

COLUSA UNIFIED SCHOOL DISTRICT

**COUNTY OF COLUSA
COLUSA, CALIFORNIA**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COLUSA UNIFIED SCHOOL DISTRICT

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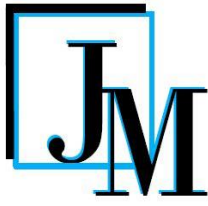
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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colusa Unified School District
Colusa, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colusa Unified School District (the “District”), as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by the July 2021 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

This section of the Colusa Unified School District's annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read this section in conjunction with the District's financial statements which immediately follow this section.

INTRODUCTION

Colusa County is home to nearly 21,850 people. Situated along the Sacramento River, the town of Colusa consists of 6,106 residents. The majority, about 90%, of students who attend Colusa Unified School District live within city limits. Four percent of the District's students reside in the Cachil DeHe Band of the Wintun Indian Community. The remaining students live outside of town on the many farms or ranches, which comprise the majority of lands within the District's boundaries. Colusa has one of the highest unemployment rates in the nation. In March of 2019, the Bureau of Labor Statistics listed Colusa unemployment at 6.2% while the national average was near 4%, and the California rate was 4.6%. The Colusa economy is primarily agriculturally based. Nearly thirty-five percent of the county's work force is employed directly by farming operations. Colusa Unified School District contributes to the local economy as one of its largest employers. Other local industry jobs directly support the community's agriculture business.

As in many small towns, schools are a social focal point, and many community-based groups benefit from the use of school facilities. Past Colusa Unified School District graduates often return to live in the community because of their connection to family, traditional values, and the lifestyle that Colusa provides its residents. The Colusa Unified School District serves approximately 1,550 students in grades Transitional Kindergarten through 12. Class sizes are well below the state average and typical student/teacher ratios hover around 22:1. The District continues to maintain strong attendance with students present nearly 96% of school days. The Districtwide graduation rate was 92.9% in 2020, up from the prior year. The Colusa Unified School District and its schools benefit annually from the generosity of its robust Alumni Association, dynamic Athletic Foundation and supportive school community.

OVERVIEW OF THE ANNUAL REPORT

This annual report consists of four parts; (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information, and (4) supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are *Government-Wide Financial Statements* that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are *Fund Financial Statements, Governmental Funds Statements, and Fiduciary Funds Statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. They tell how basic services like regular and special education are financed in the short term as well as what remains for future spending. In addition, they offer short- and long-term financial information about the activities the District operates like a business, and provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

THE FINANCIAL STATEMENTS

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

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary. The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The *Fiduciary Activities* only report a balance sheet and do not have a measurement focus. The District does not have any Fiduciary Funds.

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

GOVERNMENT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities

The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, finance these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Funds are required to be established by State and Federal law.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Governmental Funds

Most of the District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measure cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic service it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District’s combined net position, as of June 30, 2021, was (\$2,938,572) reflecting an increase in current assets that was greater than the increase in short-term liabilities. The District’s total assets inclusive of deferred outflows increased by 21.5% to \$25,947,303. The District’s liabilities inclusive of deferred inflows increased by 10.9% to \$28,885,875.

Condensed Statement of Net Position

	June 30, 2020	June 30, 2021	Change	Percentage Change
Assets				
Current assets	\$ 4,586,274	\$ 8,676,761	\$ 4,090,487	89.2%
Capital assets	9,164,905	9,244,831	79,926	0.9%
Total assets	13,751,179	17,921,592	4,170,413	30.3%
Deferred Outflows of Resources				
	7,609,632	8,025,711	416,079	5.5%
Liabilities				
Current liabilities	948,125	1,001,353	53,228	5.6%
Long-term liabilities	22,166,358	25,896,936	3,730,578	16.8%
Total liabilities	23,114,483	26,898,289	3,783,806	16.4%
Deferred Inflows of Resources				
	2,926,457	1,987,586	(938,871)	-32.1%
Net Position				
Invested in capital assets, net of related debt	3,794,905	1,410,489	(2,384,416)	-62.8%
Restricted	729,035	1,621,520	892,485	122.4%
Unrestricted	(9,204,069)	(5,970,581)	3,233,488	35.1%
Total net position	\$ (4,680,129)	\$ (2,938,572)	\$ 1,741,557	37.2%

Change in Net Position

Overall, the net position improved by \$1,741,557 but continues to be held down by the unfunded pension liability.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Governmental Activities

As reported in the Statement of Activities and shown in the chart on the following page, the cost of all of our governmental activities was \$19,132,218 and \$20,037,393 for June 30, 2020 and 2021, respectively.

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2020	2021	Change	Percentage Change
Revenues				
Charges for services	\$ 91,789	\$ 238,853	\$ 147,064	160.2%
Operating grants and contributions	2,216,144	4,822,909	2,606,765	117.6%
Taxes levied for general purposes	3,926,121	4,093,939	167,818	4.3%
Taxes levied for debt service	357,585	364,901	7,316	100.0%
Federal and state aid not restricted for specific purposes	12,330,519	12,007,200	(323,319)	-2.6%
Interest and investment earnings	95,500	40,055	(55,445)	-58.1%
Miscellaneous	356,208	107,285	(248,923)	-69.9%
Total revenues	<u>19,373,866</u>	<u>21,675,142</u>	<u>2,301,276</u>	<u>11.9%</u>
Expenses				
Instruction	10,643,674	11,213,406	569,732	5.4%
Instruction-related services	1,275,945	1,419,357	143,412	11.2%
Pupil services	1,538,479	1,487,315	(51,164)	-3.3%
General administration	1,477,998	1,773,910	295,912	20.0%
Plant services	1,806,729	1,812,259	5,530	0.3%
Ancillary services	197,702	193,520	(4,182)	-2.1%
Interest on long-term debt	192,664	90,619	(102,045)	-53.0%
Other outgo	1,323,778	1,305,082	(18,696)	-1.4%
Depreciation (unallocated)	675,249	741,925	66,676	9.9%
Total expenses	<u>19,132,218</u>	<u>20,037,393</u>	<u>905,175</u>	<u>4.7%</u>
Change in net position	<u>\$ 241,648</u>	<u>\$ 1,637,749</u>	<u>\$ 1,396,101</u>	<u>577.7%</u>

The Statement of Activities reflects the net cost of each of the District’s largest functions – instruction, pupil support services, maintenance and operations, administration, and other costs. Included in this table are each program’s net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As the District completed the school year, the governmental funds reported a combined fund balance of \$8,027,193, which was an increase of \$3,984,250 from the prior year. This is due primarily to the issuance of capital lease resources in the amount of \$2,594,342 which will be used to construct photovoltaic systems at the all three (3) of the Districts’ school sites.

