

COLUSA UNIFIED SCHOOL DISTRICT

**COUNTY OF COLUSA
COLUSA, CALIFORNIA**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

COLUSA UNIFIED SCHOOL DISTRICT

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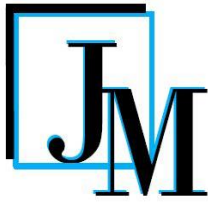
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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colusa Unified School District
Colusa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colusa Unified School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

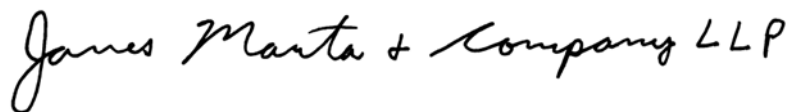
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *supplementary information as listed in the table of contents* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplementary information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *supplementary information* 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 November 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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
November 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

This section of the Colusa Unified School District's annual financial report presents the District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read this section in conjunction with the District's financial statements which immediately follow this section.

INTRODUCTION

Colusa County is home to nearly 21,917 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 September of 2023, the Bureau of Labor Statistics listed Colusa unemployment at 8.5% while the national average was near 4%, and the California rate was 4.7%. 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 1,500 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 average attendance with students present nearly 92% of school days. The Districtwide graduation rate was 87.7% in 2022, 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, 2023

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resource's 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 considered 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, 2023

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, 2023, was \$164,216 reflecting an increase in current assets and an increase in total liabilities. The District’s total assets inclusive of deferred outflows increased by 10.7% to \$31,324,526. The District’s liabilities inclusive of deferred inflows decreased by 12.9% to \$31,160,310.

Condensed Statement of Net Position

	June 30, 2022	June 30, 2023	Change	Percentage Change
Assets				
Current assets	\$ 9,600,095	\$ 12,354,827	\$ 2,754,732	28.7%
Capital assets	10,733,300	11,521,032	787,732	7.3%
Total assets	<u>20,333,395</u>	<u>23,875,859</u>	<u>3,542,464</u>	<u>17.4%</u>
Deferred Outflows of Resources	<u>7,963,061</u>	<u>7,448,667</u>	<u>(514,394)</u>	<u>-6.5%</u>
Liabilities				
Current liabilities	2,741,053	2,244,928	(496,125)	-18.1%
Long-term liabilities	17,868,762	22,377,877	4,509,115	25.2%
Total liabilities	<u>20,609,815</u>	<u>24,622,805</u>	<u>4,012,990</u>	<u>19.5%</u>
Deferred Inflows of Resources	<u>6,983,050</u>	<u>6,537,505</u>	<u>(445,545)</u>	<u>-6.4%</u>
Net Position				
Invested in capital assets, net of related debt	3,038,958	4,051,576	1,012,618	33.3%
Restricted	2,529,741	6,314,552	3,784,811	149.6%
Unrestricted	(4,865,108)	(10,201,912)	(5,336,804)	-109.7%
Total net position	<u>\$ 703,591</u>	<u>\$ 164,216</u>	<u>\$ (539,375)</u>	<u>76.7%</u>

Change in Net Position

Overall, the net position decreased by \$797,423 and continues to be held down by the unfunded pension liability and it’s poor investment returns.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 \$19,338,441 and \$29,763,317 for June 30, 2022 and 2023, respectively.

