionate share of the net OPEB liability	\$ 66	\$ 61	\$ 56

Medicare Costs Trend Rates. The June 30, 2018, valuation uses the 2019 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year, as shown in the following table:

<i>(Amounts in thousands)</i>	Medicare Costs		
	1% Decrease	Trend Rate	1% Increase
	(3.10%)	(4.10%)	(5.10%)
District's proportionate share of the net OPEB liability	\$ 55	\$ 61	\$ 67

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of two joint powers authorities (“JPAs”). The first is the Tri-County Schools Insurance Group (“TCSIG”) to provide health, dental, vision, and life insurance, to the District’s certificated and classified employees. Additionally, TCSIG provides property and liability insurance up to \$5,000,000 and provides workers’ compensation insurance. The second is the School Excess Liability Fund (“SELF”) to provide liability and property insurance in excess of \$5,000,000. The relationships are such that the JPAs are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2020, the District made payments of \$12,574, \$1,342,544 (Health, Dental, Vision), \$111,111 (Workers’ Comp), \$115,021 to SELF and TCSIG, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

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PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<u>Variances -</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive /</u> <u>(Negative)</u> <u>Final to</u> <u>Actual</u>
REVENUES				
Local Control Funding Formula ("LCFF") Sources				
State aid	\$ 10,975,157	\$ 11,211,045	\$ 11,172,971	\$ (38,074)
Local sources	958,604	1,034,344	1,118,967	84,623
Transfers	(136,397)	(144,789)	(141,954)	2,835
Federal sources	364,872	393,020	463,821	70,801
Other State sources	426,649	649,826	1,699,853	1,050,027
Other local sources	782,608	856,603	1,163,226	306,623
Total Revenues	13,371,493	14,000,049	15,476,884	1,476,835
EXPENDITURES				
Certificated salaries	6,286,664	6,516,273	6,435,703	80,570
Classified salaries	1,904,901	2,017,369	2,003,441	13,928
Employee benefits	2,859,263	2,926,243	3,913,480	(987,237)
Books and supplies	578,943	659,246	543,592	115,654
Services and other operating expenditures	1,377,628	1,547,549	1,344,362	203,187
Capital outlay	71,984	277,133	575,000	(297,867)
Other outgo				
Excluding transfers of indirect costs	571,334	551,340	476,372	74,968
Transfers of indirect costs	(30,445)	(31,596)	(30,491)	(1,105)
Total Expenditures	13,620,272	14,463,557	15,261,459	(797,902)
Excess (Deficiency) of Revenues				
Over Expenditures	(248,779)	(463,508)	215,425	678,933
Other Financing Sources (Uses):				
Transfers In	22,600	22,600	15,862	(6,738)
Transfers Out	(2,400)	(15,338)	(6,658)	8,680
Net Financing Sources (Uses)	20,200	7,262	9,204	1,942
NET CHANGE IN FUND BALANCE	(228,579)	(456,246)	224,629	680,875
Fund Balance - Beginning	3,749,737	3,749,737	3,749,737	
Fund Balance - Ending	\$ 3,521,158	\$ 3,293,491	\$ 3,974,366	\$ 680,875

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Cal STRS	<i>(Amounts in thousands)</i>	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)		0.011%	0.010%	0.010%	0.009%	0.009%	0.009%
District's proportionate share of the net pension liability (asset)		\$ 9,543	\$ 9,413	\$ 9,217	\$ 7,672	\$ 6,336	\$ 5,100
State's proportionate share of the net pension liability (asset) associated with the District		3,369	3,427	3,424	2,783	2,192	1,955
Total		\$ 12,912	\$ 12,840	\$ 12,641	\$ 10,455	\$ 8,528	\$ 7,055
District's covered payroll		\$ 5,823	\$ 5,358	\$ 4,758	\$ 4,387	\$ 3,913	\$ 9,522
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		164%	176%	194%	175%	162%	156%
Plan fiduciary net position as a percentage of the total pension liability		73%	71%	70%	74%	77%	76%
Cal PERS	<i>(Amounts in thousands)</i>	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)		0.014%	0.014%	0.013%	0.013%	0.013%	0.013%
District's proportionate share of the net pension liability (asset)		\$ 3,960	\$ 3,672	\$ 3,112	\$ 2,547	\$ 1,946	\$ 1,484
District's covered payroll		\$ 1,881	\$ 1,817	\$ 1,661	\$ 1,536	\$ 1,462	\$ 1,374
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		211%	202%	187%	166%	133%	75.79%
Plan fiduciary net position as a percentage of the total pension liability		70%	71%	72%	74%	79%	83%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