	Special Reserve Fund for			
	General Fund	Capital Outlay Projects	Non-Major Funds	Total
REVENUES				
LCFF sources	\$ 15,723,395	\$ -	\$ -	\$ 15,723,395
Federal revenue	1,961,705	-	492,798	2,454,503
Other state revenues	2,608,085	-	39,620	2,647,705
Other local revenues	190,722	-	658,809	849,531
Total revenues	20,483,907	-	1,191,227	21,675,134
EXPENDITURES				
Certificated salaries	7,290,502	-	-	7,290,502
Classified salaries	2,586,103	-	274,414	2,860,517
Employee benefits	4,207,849	-	141,731	4,349,580
Books and supplies	1,278,826	112	303,496	1,582,434
Services and other operating expenditures	1,746,432	69,386	88,705	1,904,523
Capital outlay	629,525	-	192,328	821,853
Other outgo	1,246,575	-	-	1,246,575
Debt service expenditures				
Principal	-	-	130,000	130,000
Interest	-	-	203,050	203,050
Total expenditures	18,985,812	69,498	1,333,724	20,389,034
Excess (deficiency) of revenues over expenditures	1,498,095	(69,498)	(142,497)	1,286,100
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	559	559
Operating transfers out	(559)	-	-	(559)
Total other financing sources (uses)	(559)	2,594,342	559	2,594,342
Net change in fund balances	1,497,536	2,524,844	(141,938)	3,880,442
Fund balances, July 1, 2020, as originally reported	2,921,856	-	1,121,087	4,042,943
Change in accounting principle (Note 1W)	-	-	103,808	103,808
Fund balances, July 1, 2020, as restated	2,921,856	-	1,224,895	4,146,751
Fund balances, June 30, 2021	\$ 4,419,392	\$ 2,524,844	\$ 1,082,957	\$ 8,027,193

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

General Fund Budgetary Process

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment for 2022 should increase slightly and the attendance rate will once again have an impact on funding as the pandemic created hold-harmless of the local control funding formula is no longer in effect.

The State's economic and budget situation continue to make a positive impact on the District's budget with the creation of the Local Control Funding Formula. As the funding formula was fully implement in 2018-19, future revenues were expected to grow at the pace of the cost-of-living only. The impact of the current pandemic on future revenues did not create the negative COLA as some predicted, but rather a deferral of payments into future periods. The State's economic performance provide for a FY 2021-22 cost of living adjustment of 5.07% as well additional influx of restricted revenues from the federal American Recovery Plan that will ease some of the pressures on the General Fund.

The current financial position of the District allows the Board of Education the opportunity to continue to evaluate and improve programs and services through the Local Control Accountability Plan. Although the plan was "put on hold" for 2020-21, a new three-year plan was developed beginning with the 2021-22 academic year.

Overall, the District's fiscal position remains stable and we watch to see what the next budget proposal will bring. The most recent Legislative Analyst's Office (LAO) forecast shows a rosy fiscal outlook, but encourages the legislature to pay-down debt and continue to provide support for early childhood education. The cost-of-living increase of for FY 2022-23 is 5.35%. The LAO also notes that pension cost(s) are projected to grow quite significantly and the State should continue to provide relieve to District by paying down future unfunded liabilities.

The Administration is cautiously optimistic that the economic indicators will hold true; however fiduciary responsibility dictates that the District continue to stay ahead of any potential funding or expense cliff(s) with prudent planning and continued evaluation of projected revenues and expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, please contact the District Office at: Colusa Unified School District, Business Services, 745 Tenth Street, Colusa, California 95932-2220 or e-mail to cusdbusiness@colusa.k12.ca.us.

BASIC FINANCIAL STATEMENTS

COLUSA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 7,379,247
Receivables	1,287,632
Stores inventories	9,882
Capital assets, net of accumulated depreciation	<u>9,244,831</u>
Total Assets	<u>17,921,592</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on OPEB (note 7)	232,340
Deferred outflows on pensions (note 6)	<u>7,793,371</u>
Total deferred outflows	<u><u>8,025,711</u></u>
LIABILITIES	
Accounts payable and other current liabilities	462,103
Unearned revenue	225,766
Long-term liabilities:	
Due within one year	313,484
Due in more than one year	<u>25,896,936</u>
Total Liabilities	<u>26,898,289</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	252,091
Deferred inflows on OPEB (note 7)	45,891
Deferred inflows on pensions (note 6)	<u>1,689,604</u>
Total deferred inflows	<u>1,987,586</u>
NET POSITION	
Invested in capital assets, net of related debt	1,410,489
Restricted	1,621,520
Unrestricted	<u>(5,970,581)</u>
Total Net Position	<u><u>\$ (2,938,572)</u></u>

COLUSA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental Activities				
Instruction	\$ 11,213,406	\$ 82,514	\$ 3,895,365	\$ (7,235,527)
Instruction-related services:				
Instructional supervision	150,849	-	75,964	(74,885)
Instructional library, media and technology	162,237	80,830	12,106	(69,301)
School site administration	1,106,271	-	90,251	(1,016,020)
Pupil Services:				
Home-to-school transportation	280,762	-	-	(280,762)
Food services	678,202	5,286	523,593	(149,323)
All other pupil services	528,351	70,223	10,517	(447,611)
General administration:				
Centralized data processing	404,937	-	-	(404,937)
All other general administration	1,368,973	-	148,131	(1,220,842)
Plant services	1,812,259	-	66,982	(1,745,277)
Ancillary services	193,520	-	-	(193,520)
Interest on long-term debt	90,619	-	-	(90,619)
Other outgo	1,305,082	-	-	(1,305,082)
Depreciation (unallocated)	741,925	-	-	(741,925)
Total governmental activities	<u>\$ 20,037,393</u>	<u>\$ 238,853</u>	<u>\$ 4,822,909</u>	<u>(14,975,631)</u>
General Revenues				
Taxes and subventions:				
				4,093,939
				364,901
				12,007,200
				40,055
				107,285
				<u>16,613,380</u>
				1,637,749
				<u>(4,680,129)</u>
				103,808
				<u>(4,576,321)</u>
				<u>\$ (2,938,572)</u>