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2022	2023	Change	Percentage Change
Revenues				
Charges for services	\$ 316,617	\$ 236,552	\$ (80,065)	-25.3%
Operating grants and contributions	5,096,775	9,038,785	3,942,010	77.3%
Taxes levied for general purposes	4,769,220	5,229,640	460,420	9.7%
Taxes levied for debt service	194,572	504,834	310,262	100.0%
Federal and state aid not restricted for specific purposes	12,314,586	14,439,754	2,125,168	17.3%
Interest and investment earnings	29,446	(506,918)	(536,364)	-1821.5%
Miscellaneous	259,388	281,295	21,907	8.4%
Total revenues	<u>22,980,604</u>	<u>29,223,942</u>	<u>6,243,338</u>	<u>27.2%</u>
Expenses				
Instruction	10,301,875	16,969,367	6,667,492	64.7%
Instruction-related services	1,145,537	2,147,235	1,001,698	87.4%
Pupil services	1,476,669	2,586,227	1,109,558	75.1%
General administration	1,102,322	2,296,809	1,194,487	108.4%
Plant services	2,035,426	2,749,347	713,921	35.1%
Ancillary services	945,598	466,013	(479,585)	-50.7%
Interest on long-term debt	289,061	247,565	(41,496)	-14.4%
Other outgo	1,205,843	1,375,720	169,877	14.1%
Depreciation (unallocated)	836,110	925,034	88,924	10.6%
Total expenses	<u>19,338,441</u>	<u>29,763,317</u>	<u>10,424,876</u>	<u>53.9%</u>
Change in net position	<u>\$ 3,642,163</u>	<u>\$ (539,375)</u>	<u>\$ (4,181,538)</u>	<u>-114.8%</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.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As the District completed the school year, the governmental funds reported a combined fund balance of \$10,460,783 which was an increase of \$3,194,172 from the prior year. This is due primarily to the influx of one-time funds that have yet to have a corresponding one-time expense.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2023

	General Fund	Non-Major Funds	Total
REVENUES			
LCFF sources	\$ 19,135,583	\$ -	\$ 19,135,583
Federal revenue	2,106,302	663,614	2,769,916
Other state revenues	6,132,374	435,083	6,567,457
Other local revenues	(168,125)	919,109	750,984
Total revenues	<u>27,206,134</u>	<u>2,017,806</u>	<u>29,223,940</u>
EXPENDITURES			
Certificated salaries	8,743,564	-	8,743,564
Classified salaries	3,158,493	335,507	3,494,000
Employee benefits	4,924,497	184,331	5,108,828
Books and supplies	1,855,052	654,195	2,509,247
Services and other operating expenditures	2,375,330	223,556	2,598,886
Capital outlay	763,556	949,210	1,712,766
Other outgo	1,375,720	-	1,375,720
Debt service expenditures			
Principal	-	224,886	224,886
Interest	-	261,871	261,871
Total expenditures	<u>23,196,212</u>	<u>2,833,556</u>	<u>26,029,768</u>
Excess (deficiency) of revenues over expenditures	<u>4,009,922</u>	<u>(815,750)</u>	<u>3,194,172</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	300,365	300,365
Operating transfers out	(300,365)	-	(300,365)
Total other financing sources (uses)	<u>(300,365)</u>	<u>300,365</u>	<u>-</u>
Net change in fund balances	3,709,557	(515,385)	3,194,172
Fund balances, July 1, 2022	<u>5,405,112</u>	<u>1,861,499</u>	<u>7,266,611</u>
Fund balances, June 30, 2023	<u>\$ 9,114,669</u>	<u>\$ 1,346,114</u>	<u>\$ 10,460,783</u>

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.

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 2024 is expected to decrease slightly and the attendance rate will once again have an impact on funding via the local control funding formula. The attendance formula, modified in 2023, allows for the higher of the current year attendance rate or a rolling three-year average.

The State's economic and budget situation has made a positive impact on the District's budget over the last couple of year. With the creation of the Local Control Funding Formula, which is fully implement, future revenues are expected to grow at the pace of the cost-of-living only or greater; for 2024 the increase to the funding formula is 8.22%. Future period cost-of-living increases are expected to be more typical and will range from 3% to 5%. The State's economic performance to close out fiscal 2023 and the beginning of fiscal 2024 have revenues continuing to fall short and there is concern for the potential of continued funding reductions in fiscal 2024. Such reductions have already occurred in the Arts, Music, and Instructional Materials Block Grant as well as the Learning Recovery Emergency Block Grant.