Cal STRS	<i>(Amounts in thousands)</i>	2020	2019	2018	2017	2016	2015
Contractually required contribution		\$ 1,048	\$ 948	\$ 773	\$ 672	\$ 511	\$ 390
Contributions in relation to the contractually required contribution		(1,048)	(948)	(773)	(672)	(511)	(390)
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll		\$ 6,131	\$ 5,823	\$ 5,358	\$ 5,341	\$ 4,758	\$ 4,387
Contributions as a percentage of covered payroll		17%	16%	14%	13%	11%	9%
Cal PERS	<i>(Amounts in thousands)</i>	2020	2019	2018	2017	2016	2015
Contractually required contribution		\$ 425	\$ 340	\$ 282	\$ 231	\$ 182	\$ 172
Contributions in relation to the contractually required contribution		(425)	(340)	(282)	(231)	(182)	(172)
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll		\$ 2,157	\$ 1,881	\$ 1,817	\$ 1,661	\$ 1,536	\$ 1,462
Contributions as a percentage of covered payroll		20%	18%	16%	14%	12%	12%

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018
District's Proportion of the collective net OPEB liability	61,000	60,000	66,000
District's proportionate share of the collective net OPEB liability	0.016%	0.016%	0.016%
 Covered Payroll ¹	 \$ -	 \$ -	 \$ -
Total OPEB liability as a percentage of covered payroll	0%	0%	0%
The District makes no contributions to the plan. Rather, CalSTRS siphons benefit payments from all the school districts' regular pension contributions.			

¹ Defined as the payroll on which contributions to a pension plan are based, but for CalSTRS OPEB there are no contributions based on payroll

District Has No Material Assets Accumulated in a Trust to Pay Related Benefits

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

SUPPLEMENTARY INFORMATION

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PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
Every Student Succeeds Act ("ESSA"):			
Title I, Basic Grants Low-Income and Neglected	84.010	14329	\$ 121,672
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	19,058
Title III, Limited English Learner Student Program	84.365	14346	11,272
Title IV, Part A, Student Support and Academic Enrichment Gr	84.424	15396	10,000
Special Ed: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	228,412
Mental Health Allocation Plan	84.027A	15197	15,384
Total Special Ed: IDEA			243,796
Federal Impact Aid (ESEA, Title VIII)	84.041	10015	9,206
Total U. S. Department of Education			415,004
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition: School Programs			
NSL Sec 4 [1]	10.555	13523	42,343
NSL Sec 11 [1]	10.555	13524	245,604
School Breakfast Basic [1]	10.553	13525	5,270
School Breakfast Needy [1]	10.553	13526	132,083
Total National School Lunch & Basic Breakfast Programs			425,300
Commodities	10.565	NA	9,855
Total U. S. Department of Agriculture			435,155
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Medi-Cal Passed through CDE:			
Billing Option	93.778	10013	14,850
Administrative Activities (MAA)	93.778	10060	33,967
Total U. S. Department of Health & Human Services			48,817
Total Federal Expenditures			\$ 898,976

No amount provided to subrecipients

[1] - Major Program

See accompanying note to supplementary information

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2020

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten through third	638	638
Fourth through sixth	403	403
Seventh through eighth	280	280
Extended year special education	1	1
Special education - nonpublic, nonsectarian schools	1	1
Average Daily Attendance Total	1,323	1,323

See accompanying note to supplementary information

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2020**

Grade Level	1982 - 83 Actual Minutes¹	Education Code § 46207(a) Minutes' Requirements	Current Year Minutes	Current Year Days	Status
Kindergarten	31,938	36,000	60,520	180	Complied
Grade 1	45,063	50,400	57,820	180	Complied
Grade 2	45,063	50,400	57,820	180	Complied
Grade 3	52,500	50,400	57,820	180	Complied
Grade 4	52,500	54,000	57,820	180	Complied
Grade 5	52,500	54,000	57,820	180	Complied
Grade 6	52,500	54,000	63,590	180	Complied
Grade 7	52,500	54,000	63,590	180	Complied
Grade 8	52,500	54,000	63,590	180	Complied

¹ Shown for historical purposes only

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

	2021 (Budget)	2020	2019	2018
GENERAL FUND:				
Revenues	\$ 14,948,532	\$ 15,476,884	\$ 14,092,532	\$ 12,458,301
Transfers in	24,000	15,862	12,662	14,020
Total	14,972,532	15,492,746	14,105,194	12,472,321
Expenditures	15,000,555	15,261,459	13,562,555	12,383,887
Other uses and transfers out	2,400	6,658	39,880	120,326
Total	15,002,955	15,268,117	13,602,435	12,504,213
INCREASE/(DECREASE)				
IN FUND BALANCE	\$ (30,423)	\$ 224,629	\$ 502,759	\$ (31,892)
ENDING FUND BALANCE	\$ 3,943,943	\$ 3,974,366	\$ 3,749,737	\$ 3,246,978
AVAILABLE RESERVES¹	\$ 900,177	\$ 3,099,410	\$ 2,140,015	\$ 2,145,888
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO	6%	20%	16%	17%
LONG-TERM DEBT	N/A	\$ 31,155,407	\$ 31,329,407	\$ 31,146,407
AVERAGE DAILY ATTENDANCE AT P-2	1,323	1,323	1,284	1,216