COLUSA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,766,180	\$ 2,535,284	\$ 1,077,783	\$ 7,379,247
Accounts receivable	1,262,772	-	24,860	1,287,632
Inventory	-	-	9,882	9,882
Total Assets	<u>\$ 5,028,952</u>	<u>\$ 2,535,284</u>	<u>\$ 1,112,525</u>	<u>\$ 8,676,761</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 383,794	\$ 10,440	\$ 29,568	\$ 423,802
Unearned revenue	225,766	-	-	225,766
Total Liabilities	<u>609,560</u>	<u>10,440</u>	<u>29,568</u>	<u>649,568</u>
Fund balances				
Nonspendable	30,350	-	9,882	40,232
Restricted	737,648	-	883,872	1,621,520
Assigned	2,702,075	2,524,844	189,203	5,416,122
Unassigned	949,319	-	-	949,319
Total Fund Balances	<u>4,419,392</u>	<u>2,524,844</u>	<u>1,082,957</u>	<u>8,027,193</u>
Total Liabilities and Fund Balances	<u>\$ 5,028,952</u>	<u>\$ 2,535,284</u>	<u>\$ 1,112,525</u>	<u>\$ 8,676,761</u>

COLUSA UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2021

Total fund balances - governmental funds		\$ 8,027,193
<p>Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:</p>		
<p>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.</p>		
Capital assets at historical cost	\$ 21,072,404	
Accumulated depreciation	<u>(11,827,573)</u>	
Net		9,244,831
<p>Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums consist of:</p>		
		(252,091)
<p>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:</p>		
		(38,301)
<p>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:</p>		
General obligation bonds payable	\$ 5,240,000	
Net OPEB Liability	913,492	
Net Pension Liability	17,101,232	
Supplemental Employee Retirement Program	242,193	
Compensated absences payable	71,802	
Capital leases payable	2,594,342	
Golden Handshake STRS	<u>47,359</u>	
		<u>(26,210,420)</u>
<p>Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.</p>		
Deferred outflows of resources relating to OPEB		232,340
Deferred inflows of resources relating to OPEB		(45,891)
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.</p>		
Deferred outflows of resources relating to pensions		7,793,371
Deferred inflows of resources relating to pensions		<u>(1,689,604)</u>
Total net position - governmental activities		<u>\$ (2,938,572)</u>

COLUSA UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Funds	Total
REVENUES				
LCFF sources	\$ 15,723,395	\$ -	\$ -	\$ 15,723,395
Federal revenue	1,961,705	-	492,798	2,454,503
Other state revenues	2,608,085	-	39,620	2,647,705
Other local revenues	190,722	-	658,809	849,531
Total revenues	<u>20,483,907</u>	<u>-</u>	<u>1,191,227</u>	<u>21,675,134</u>
EXPENDITURES				
Certificated salaries	7,290,502	-	-	7,290,502
Classified salaries	2,586,103	-	274,414	2,860,517
Employee benefits	4,207,849	-	141,731	4,349,580
Books and supplies	1,278,826	112	303,496	1,582,434
Services and other operating expenditures	1,746,432	69,386	88,705	1,904,523
Capital outlay	629,525	-	192,328	821,853
Other outgo	1,246,575	-	-	1,246,575
Debt service expenditures				
Principal	-	-	130,000	130,000
Interest	-	-	203,050	203,050
Total expenditures	<u>18,985,812</u>	<u>69,498</u>	<u>1,333,724</u>	<u>20,389,034</u>
Excess (deficiency) of revenues over expenditures	<u>1,498,095</u>	<u>(69,498)</u>	<u>(142,497)</u>	<u>1,286,100</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	559	559
Operating transfers out	(559)	-	-	(559)
Total other financing sources (uses)	<u>(559)</u>	<u>2,594,342</u>	<u>559</u>	<u>2,594,342</u>
Net change in fund balances	1,497,536	2,524,844	(141,938)	3,880,442
Fund balances, July 1, 2020, as originally reported	2,921,856	-	1,121,087	4,042,943
Change in accounting principle (Note 1W)	-	-	103,808	103,808
Fund balances, July 1, 2020, as restated	<u>2,921,856</u>	<u>-</u>	<u>1,224,895</u>	<u>4,146,751</u>
Fund balances, June 30, 2021	<u>\$ 4,419,392</u>	<u>\$ 2,524,844</u>	<u>\$ 1,082,957</u>	<u>\$ 8,027,193</u>

COLUSA UNIFIED SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds \$ 3,880,442

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

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

Expenditures for capital outlay:	\$ 821,851	
Depreciation expense:	<u>(741,925)</u>	79,926

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: 130,000

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were: (2,594,342)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (4,459)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 27,468

Supplementary Employee Retirement Program (SERP): In governmental funds, SERP costs are recognized when employer payments are made. In the statement of activities, SERP costs are recognized on the accrual basis. The difference between SERP costs and actual employer payments was: 10,000

Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits financed over time. This year, expenses incurred for such obligations were:

State Teachers' Retirement System (STRS) Golden Handshake	28,068
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Other postemployment benefits (OPEB): In government funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 511,407

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: (444,147)

Amortization of debt issue premium or discount or deferred gain or loss 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 premium or discount, or deferred gain or loss from debt refunding, for the period is: 13,386

Total change in net position - governmental activities \$ 1,637,749

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. HISTORY OF THE ORGANIZATION

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

B. REPORTING ENTITY

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

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

C. ACCOUNTING POLICIES

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

D. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

D. BASIS OF PRESENTATION (CONTINUED)

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

Fund Financial Statements

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

F. FUND ACCOUNTING

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

Governmental Funds

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

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

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

F. FUND ACCOUNTING (CONTINUED)

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

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

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The key distinction between trust and custodial 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. The District does not have any fiduciary funds.

G. BUDGETS AND BUDGETARY ACCOUNTING

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

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

H. ENCUMBRANCES

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

I. DEPOSITS AND INVESTMENTS

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

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

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

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

J. PREPAID EXPENSES/EXPENDITURES

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

K. INVENTORY

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

L. CAPITAL ASSETS

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

M. UNEARNED REVENUE

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

N. COMPENSATED ABSENCES

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

O. LONG-TERM OBLIGATIONS

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period.

P. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

Q. RESTRICTED NET POSITION

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

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

R. FUND BALANCE

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

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

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

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

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

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

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

S. USE OF ESTIMATES

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

T. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX

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

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

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

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

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

U. PENSIONS

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

V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

W. CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

Beginning of year net position has been restated as follows:

Net position previously reported, June 30, 2020	\$ (4,680,129)
Change in accounting principle (Note 1W)	<u>103,808</u>
Net position as restated	<u><u>\$ (4,576,321)</u></u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

2. CASH AND CASH EQUIVALENTS

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

	<u>Governmental Activities</u>
Cash in County Treasury	\$ 7,348,487
Cash on hand and in banks	410
Cash in revolving fund	<u>30,350</u>
	<u>\$ 7,379,247</u>

A. CASH IN REVOLVING FUNDS

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

B. CASH IN COUNTY TREASURY

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 2,399 days. The pool is rated AAA by Standard and Poor's.

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

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

3. INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables

There were no interfund receivables and payables as of June 30, 2021.

Interfund Transfers

For the year ended June 30, 2021, the interfund transfers were as follows:

Transfer from General Fund to the Cafeteria Fund for Direct Program Support.	\$ 559
	<hr/>
Total Transfers	\$ 559
	<hr/> <hr/>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

4. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions and Transfers	Deductions and Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 801,813	\$ -	\$ -	\$ 801,813
Work in progress	-	-	-	-
	<u>801,813</u>	<u>-</u>	<u>-</u>	<u>801,813</u>
Depreciable assets:				
Sites and improvements	906,129	-	-	906,129
Building and improvements	16,632,089	192,327	-	16,824,416
Furniture and equipment	1,910,522	629,524	-	2,540,046
	<u>19,448,740</u>	<u>821,851</u>	<u>-</u>	<u>20,270,591</u>
Totals, at cost	<u>20,250,553</u>	<u>821,851</u>	<u>-</u>	<u>21,072,404</u>
Accumulated depreciation:				
Sites and improvements	(738,515)	(20,258)	-	(758,773)
Building and improvements	(9,351,412)	(542,651)	-	(9,894,063)
Furniture and equipment	(995,721)	(179,016)	-	(1,174,737)
	<u>(11,085,648)</u>	<u>(741,925)</u>	<u>-</u>	<u>(11,827,573)</u>
Depreciable assets, net	<u>8,363,092</u>	<u>79,926</u>	<u>-</u>	<u>8,443,018</u>
Capital assets, net	<u>\$ 9,164,905</u>	<u>\$ 79,926</u>	<u>\$ -</u>	<u>\$ 9,244,831</u>

The entire amount of depreciation expense was unallocated in the Statement of Activities.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

5. LONG-TERM LIABILITIES

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021, is shown below:

	Balance			Balance	Due
	July 1, 2020	Additions	Deductions	June 30, 2021	Within
					One Year
Capital Leases	\$ -	\$ 2,594,342	\$ -	\$ 2,594,342	\$ -
Golden Handshake STRS	75,427	-	28,068	47,359	31,682
Compensated Absences	99,270	-	27,468	71,802	71,802
G.O. Bonds	5,370,000		130,000	5,240,000	140,000
Net Pension Liability (Note 6)	15,731,640	1,369,592	-	17,101,232	-
Net OPEB Liability (Note 7)	1,008,780	-	95,288	913,492	-
Supplemental Employer Retirement Program (SERP)	252,193	100,000	110,000	242,193	70,000
	<u>\$ 22,537,310</u>	<u>\$ 4,063,934</u>	<u>\$ 390,824</u>	<u>\$ 26,210,420</u>	<u>\$ 313,484</u>

The General Fund makes payments for the capital leases. The accrued vacation (compensated absences) and the Supplemental Early Retirement Plan (SERP) will be paid by the fund for which the employee works. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund.

General Obligation Bonds

In April 2015, the District issued General Obligation Bonds, Election of 2014 Series 2015 totaling \$5,900,000. Repayment of the Bonds is made from ad valorem property taxes levied and collected by Colusa County. The Serial and Term Bonds bear interest rates from 3% to 4% and are scheduled to mature through 2040.

The annual requirements to amortize the bonds as of June 30, 2021 are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2022	\$ 140,000	\$ 199,150	\$ 339,150
2023	155,000	194,950	349,950
2024	165,000	190,300	355,300
2025	175,000	185,350	360,350
2026	190,000	180,100	370,100
2027-2031	1,155,000	786,000	1,941,000
2032-2036	1,600,000	521,000	2,121,000
2037-2041	1,660,000	161,000	1,821,000
Totals	<u>\$ 5,240,000</u>	<u>\$ 2,417,850</u>	<u>\$ 7,657,850</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

5. LONG-TERM LIABILITIES (CONTINUED)

Capital Lease

In June 2021, the District entered into a Solar Lease (Lease-Purchase) agreement totaling \$2,594,342. Repayment of the lease are made on June 1 and December 1 beginning June 1, 2022. The lease bears an interest rate of 2.566% and is scheduled to mature through 2041.

The annual requirements to amortize the Solar Lease as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ -	\$ 64,907	\$ 64,907
2023	69,886	66,571	136,457
2024	86,669	64,778	151,447
2025	92,825	62,554	155,379
2026	99,257	60,171	159,428
2027-2031	545,612	264,267	809,879
2032-2036	736,934	182,287	919,221
2037-2041	963,159	76,726	1,039,885
Totals	<u>\$ 2,594,342</u>	<u>\$ 842,261</u>	<u>\$ 3,436,603</u>

Supplemental Employee Retirement Program

The District adopted an additional early retirement incentive program subject to a lifetime cap of \$50,000. The District will pay up to \$10,000 annually toward a District provided health and welfare benefit plan on behalf of retirees who meet certain criteria. The retiree must be at least 55 years of age and have 20 years of service within the District preceding his/her retirement. Payment towards the District provided health and welfare benefit package selected by the retiree shall continue until the retiree's death or until the District has paid the total capped amount of \$50,000, whichever comes first. In 2016-17, one new retiree elected to participate in the retirement incentive program. In 2017-18, no new retiree elected to participate in the retirement incentive program. In 2018-19, no new retiree elected to participate in the retirement incentive program. In 2019-20, three new retirees elected to participate in the retirement incentive program. In 2020-21, two new retirees elected to participate in the retirement incentive program. Future estimated payments at June 30, 2021 are as follows:

Year Ended June 30,	Principal
2022	\$ 70,000
2023	62,193
2024	50,000
2025	40,000
2026	20,000
Totals	<u>\$ 242,193</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description

California Public Employees' Retirement System (CalPERS)

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

State Teachers' Retirement System (STRS)