The District's 2024 budget and multi-year projection show the District to be in a strong and solvent position. Although there is an increase in overall fund balance, the District must be cognizant that restricted dollars are one-time in nature and are typically fully expended in the next couple of budget cycles. The risk to the District's fiscal solvency has been and will continue to be dependent upon swings of the economy. The current, although projected to be favorable, is showing signs again that a recession is right around the corner. The District must be capable of responding. This is accomplished by having plans in place that are flexible, adaptable, and understood by all that they are based on a moment in time and subject to change. The District must be thoughtful in its actions as it recognizes the impacts of economic shifts. Future budgets and multi-year projections will most likely return to a more conservative approach in support of the caution that is warranted.

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, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,424,759
Receivables	786,296
Prepaid expenses	139,033
Stores inventories	4,739
Capital assets, net of accumulated depreciation (Note 4)	<u>11,521,032</u>
Total Assets	<u>23,875,859</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on OPEB (Note 7)	82,036
Deferred outflows on pensions (Note 6)	<u>7,366,631</u>
Total deferred outflows	<u>7,448,667</u>
LIABILITIES	
Accounts payable and other current liabilities	1,384,252
Unearned revenue	546,907
Long-term liabilities:	
Due within one year	313,769
Due in more than one year	<u>22,377,877</u>
Total Liabilities	<u>24,622,805</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	225,321
Deferred inflows on OPEB (Note 7)	272,242
Deferred inflows on pensions (Note 6)	<u>6,039,942</u>
Total deferred inflows	<u>6,537,505</u>
NET POSITION	
Invested in capital assets, net of related debt	4,051,576
Restricted	6,314,552
Unrestricted	<u>(10,201,912)</u>
Total Net Position	<u>\$ 164,216</u>

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

COLUSA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 16,969,367	\$ 202,580	\$ 7,201,510	\$ (9,565,277)
Instruction-related services:				
Instructional supervision	89,187	-	9,781	(79,406)
Instructional library, media and technology	92,413	-	-	(92,413)
School site administration	1,965,635	-	113,017	(1,852,618)
Pupil Services:				
Home-to-school transportation	381,602	-	-	(381,602)
Food services	1,176,225	26,497	1,146,276	(3,452)
All other pupil services	1,028,400	-	-	(1,028,400)
General administration:				
Centralized data processing	452,093	-	-	(452,093)
All other general administration	1,844,716	7,475	248,528	(1,588,713)
Plant services	2,749,347	-	-	(2,749,347)
Ancillary services	466,013	-	214,854	(251,159)
Interest on long-term debt	247,565	-	-	(247,565)
Other outgo	1,375,720	-	104,819	(1,270,901)
Depreciation (unallocated)	925,034	-	-	(925,034)
Total governmental activities	<u>\$ 29,763,317</u>	<u>\$ 236,552</u>	<u>\$ 9,038,785</u>	<u>(20,487,980)</u>
General Revenues				
Taxes and subventions:				
Taxes levied for general purposes				5,229,640
Taxes levied for debt service				504,834
Federal and state aid not restricted to specific purposes				14,439,754
Interest and investment earnings				(506,918)
Miscellaneous				281,295
Total general revenues				<u>19,948,605</u>
Change in net position				(539,375)
Net Position - July 1, 2022				703,591
Net Position - June 30, 2023				<u>\$ 164,216</u>