The General Fund balance has increased by \$727,388 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$30,423 (one percent). For a district this size, the State recommends available reserves of at least three percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years and anticipates incurring an operating deficit during the 2020-21 fiscal year. Total long-term obligations have increased by \$9,000 over the past two years.

Average daily attendance has increased by 107 ADA over the past two years. No change in ADA is anticipated during fiscal year 2020-21.

¹ Available reserves consist of all unassigned fund balance within the General Fund

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

No adjustments.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2020**

There are no charter schools sponsored by the District.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET – NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Capital Outlay Fund	Capital Project Fund for Blended Component Units	Non-Major Gov. Funds
ASSETS					
Deposits and investments	\$ 31,844	\$ 590,566	\$ 1,727	\$ 115	\$ 624,252
Accrued receivables	17,287	-	-	-	17,287
Due from other funds	3,723	141,954	-	-	145,677
Total Assets	\$ 52,854	\$ 732,520	\$ 1,727	\$ 115	\$ 787,216
LIABILITIES					
Accrued liabilities	\$ 1,551	\$ -	\$ -	\$ -	\$ 1,551
Due to other funds	30,491	-	-	-	30,491
Total Liabilities	32,042	-	-	-	32,042
FUND BALANCES					
Non-spendable	500	-	-	-	500
Spendable					
Restricted	20,312	-	1,727	-	22,039
Committed	-	732,520	-	-	732,520
Assigned	-	-	-	115	115
Total Fund Balances	20,812	732,520	1,727	115	755,174
Total Liabilities and Fund Balances	\$ 52,854	\$ 732,520	\$ 1,727	\$ 115	\$ 787,216

See accompanying note to supplementary information

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 – NON-MAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Capital Outlay Fund	Capital Project Fund for Blended Component Units	Non-Major Gov. Funds
REVENUES					
Local Control Funding					
Formula ("LCFF") Sources					
Transfers	\$ -	\$ 141,954	\$ -	\$ -	\$ 141,954
Federal sources	435,155	-	-	-	435,155
Other State sources	63,627	-	-	-	63,627
Other local sources	179,627	10,852	36	3	190,518
Total Revenues	678,409	152,806	36	3	831,254
EXPENDITURES					
Current					
Pupil services					
Food services	634,335	-	-	-	634,335
General administration					
All other general admin	30,491	-	-	-	30,491
Plant services	-	35,322	-	-	35,322
Total Expenditures	664,826	35,322	-	-	700,148
Excess (Deficiency) of					
Revenues Over					
Expenditures	13,583	117,484	36	3	131,106
OTHER FINANCING					
SOURCES					
Transfers In	6,658	-	-	-	6,658
NET CHANGE IN					
FUND BALANCE	20,241	117,484	36	3	137,764
Fund Balance - Beginning	571	615,036	1,691	112	617,410
Fund Balance - Ending	\$ 20,812	\$ 732,520	\$ 1,727	\$ 115	\$ 755,174

See accompanying note to supplementary information

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2020

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

There are no balances of loan or loan guarantee programs (“loans”) outstanding at the end of the audit period. The District has not elected to use the 10% de minimis cost rate.

Schedule of Average Daily Attendance (“ADA”)

Displays ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

Schedule of Instructional Time

Displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with §46200) of chapter 2 of part 26 of the Education Code; showing by grade level:

- 1) The number(s) of instructional minutes specified in Education Code section 46207(a)
- 2) For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level
- 3) For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional minutes and day’s provisions.
- 4) For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the instructional minutes and days provisions.

Schedule of Financial Trends and Analysis

Displays information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: general fund financial activity, including total revenue, expenditures, and other sources and uses; general fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the general fund or special reserve fund; available reserve balances expressed as a percentage of total general fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary second principal ADA; and, when the auditee's percentage of available reserves to total general fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION, Continued JUNE 30, 2020

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

Displays the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

Schedule of Charter Schools

Listing of all charter schools chartered by the school district or county office of education. For each charter school, include the charter school number and indicate whether or not the charter school is included in the school district or county office of education audit.