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalPERS		CalSTRS	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	7%	10.25%	10.205%
Required employer contribution rates	20.700%	20.700%	16.15%	16.15%

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

CalPERS

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

STRS

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

For the year ended June 30, 2021, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 499,803	\$ 1,145,059	\$ 1,644,862
On behalf contributions - state	-	706,449	706,449
Total	<u>\$ 499,803</u>	<u>\$ 1,851,508</u>	<u>\$ 2,351,311</u>

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

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

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 4,991,734
STRS	12,109,498
Total Net Pension Liability	<u>\$ 17,101,232</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Measurement			
Dates	Fiscal Year	CalPERS	STRS
June 30, 2019	2019-20	0.01644%	0.01211%
June 30, 2020	2020-21	0.01627%	0.01250%
Change - Increase (Decrease)		<u>-0.00017%</u>	<u>0.00038%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$444,147. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 499,803	\$ -	\$ 1,851,508	\$ -	\$ 2,351,311	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2019-20	82,728	46,851	67,013	303,392	149,741	350,243
Changes of Assumptions	239,612	-	3,836,009	-	4,075,621	-
Differences between Expected and Actual Experience	436,983	-	74,681	775,962	511,664	775,962
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	43,069	36,575	565,159	277,719	608,228	314,294
Net differences between projected and actual investment earnings on pension plan investments	96,806	-	-	249,105	96,806	249,105
Total	<u>\$ 1,399,001</u>	<u>\$ 83,426</u>	<u>\$ 6,394,370</u>	<u>\$ 1,606,178</u>	<u>\$ 7,793,371</u>	<u>\$ 1,689,604</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Total Deferred Outflows/ (Inflows) of Resources		
	CalPERS	STRS	
2022	\$ 451,830	\$ 511,784	\$ 963,614
2023	230,394	584,205	814,599
2024	104,792	688,973	793,765
2025	28,756	619,610	648,366
2026	-	350,113	350,113
Thereafter	-	181,999	181,999
Total	<u>\$ 815,772</u>	<u>\$ 2,936,684</u>	<u>\$ 3,752,456</u>

Actuarial Assumptions

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

	CalPERS	STRS
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Discount Rate

CalPERS

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

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

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

Discount Rate

STRS

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

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

^(a) 20-year average

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

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

	<u>CalPERS</u>		
	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 7,176,528	\$ 4,991,734	\$ 3,178,465

	<u>STRS</u>		
	<u>Discount Rate - 1% (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>Discount Rate + 1% (8.10%)</u>
Plan's Net Pension Liability/(Asset)	\$ 18,295,765	\$ 12,109,498	\$ 7,001,864

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

7. OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan description: The plan is a single-employer defined benefit plan. The plan provides other postemployment benefits for eligible certificated, classified and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue financial statements.

Benefits provided: The postretirement health plans and the District’s obligation vary by employee group as described below:

	Certificated
Benefit types provided	Medical, dental, and vision
Duration of Benefits	To age 65
Required Service	20 years
Minimum Age	55
Maximum Age	Not more than 63 at the end of the school year of retirement
Dependent Coverage	Yes
County Office Contribution %	100% of cap
County Office Cap	\$50,000 prorated over period from retirement to age 65

Contributions: The contribution requirements of Plan member and the District are established and may be amended by the District and the Colusa Educator’s Association (CEA). The required contribution is based on projected pay-as-you-go financing requirements.

Employees covered by benefit terms: At June 30, 2020 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	79
	90

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability was used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Funding method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value of assets (\$0, plan is not yet funded)
Discount rates	2.66% as of June 30, 2020 2.18% as of June 30, 2021
Municipal bond index	S&P Municipal Bond 20 Year High Grade Index
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
Salary increase	3.0% per year, since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
General inflation rate	2.5% per year
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2016

The discount rate of 2.18% is based on the applicable municipal bond index. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The mortality assumptions are based on the Scale MP-2020.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 1,008,780	\$ -	\$ 1,008,780
Changes for the year:			
Service cost	54,806	-	54,806
Interest	25,601	-	25,601
Differences between expected and actual experience	-	-	-
Contributions - employer	-	202,287	(202,287)
Changes of assumptions	26,592	-	26,592
Net investment income	-	-	-
Benefit payments	(202,287)	(202,287)	-
Administrative expense	-	-	-
Net changes	<u>(95,288)</u>	<u>-</u>	<u>(95,288)</u>
Balances at June 30, 2021	<u>\$ 913,492</u>	<u>\$ -</u>	<u>\$ 913,492</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% Increase (3.18%)
Net OPEB liability (asset)	\$ 970,750	\$ 913,492	\$ 858,731

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB liability (asset)	\$ 908,238	\$ 913,492	\$ 921,024

OPEB plan fiduciary net position: The plan has no assets.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$511,407. Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliance valuations. Since this is the District's first valuation, it is not possible to calculation compliance gains and losses. As June 30, 2021, the District had the following deferred outflows and deferred inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,860
Changes of assumptions	45,891	212,480
Net difference between projected and actual earnings on OPEB plan investments	-	-
Deferred contributions	-	-
Total	\$ 45,891	\$ 232,340

Below is the schedule of the total deferred outflows and inflows amortized.

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2022	\$ (16,629)
2023	(16,629)
2024	(16,629)
2025	(16,629)
2026	(16,629)
Thereafter	(103,304)
Total	\$ (186,449)

Payable to the OPEB Plan

The District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

8. FUND BALANCES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ 9,882	\$ -	\$ -	\$ 9,882
Revolving Cash	30,350	-	-	-	-	-	30,350
Total Nonspendable	30,350	-	-	9,882	-	-	40,232
Restricted:							
Child Nutrition: School Programs	-	-	-	22,456	-	-	22,456
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursements	-	-	-	8,786	-	-	8,786
Other Restricted Local	43,951	-	-	-	213,104	-	257,055
Classified School Employee Professional Development Block Grant	9,004	-	-	-	-	-	9,004
Expanded Learning Opportunities (ELO) Grant	510,602	-	-	-	-	-	510,602
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff	54,012	-	-	-	-	-	54,012
Lottery: Instructional Materials	96,253	-	-	-	-	-	96,253
SB 117 COVID-19 Response Funds	23,457	-	-	-	-	-	23,457
Routine Repair and Maintenance	369	-	-	-	-	-	369
Student Activity Funds	-	-	104,795	-	-	-	104,795
Bond Repayments	-	-	-	-	-	534,731	534,731
Total Restricted	737,648	-	104,795	31,242	213,104	534,731	1,621,520
Assigned:							
Set Aside for Technology	1,371,303	-	-	-	-	-	1,371,303
Set Aside for Vehicles	657,955	-	-	-	-	-	657,955
Set Aside for Curriculum	672,817	-	-	-	-	-	672,817
Solar Energy Project	-	2,524,844	-	-	-	-	2,524,844
Future Facility Improvements	-	-	-	-	189,203	-	189,203
Total Assigned	2,702,075	2,524,844	-	-	189,203	-	5,416,122
Unassigned:							
Reserve for Economic Uncertainties	949,319	-	-	-	-	-	949,319
Total Unassigned	949,319	-	-	-	-	-	949,319
Total Fund Balances	\$ 4,419,392	\$ 2,524,844	\$ 104,795	\$ 41,124	\$ 402,307	\$ 534,731	\$ 8,027,193