COLUSA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,898,823	\$ 1,525,936	\$ 11,424,759
Accounts receivable	786,296	-	786,296
Prepaid expenses	139,033	-	139,033
Due from other funds	-	3,332	3,332
Inventory	-	4,739	4,739
Total Assets	<u>\$ 10,824,152</u>	<u>\$ 1,534,007</u>	<u>\$ 12,358,159</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,159,244	\$ 187,893	\$ 1,347,137
Unearned revenue	546,907	-	546,907
Due to other funds	3,332	-	3,332
Total Liabilities	<u>1,709,483</u>	<u>187,893</u>	<u>1,897,376</u>
Fund balances			
Nonspendable	169,383	15,577	184,960
Restricted	5,166,633	1,147,919	6,314,552
Assigned	2,603,823	182,618	2,786,441
Unassigned	1,174,830	-	1,174,830
Total Fund Balances	<u>9,114,669</u>	<u>1,346,114</u>	<u>10,460,783</u>
Total Liabilities and Fund Balances	<u>\$ 10,824,152</u>	<u>\$ 1,534,007</u>	<u>\$ 12,358,159</u>

COLUSA UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2023

Total fund balances - governmental funds		\$ 10,460,783
<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	\$ 25,109,749	
Accumulated depreciation	<u>(13,588,717)</u>	
Net		11,521,032
<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>		
		(225,321)
<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>		
		(37,115)
<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	\$ 4,945,000	
Net OPEB Liability	1,015,289	
Net Pension Liability	14,144,801	
Compensated absences payable	62,100	
Capital leases payable	<u>2,524,456</u>	
		<u>(22,691,646)</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		82,036
Deferred inflows of resources relating to OPEB		(272,242)
<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		7,366,631
Deferred inflows of resources relating to pensions		<u>(6,039,942)</u>
Total net position - governmental activities		<u>\$ 164,216</u>

COLUSA UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Non-Major Funds	Total
REVENUES			
LCFF sources	\$ 19,135,583	\$ -	\$ 19,135,583
Federal revenue	2,106,302	663,614	2,769,916
Other state revenues	6,132,374	435,083	6,567,457
Other local revenues	(168,125)	919,109	750,984
Total revenues	<u>27,206,134</u>	<u>2,017,806</u>	<u>29,223,940</u>
EXPENDITURES			
Certificated salaries	8,743,564	-	8,743,564
Classified salaries	3,158,493	335,507	3,494,000
Employee benefits	4,924,497	184,331	5,108,828
Books and supplies	1,855,052	654,195	2,509,247
Services and other operating expenditures	2,375,330	223,556	2,598,886
Capital outlay	763,556	949,210	1,712,766
Other outgo	1,375,720	-	1,375,720
Debt service expenditures			
Principal	-	224,886	224,886
Interest	-	261,871	261,871
Total expenditures	<u>23,196,212</u>	<u>2,833,556</u>	<u>26,029,768</u>
Excess (deficiency) of revenues over expenditures	<u>4,009,922</u>	<u>(815,750)</u>	<u>3,194,172</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	300,365	300,365
Operating transfers out	(300,365)	-	(300,365)
Total other financing sources (uses)	<u>(300,365)</u>	<u>300,365</u>	<u>-</u>
Net change in fund balances	3,709,557	(515,385)	3,194,172
Fund balances, July 1, 2022	<u>5,405,112</u>	<u>1,861,499</u>	<u>7,266,611</u>
Fund balances, June 30, 2023	<u>\$ 9,114,669</u>	<u>\$ 1,346,114</u>	<u>\$ 10,460,783</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, 2023

Total net change in fund balances - governmental funds \$ 3,194,172

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:	\$ 1,712,766	
Depreciation expense:	<u>(925,034)</u>	787,732

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: 482,934

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: 924

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: 9,781

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: (35,285)

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: (119,389)

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: (4,873,629)

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: 13,385

Total change in net position - governmental activities \$ (539,375)

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023

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, 2023

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.

The **Deferred Maintenance Fund** is used to account separately for revenues that are restricted or committed for deferred maintenance purposes.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 **Special Reserve Fund for Capital Outlay Projects** is used to provide for the accumulation of general fund moneys for capital outlay purposes.

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, 2023

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, 2023

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, 2023

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, 2023

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 which are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

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

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 revenue limit sources by the District.

The California Department of Education reduces the District's apportionment 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, 2023

W. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$100,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any financial leases that met the threshold.

X. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, \$100,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any subscription based information technology agreements that met the threshold.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 consist of the following:

	<u>Governmental Activities</u>
Cash in County Treasury	\$ 11,348,827
Cash on hand and in banks	34,204
Cash in revolving fund	<u>41,728</u>
Total	<u>\$ 11,424,759</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 1,568 days. The pool is rated AAA by Standard and Poor's.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

2. CASH AND CASH EQUIVALENTS (CONTINUED)

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.

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

The interfund receivables and payables as of June 30, 2023 were as follows:

	Interfund Receivable	Interfund Payable
Major Funds		
General Fund	\$ -	\$ 3,332
Nonmajor Funds		
Student Activity Fund	3,332	-
Total	\$ 3,332	\$ 3,332

Interfund Transfers

For the year ended June 30, 2023, the interfund transfers were as follows:

Transfer from General Fund to the Cafeteria Fund for the cafeteria contribution.	\$ 9,408
Transfer from General Fund to the Deferred Maintenance Fund for deferred maintenance projects.	154,500
Transfer from General Fund to the Special Reserve For Capital Outlay Fund for principle and interest payments on solar lease.	136,457
Total Transfers	\$ 300,365

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions and Transfers	Deductions and Transfers	Balance June 30, 2023
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	2,834,728	881,930	-	3,716,658
Building and improvements	17,089,233	684,455	-	17,773,688
Furniture and equipment	2,671,209	146,381	-	2,817,590
	<u>22,595,170</u>	<u>1,712,766</u>	<u>-</u>	<u>24,307,936</u>
Totals, at cost	<u>23,396,983</u>	<u>1,712,766</u>	<u>-</u>	<u>25,109,749</u>
Accumulated depreciation:				
Sites and improvements	(856,176)	(131,780)	-	(987,956)
Building and improvements	(10,439,190)	(583,571)	-	(11,022,761)
Furniture and equipment	(1,368,317)	(209,683)	-	(1,578,000)
	<u>(12,663,683)</u>	<u>(925,034)</u>	<u>-</u>	<u>(13,588,717)</u>
Depreciable assets, net	<u>9,931,487</u>	<u>787,732</u>	<u>-</u>	<u>10,719,219</u>
Capital assets, net	<u>\$ 10,733,300</u>	<u>\$ 787,732</u>	<u>\$ -</u>	<u>\$ 11,521,032</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, 2023

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, 2023, is shown below:

	Balance			Balance	Due
	July 1, 2022	Additions	Deductions	June 30, 2023	Within
					One Year
Capital Leases	\$ 2,594,342	\$ -	\$ 69,886	\$ 2,524,456	\$ 86,669
Compensated Absences	71,881	-	9,781	62,100	62,100
G.O. Bonds	5,100,000		155,000	4,945,000	165,000
Net Pension Liability (Note 6)	9,371,046	4,773,755	-	14,144,801	-
Net OPEB Liability (Note 7)	878,260	137,029	-	1,015,289	-
Supplemental Employer Retirement Program (SERP)	222,763	108,048	330,811	-	-
	<u>\$ 18,238,292</u>	<u>\$ 5,018,832</u>	<u>\$ 565,478</u>	<u>\$ 22,691,646</u>	<u>\$ 313,769</u>

The General Fund makes payments for the capital leases. The accrued vacation (compensated absences) and the Net Pension Liability and Net OPEB Liability 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, 2023 are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2024	\$ 165,000	\$ 190,300	\$ 355,300
2025	175,000	185,350	360,350
2026	190,000	180,100	370,100
2027	200,000	174,400	374,400
2028	215,000	166,400	381,400
2029-2033	1,320,000	690,400	2,010,400
2034-2038	1,810,000	388,800	2,198,800
2039-2040	870,000	48,000	918,000
Totals	<u>\$ 4,945,000</u>	<u>\$ 2,023,750</u>	<u>\$ 6,968,750</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 86,669	\$ 64,778	\$ 151,447
2025	92,825	62,554	155,379
2026	99,257	60,171	159,428
2027	67,155	57,625	124,780
2028	99,010	55,902	154,912
2029-2033	651,179	234,567	885,746
2034-2038	820,463	143,454	963,917
2039-2041	607,898	31,733	639,631
Totals	<u>\$ 2,524,456</u>	<u>\$ 710,784</u>	<u>\$ 3,235,240</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, 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%	8%	10.25%	10.205%
Required employer contribution rates	25.370%	25.370%	19.10%	19.10%