Combining Statements – Non-Major Governmental Funds

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Local Education Agency Organization Structure

LEA Organization Structure, setting forth the following information, at a minimum:

- 1) The date on which the LEA was established, and for charter schools the date and granting authority of each charter;
- 2) The date and a general description of any change during the year audited in a school district's boundaries;
- 3) The numbers by type of schools in the LEA;
- 4) The names, titles, terms, and term expiration dates of all members of the governing board; and
- 5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

This schedule is located in the front of the report.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Plumas Lake Elementary School District
Plumas Lake, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plumas Lake Elementary School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Plumas Lake Elementary School District's basic financial statements, and have issued our report thereon dated November 12, 2020.

Internal Control over Financial Reporting

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

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

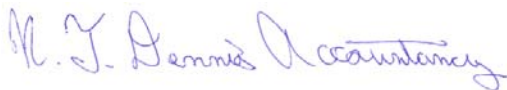
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "R. J. Dennis Accountancy".

November 12, 2020

RT DENNIS
ACCOUNTANCY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Plumas Lake Elementary School District
Plumas Lake, California

Report on Compliance for Each Major Federal Program

We have audited Plumas Lake Elementary School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Plumas Lake Elementary School District's major federal programs for the year ended June 30, 2020. Plumas Lake Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Plumas Lake Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

RT DENNIS
ACCOUNTANCY

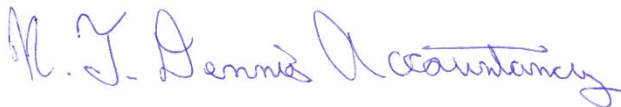
Report on Internal Control over Compliance

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

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

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

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



November 12, 2020

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Plumas Lake Elementary School District
Plumas Lake, California

REPORT ON STATE COMPLIANCE

We have audited Plumas Lake Elementary School District's compliance with the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* ("the State Audit Guide"), applicable to Plumas Lake Elementary School District's state compliance requirements as listed on the next page for the year ended June 30, 2020.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Plumas Lake Elementary School District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Plumas Lake Elementary School District's compliance based on our state compliance audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Audit Guide, prescribed by the *California Code of Regulation*, Title 5 §19810, et seq. Those standards and require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on referred to previously occurred. An audit includes examining, on a test basis, evidence about Plumas Lake Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion

In our opinion, Plumas Lake Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the compliance requirements listed on the next page for the year ended June 30, 2020.

RT DENNIS
ACCOUNTANCY

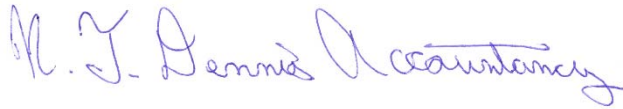
In connection with the audit referred to on the previous page, we selected and tested transactions and records to determine the Plumas Lake Elementary School District's compliance with the State laws and regulations applicable to the following items:

PROGRAM NAME	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	Not Applicable
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle Or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance Of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
School Districts, County Offices Of Education, And Charter Schools	
T. California Clean Energy Jobs Act	Not Applicable
U. After/Before School Education And Safety Program	Not Applicable
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	Not Applicable
Charter Schools	Not Applicable ¹

¹No charter schools.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the State Audit Guide. Accordingly, this report is not suitable for any other purpose.



November 12, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>10.553 & 10.555</u>	<u>National School Lunch Programs</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no Financial Statement Findings noted this year.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no Federal Award Findings noted this year.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

**STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no State Award Findings noted this year.

PLUMAS LAKE ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Five Digit Code
30000

AB 3627 Finding Type
Internal Control

2019-001

ASSOCIATED STUDENT BODY (ASB)

CRITERIA

ASBs collect and spend money on behalf of the student body. ASBs handle cash and can be an opportunity for misappropriation of cash. Due to the inherent risk of fraud involved with the ASB it is important that the school sites and the District set in place strong internal controls to deter the opportunity for fraud. These policies and procedures are set forth in the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference for California K-12 Public Schools and Community Colleges* published by FCMAT.

CONDITION AND CONTEXT

During our review of the District's ASB reconciliations and financial records revenue potentials were not consistently being utilized for fundraisers such as Shady Creek.

CAUSE

Unknown

EFFECT

Only potential effect would be on the fiduciary funds. If cash were to go missing it could understate the cash balance or not realizing if a fund raiser costs money as opposed to makes any.

RECOMMENDATIONS

The District should set forth policies and procedures to ensure that good internal control procedures are being used. A guide for the district is *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference for California K-12 Public Schools and Community Colleges* published by FCMAT as noted above. The District will need to retrain staff to follow these procedures and monitor the ASBs to ensure that the controls in place are being utilized and working.

STATUS

Implemented.

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