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

9. JOINT VENTURES

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

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

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

	Tri-Counties SIG June 30, 2020*	SELF June 30, 2020*
Total Assets	\$ 31,162,833	\$ 174,621,313
Deferred Outflows of Resources	193,233	312,483
Total Liabilities	9,491,036	141,193,559
Deferred Inflows of Resources	79,963	64,325
Net Position	<u>\$ 21,785,067</u>	<u>\$ 33,675,912</u>
Revenues	\$ 46,777,391	\$ 77,945,029
Expenditures	44,211,743	64,133,389
Change in Net Position	<u>\$ 2,565,648</u>	<u>\$ 13,811,640</u>

* Latest available audited financial reports.

10. COMMITMENTS AND CONTINGENCIES

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

11. SUBSEQUENT EVENTS

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

The District’s management evaluated its June 30, 2021 financial statements for subsequent events through December 7, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COLUSA UNIFIED SCHOOL DISTRICT

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
LCFF sources	\$ 14,499,452	\$ 15,611,905	\$ 15,723,395	\$ 111,490
Federal revenue	489,280	2,603,907	1,961,705	(642,202)
Other state revenues	1,443,379	3,435,540	2,608,085	(827,455)
Other local revenues	124,649	175,259	190,722	15,463
Total revenues	<u>16,556,760</u>	<u>21,826,611</u>	<u>20,483,907</u>	<u>(1,342,704)</u>
EXPENDITURES				
Certificated salaries	7,261,489	7,291,391	7,290,502	889
Classified salaries	2,588,304	2,629,064	2,586,103	42,961
Employee benefits	4,163,341	4,249,120	4,207,849	41,271
Books and supplies	645,753	1,714,981	1,278,826	436,155
Services and other operating expenditures	1,301,054	1,806,713	1,746,432	60,281
Capital outlay	68,104	649,441	629,525	19,916
Other outgo	1,315,000	1,207,575	1,246,575	(39,000)
Total expenditures	<u>17,343,045</u>	<u>19,548,285</u>	<u>18,985,812</u>	<u>562,473</u>
Excess (deficiency) of revenues over expenditures	(786,285)	2,278,326	1,498,095	(780,231)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(20,000)	(197,355)	(559)	196,796
Total other financing sources (uses)	<u>(20,000)</u>	<u>(197,355)</u>	<u>(559)</u>	<u>196,796</u>
Net change in fund balances	(806,285)	2,080,971	1,497,536	(583,435)
Fund balances, July 1, 2020	<u>2,921,856</u>	<u>2,921,856</u>	<u>2,921,856</u>	-
Fund balances, June 30, 2021	<u>\$ 2,135,571</u>	<u>\$ 5,002,827</u>	<u>\$ 4,419,392</u>	<u>\$ (583,435)</u>

COLUSA UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Total OPEB liability				
Service cost	\$ 54,806	\$ 78,480	\$ 74,187	\$ 68,918
Interest	25,601	37,219	39,315	41,650
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(23,394)	-	-
Changes of assumptions	26,592	(250,288)	11,317	17,322
Benefit payments, including refunds of member contributions	(202,287)	(177,556)	(105,434)	(129,394)
Net change in total OPEB liability	<u>(95,288)</u>	<u>(335,539)</u>	<u>19,385</u>	<u>(1,504)</u>
Total OPEB liability - beginning	<u>1,008,780</u>	<u>1,344,319</u>	<u>1,324,934</u>	<u>1,326,438</u>
Total OPEB liability - ending (a)	\$ <u>913,492</u>	\$ <u>1,008,780</u>	\$ <u>1,344,319</u>	\$ <u>1,324,934</u>
Plan fiduciary net position				
Contributions - employer	\$ 202,287	\$ 177,556	\$ 105,434	\$ 129,394
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(202,287)	(177,556)	(105,434)	(129,394)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's net OPEB liability - ending (a) - (b)	\$ <u>913,492</u>	\$ <u>1,008,780</u>	\$ <u>1,344,319</u>	\$ <u>1,324,934</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 7,290,504	\$ 7,009,677	\$ 6,535,352	\$ 6,364,096
District's net OPEB liability as a percentage of covered-employee payroll	12.5%	14.4%	20.6%	20.8%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the fourth year of implementation, only results for fiscal years 2018, 2019, 2020 and 2021 are shown in this table.

COLUSA UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾	June 30, 2016⁽¹⁾	June 30, 2017⁽¹⁾	June 30, 2018⁽¹⁾	June 30, 2019⁽¹⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.01507%	0.01598%	0.01606%	0.01575%	0.01637%	0.01644%	0.01627%
Proportionate share of the net pension liability (asset)	\$ 1,710,826	\$ 2,355,804	\$ 3,170,971	\$ 3,760,661	\$ 4,364,997	\$ 4,791,012	\$ 4,991,734
Covered payroll ⁽²⁾	\$ 1,537,771	\$ 1,758,040	\$ 1,643,109	\$ 1,796,311	\$ 1,856,732	\$ 2,085,417	\$ 2,943,082
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%	229.74%	169.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 181,011	\$ 208,275	\$ 228,195	\$ 278,985	\$ 335,363	\$ 411,265	\$ 609,218