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, 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	\$ 743,287	\$ 1,611,276	\$ 2,354,563
On behalf contributions - state	-	672,394	672,394
Total	<u>\$ 743,287</u>	<u>\$ 2,283,670</u>	<u>\$ 3,026,957</u>

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

As of June 30, 2023, 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	\$ 5,775,261
STRS	8,369,540
Total Net Pension Liability	<u>\$ 14,144,801</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

Measurement			
Dates	Fiscal Year	CalPERS	STRS
June 30, 2021	2021-22	0.01702%	0.01299%
June 30, 2022	2022-23	0.01678%	0.01204%
Change - Increase (Decrease)		<u>-0.00024%</u>	<u>-0.00094%</u>

For the year ended June 30, 2023, the District recognized pension expense of \$4,873,629. At June 30, 2023, 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	\$ 743,287	\$ -	\$ 2,283,670	\$ -	\$ 3,026,957	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2021-22	29,355	161,588	93,096	357,826	122,451	519,414
Changes of Assumptions	328,151	-	2,995,231	-	3,323,382	-
Differences between Expected and Actual Experience	146,302	112,727	55,947	1,386,942	202,249	1,499,669
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	114,273	12,978	577,319	695,080	691,592	708,058
Net differences between projected and actual investment earnings on pension plan investments	-	211,044	-	3,101,757	-	3,312,801
Total	<u>\$ 1,361,368</u>	<u>\$ 498,337</u>	<u>\$ 6,005,263</u>	<u>\$ 5,541,605</u>	<u>\$ 7,366,631</u>	<u>\$ 6,039,942</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 fiscal year ended June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2024	\$ 75,052	\$ (399,680)	\$ (324,628)
2025	(984)	(469,043)	(470,027)
2026	(92,616)	(738,540)	(831,156)
2027	138,292	28,381	166,673
2028	-	(71,762)	(71,762)
Thereafter	-	(169,368)	(169,368)
Total	\$ 119,744	\$ (1,820,012)	\$ (1,700,268)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	6.90%	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.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

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 CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-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 6.90%. 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. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are on the following table:

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Asset Class	CalPERS	
	Assumed Asset Allocation	Real Return ^{(a)(b)}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021-22 Asset Liability Management study.

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, 2022 measurement date, are summarized in the following table:

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
Plan's Net Pension Liability/(Asset)	\$ 8,342,656	\$ 5,775,261	\$ 3,653,402

	<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)	\$ 14,214,584	\$ 8,369,540	\$ 3,516,397

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 available on the CalPERS’ and STRS’ websites.

Payable to the Pension Plan

As of June 30, 2023, the District had no outstanding required contributions to the pension plans.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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: Subject to a cumulative lifetime benefit cap, the District will pay up to but not exceeding a maximum annual amount toward a District provided health and welfare benefit plan. The retiree chooses which plan(s) he/she will be covered under.

If the full maximum annual amount is not paid out during any fiscal year, the unpaid balance shall be carried forward to be paid toward the District provided health and welfare benefit plan in the following fiscal year(s). The District will not pay more than each year’s annual maximum plus any carryover each fiscal year.