STRS	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾	June 30, 2016⁽¹⁾	June 30, 2017⁽¹⁾	June 30, 2018⁽¹⁾	June 30, 2019⁽¹⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.01203%	0.01232%	0.01261%	0.01179%	0.01189%	0.01211%	0.01250%
Proportionate share of the net pension liability (asset)	\$ 7,027,361	\$ 8,292,846	\$ 10,195,442	\$ 10,899,746	\$ 10,927,243	\$ 10,940,628	\$ 12,109,498
Covered payroll ⁽²⁾	\$ 4,976,205	\$ 4,731,538	\$ 5,358,362	\$ 5,445,696	\$ 5,609,730	\$ 6,198,971	\$ 7,574,248
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%	176.49%	159.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 441,887	\$ 507,694	\$ 674,082	\$ 785,814	\$ 913,264	\$ 1,060,024	\$ 1,223,241

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

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

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

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 181,011	\$ 208,275	\$ 228,195	\$ 278,985	\$ 335,363	\$ 411,265	\$ 609,218
Contributions in relation to the contractually required contribution ⁽²⁾	(208,122)	(228,381)	(278,742)	(335,771)	(411,821)	(465,418)	(499,803)
Contribution deficiency (excess)	<u>\$ (27,111)</u>	<u>\$ (20,106)</u>	<u>\$ (50,547)</u>	<u>\$ (56,786)</u>	<u>\$ (76,458)</u>	<u>\$ (54,153)</u>	<u>\$ 109,415</u>
Covered payroll ⁽³⁾	\$ 1,537,771	\$ 1,758,040	\$ 1,643,109	\$ 1,796,311	\$ 1,856,732	\$ 2,085,417	\$ 2,943,082
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%
STRS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 441,887	\$ 507,694	\$ 674,082	\$ 785,814	\$ 913,264	\$ 1,060,024	\$ 1,223,241
Contributions in relation to the contractually required contribution ⁽²⁾	(524,093)	(685,760)	(789,525)	(931,757)	(1,087,244)	(1,176,232)	(1,145,059)
Contribution deficiency (excess)	<u>\$ (82,206)</u>	<u>\$ (178,066)</u>	<u>\$ (115,443)</u>	<u>\$ (145,943)</u>	<u>\$ (173,980)</u>	<u>\$ (116,208)</u>	<u>\$ 78,182</u>
Covered payroll ⁽³⁾	\$ 4,976,205	\$ 4,731,538	\$ 5,358,362	\$ 5,445,696	\$ 5,609,730	\$ 6,198,971	\$ 7,574,248
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%

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

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

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES

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

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

- B - Schedule of the Changes in the District's Net OPEB Liability and Related Ratios

Benefit changes: There were no changes to benefits

Changes of Assumptions: The discount rate decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

- C - Schedule of OPEB Contributions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year ended June 30, 2020 were from the June 30, 2020 valuation.

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay
Amortization period	13.24 years, excluding those due to investment performance being different from the assumed earnings rate, which are recognized over 5 years
Asset valuation method	Not applicable (\$0; no OPEB trust has been established)
Inflation	2.5% per year
Healthcare cost trend rates	5.4% to start and grade down to 4% for years 2076 and later
Salary increases	3.0% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Discount Rates	2.18% as of June 30, 2021 2.66% as of June 30, 2020
Mortality	MacLeod Watts Scale 2020 applied generationally from 2016

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Proportionate Share of the Net Pension Liability

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

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

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

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

E - Schedule of Pension Contributions

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

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

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

SUPPLEMENTARY INFORMATION

COLUSA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS					
Cash and cash equivalents	\$ 115,397	\$ 9,967	\$ 417,688	\$ 534,731	\$ 1,077,783
Accounts receivable	-	24,860	-	-	24,860
Inventory	-	9,882	-	-	9,882
Total assets	<u>\$ 115,397</u>	<u>\$ 44,709</u>	<u>\$ 417,688</u>	<u>\$ 534,731</u>	<u>\$ 1,112,525</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	10,602	\$ 3,585	\$ 15,381	\$ -	\$ 29,568
Total Liabilities	<u>10,602</u>	<u>3,585</u>	<u>15,381</u>	<u>-</u>	<u>29,568</u>
Fund balances					
Nonspendable	-	9,882	-	-	9,882
Restricted	104,795	31,242	213,104	534,731	883,872
Assigned	-	-	189,203	-	189,203
Total Fund Balance	<u>104,795</u>	<u>41,124</u>	<u>402,307</u>	<u>534,731</u>	<u>1,082,957</u>
Total liabilities and fund balances	<u>\$ 115,397</u>	<u>\$ 44,709</u>	<u>\$ 417,688</u>	<u>\$ 534,731</u>	<u>\$ 1,112,525</u>

COLUSA UNIFIED SCHOOL DISTRICT

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

ALL NON-MAJOR FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
REVENUES					
Federal revenue	\$ -	\$ 492,798	\$ -	\$ -	\$ 492,798
Other state revenues	-	38,979	-	641	39,620
Other local revenues	66,982	5,886	215,859	370,082	658,809
Total revenues	66,982	537,663	215,859	370,723	1,191,227
EXPENDITURES					
Classified salaries	-	274,414	-	-	274,414
Employee benefits	-	141,731	-	-	141,731
Books and supplies	65,995	226,122	11,379	-	303,496
Services and other operating expenditures	-	21,246	67,459	-	88,705
Capital outlay	-	-	192,328	-	192,328
Debt service expenditures					
Principal	-	-	-	130,000	130,000
Interest	-	-	-	203,050	203,050
Total expenditures	65,995	663,513	271,166	333,050	1,333,724
Excess (deficiency) of revenues over expenditures	987	(125,850)	(55,307)	37,673	(142,497)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	559	-	-	559
Total other financing sources (uses)	-	559	-	-	559
Net change in fund balances	987	(125,291)	(55,307)	37,673	(141,938)
Fund balances, July 1, 2020, as originally reported	-	166,415	457,614	497,058	1,121,087
Change in accounting principle (Note 1W)	103,808	-	-	-	103,808
Fund balances, July 1, 2020, as restated	103,808	166,415	457,614	497,058	1,224,895
Fund balances, June 30, 2021	\$ 104,795	\$ 41,124	\$ 402,307	\$ 534,731	\$ 1,082,957

COLUSA UNIFIED SCHOOL DISTRICT

ORGANIZATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Colusa Unified School District (the District) is located in Colusa, California. The District was organized as a unified school district of the State of California and provides public education for grades transitional kindergarten through twelve within Colusa County. There were no changes to the District boundaries in the current year. The District maintains one elementary school, one middle school, one high school, one continuation high school, and one alternative home school.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Mrs. Kelli Griffith-Garcia	Trustee	2024
Mrs. Kathie Whitesell	Trustee	2022
Mrs. Erin Steidlmayer	Clerk	2024
Mrs. Melissa Yerxa Ortiz	Trustee	2024
Mr. Chris McAllister	President	2022

ADMINISTRATION

Rebecca Changus
Superintendent

Scott A. Lantsberger
Chief Business Official

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

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

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR FISCAL YEAR ENDED JUNE 30, 2021

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

COLUSA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
Education Stabilization Fund (ESF) Cluster			
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund	15536 *	\$ 111,447
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547 *	212,247
84.425C	Governor's Emergency Education Relief (GEER) Fund:		
	Learning Loss Mitigation	15517 *	8,977
84.425	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	15535 *	8,786
	Subtotal Education Stabilization Fund (ESF) Cluster		* 341,457
84.010	ESEA (ESSA): Title I, Part A, Basic Grants		
	Low-Income and Neglected	14329	221,923
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	57,285
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	589
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	4,621
84.367	ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	14341	37,127
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	14,681
	Total U.S. Department of Education		677,683
<u>U.S. Department of the Treasury</u>			
<i>Passed through California Department of Education</i>			
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation	25516 *	1,272,346
	Total U.S. Department of the Treasury		1,272,346
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	13524	484,012
10.555	Child Nutrition: School Programs - Nonmonetary Assistance	13524	52,270
	Total Child Nutrition Cluster		536,282
	Total U.S. Department of Agriculture		536,282
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Colusa County Office of Education</i>			
93.778	Unrestricted: Medi-Cal Administrative Activities (MAA)	10060	20,462
	Total U.S. Department of Health and Human Services		20,462
	Total Federal Programs		\$ 2,506,773

* Tested as a major program

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

General Fund	Adopted Budget 2021/2022	Actuals 2020/2021	Actuals 2019/2020	Actuals 2018/2019
Revenues and Other Financial Sources	\$ 18,431,199	\$ 20,483,907	\$ 18,240,613	\$ 17,976,698
Expenditures	19,075,002	18,985,812	17,595,675	17,367,428
Other Uses and Transfers Out	20,000	559	30,075	20,000
Total Outgo	19,095,002	18,986,371	17,625,750	17,387,428
Change in Fund Balance	(663,803)	1,497,536	614,863	589,270
Ending Fund Balance	\$ 3,755,589	\$ 4,419,392	\$ 2,921,856	\$ 2,306,993
Available Reserves	\$ 409,145	\$ 949,319	\$ 868,151	\$ 869,372
Reserve for Economic Uncertainties	\$ 843,536	\$ 949,319	\$ 868,151	\$ 869,372
Unappropriated Fund Balance	\$ (434,391)	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	2.1%	5.0%	4.9%	5.0%
Total Long-Term Debt	\$ 25,896,936	\$ 26,210,420	\$ 22,537,310	\$ 22,493,387
Average Daily Attendance at P-2	1,465	1,465	1,465	1,421

The general fund balance has increased by \$2,701,669 over the past three years. The fiscal year 2021-22 budget projects a decrease of \$663,803. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

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

Total long-term liabilities have increased by \$3,717,033 over the past two years due to the additions to the capital leases, the net pension liability and additions to the net OPEB liability.

Average Daily Attendance (ADA) has increased by 44 over the past two years and ADA is budgeted to remain consistent for the fiscal year 2021-22.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. Schedule of Instructional Time

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

2. Schedule of Charter Schools

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

3. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

4. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The July 2021 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

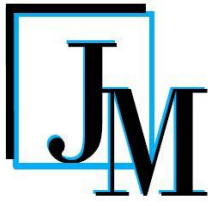
The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of federal food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

	Assistance Listing Number	Amount
	<u>Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 2,454,503
Reconciling items		
Food Distribution - Commodities	10.555	<u>52,270</u>
Total Federal Revenues from Schedule of Expenditures of Federal Awards		<u>\$ 2,506,773</u>

5. Schedule of Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR'S REPORTS



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

Board of Trustees
Colusa Unified School District
Colusa, California

Report on Compliance for Each State Program

We have audited the compliance of Colusa Unified School District (the “District”) with the types of compliance requirements described in the State of California’s 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the “Audit Guide”) to the state laws and regulations listed below for the year ended June 30, 2021.

Management’s Responsibility

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

Auditor’s Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

Local Education Agencies Other Than Charter Schools

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

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

School Districts, County Offices of Education, and Charter Schools

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

Charter Schools

Description	Procedures Performed
Independent Study-Course Based Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Early Retirement Incentive, Apprenticeship: Related and Supplemental Instruction, District of Choice, and California Clean Energy Jobs Act because the District did not offer these programs.

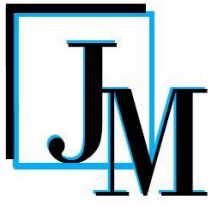
We did not perform any procedures related to Independent Study-Course Based for Charter Schools, Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based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

Opinion on Compliance with State Laws and Regulations

In our opinion, Colusa Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2021.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 7, 2021



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colusa Unified School District
Colusa, 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 Colusa Unified School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

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

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

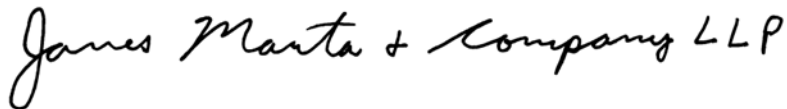
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. 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

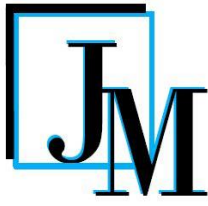
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 7, 2021



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colusa Unified School District
Colusa, California

Report on Compliance for Each Major Federal Program

We have audited Colusa Unified School District's (the "District") compliance with the types of compliance requirements described in the July 2021 Edition of the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the July 2021 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

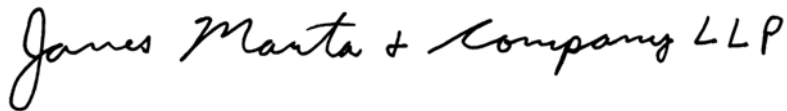
Internal Control Over Compliance

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

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

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

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 7, 2021

FINDINGS AND RECOMMENDATIONS

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

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund (ESF) Cluster
21.019	Coronavirus Relief Fund: Learning Loss Mitigation

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

State Awards

Internal control over state programs:

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

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

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

Section II – Financial Statement Findings

No matters were reported.

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

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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

Section IV – State Award Findings and Questioned Costs

No matters were reported.

COLUSA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

No matters were reported.