- *For those meeting the eligibility requirements above and retired prior to January 1, 2023:* The maximum annual benefit is \$10,000 per year and the lifetime maximum benefit is \$50,000. Benefits continue until the employee’s death or until the District has paid the total capped amount stated above, whichever occurs first. In the event of the retiree’s death, if the District’s health and benefit plan carrier permits continued coverage for the employee’s surviving spouse, the District will continue to pay any unused portion of the cap amount toward the District provided health and welfare benefit plan, subject to the \$10,000 annual payment restriction. Payments will terminate upon the death of the surviving spouse or upon exhaustion of the original cap, whichever occurs first.
- *For those meeting the eligibility requirements above and retiring on or after January 1, 2023:* The maximum annual benefit in 2023 is \$10,804.80 per year and the lifetime maximum benefit is \$54,024. These amounts are now based on the maximum annual benefit provided to active employees, so these caps may increase in the future. However, the maximum benefits for each individual retiree are fixed at the time of retirement. Benefits continue until the earliest of: (1) the employee’s death; (2) until the District has paid the total capped amount stated above; and (3) the date at which the retiree reaches Medicare/MediCal eligibility.

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, 2022 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	72
	<u>79</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability was used to calculate the net OPEB liability was determined by an actuarial valuation as of the June 30, 2022 date.

Actuarial Assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Funding method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Not applicable (\$0; no OPEB trust has been established)
Discount rates	4.09% as of June 30, 2022 4.13% as of June 30, 2023
Municipal bond index	S&P General Obligation 20-Year High Grade Municipal Bond 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 salary, 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 2022 applied generationally from 2016

The discount rate of 4.13% 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, 2023

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, 2022, Measurement Date	\$ 878,260	\$ -	\$ 878,260
Changes for the year:			
Service cost	31,519	-	31,519
Interest	35,260	-	35,260
Changes of benefit terms	167,812	-	167,812
Differences between expected and actual experience	-	-	-
Contributions - employer	-	95,372	(95,372)
Changes of assumptions	(2,190)	-	(2,190)
Net investment income	-	-	-
Benefit payments	(95,372)	(95,372)	-
Administrative expense	-	-	-
Net changes	<u>137,029</u>	<u>-</u>	<u>137,029</u>
Balances at June 30, 2023, Measurement Date	<u>\$ 1,015,289</u>	<u>\$ -</u>	<u>\$ 1,015,289</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 (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Net OPEB liability (asset)	\$ 1,071,123	\$ 1,015,289	\$ 961,713

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	\$ 1,014,867	\$ 1,015,289	\$ 1,015,631

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023, the District recognized OPEB expense of \$119,389. 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, 2023, the District had the following deferred outflows and deferred inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,229	\$ 16,326
Changes of assumptions	37,807	255,916
Net difference between projected and actual earnings on OPEB plan investments	-	-
Deferred contributions	-	-
Total	<u>\$ 82,036</u>	<u>\$ 272,242</u>

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

<u>Year ended June 30</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (19,830)
2025	(19,830)
2026	(19,830)
2027	(19,830)
2028	(19,830)
Thereafter	(91,056)
Total	<u>\$ (190,206)</u>

Payable to the OPEB Plan

The District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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	Total Non-Major Funds	Total
Nonspendable:			
Inventory	\$ -	\$ 4,739	\$ 4,739
Prepaid Expenses	139,033	-	139,033
Revolving Cash	30,350	10,838	41,188
Total Nonspendable	<u>169,383</u>	<u>15,577</u>	<u>184,960</u>
Restricted:			
Child Nutrition: School Programs	-	418,821	418,821
Other Restricted Local	67,596	6,825	74,421
Classified School Employee Professional			
Development Block Grant	9,004	-	9,004
Expanded Learning Opportunities Program	1,417,995	-	1,417,995
Expanded Learning Opportunities (ELO) Grant	68,963	-	68,963
Expanded Learning Opportunities (ELO) Grant:			
Paraprofessional Staff	9,613	-	9,613
Lottery: Instructional Materials	169,996	-	169,996
SB 117 COVID-19 Response Funds	23,457	-	23,457
Educator Effectiveness, FY 2021-22	233,888	-	233,888
Arts, Music, and Instructional Materials Discretionary Block Grant	473,114	-	473,114
Child Nutrition: Kitchen Infrastructure and Training Funds - 2022 KIT Funds	297,201	-	297,201
Learning Recovery Emergency Block Grant	2,072,234	-	2,072,234
Other Restricted State	12,962	-	12,962
A-G Access/Success Grant	79,823	-	79,823
A-G Learning Loss Mitigation Grant	75,000	-	75,000
Special Education Early Intervention Preschool Grant	155,787	-	155,787
Student Activity Funds	-	200,313	200,313
Bond Repayments	-	521,960	521,960
Total Restricted	<u>5,166,633</u>	<u>1,147,919</u>	<u>6,314,552</u>
Assigned:			
Set Aside for Technology	1,321,440	-	1,321,440
Set Aside for Vehicles	634,031	-	634,031
Set Aside for Curriculum	648,352	-	648,352
Solar Energy Project	-	49,751	49,751
Future Facility Improvements	-	132,867	132,867
Total Assigned	<u>2,603,823</u>	<u>182,618</u>	<u>2,786,441</u>
Unassigned:			
Reserve for Economic Uncertainties	1,174,830	-	1,174,830
Total Unassigned	<u>1,174,830</u>	<u>-</u>	<u>1,174,830</u>
Total Fund Balances	<u>\$ 9,114,669</u>	<u>\$ 1,346,114</u>	<u>\$ 10,460,783</u>

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2022*	SELF June 30, 2022*
Total Assets	\$ 40,056,752	\$ 289,680,806
Deferred Outflows of Resources	178,032	246,406
Total Liabilities	12,923,043	218,707,290
Deferred Inflows of Resources	1,991,039	178,227
Net Position	\$ 25,320,702	\$ 71,041,695
Revenues	\$ 48,623,735	\$ 141,145,379
Expenditures	47,863,037	110,272,506
Change in Net Position	\$ 760,698	\$ 30,872,873

* 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, 2023

11. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2023 financial statements for subsequent events through November 13, 2023, 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, 2023

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
LCFF sources	\$ 17,621,139	\$ 19,135,583	\$ 19,135,583	\$ -
Federal revenue	1,447,979	2,131,387	2,106,302	(25,085)
Other state revenues	1,755,331	6,132,373	6,132,374	1
Other local revenues	188,149	315,255	(168,125)	(483,380)
Total revenues	21,012,598	27,714,598	27,206,134	(508,464)
EXPENDITURES				
Certificated salaries	8,044,165	8,743,568	8,743,564	4
Classified salaries	2,631,921	3,158,501	3,158,493	8
Employee benefits	5,302,394	5,028,145	4,924,497	103,648
Books and supplies	1,315,432	1,855,062	1,855,052	10
Services and other operating expenditures	1,734,929	2,375,339	2,375,330	9
Capital outlay	227,562	763,559	763,556	3
Other outgo	1,594,264	1,676,677	1,375,720	300,957
Total expenditures	20,850,667	23,600,851	23,196,212	404,639
Excess (deficiency) of revenues over expenditures	161,931	4,113,747	4,009,922	(103,825)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(342,649)	(469,755)	(300,365)	169,390
Total other financing sources (uses)	(342,649)	(469,755)	(300,365)	169,390
Net change in fund balances	(180,718)	3,643,992	3,709,557	65,565
Fund balances, July 1, 2022	5,405,112	5,405,112	5,405,112	-
Fund balances, June 30, 2023	\$ 5,567,043	\$ 9,049,104	\$ 9,114,669	\$ 65,565

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, 2023

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Total OPEB liability						
Service cost	\$ 31,519	\$ 61,309	\$ 54,806	\$ 78,480	\$ 74,187	\$ 68,918
Interest	35,260	20,423	25,601	37,219	39,315	41,650
Changes of benefit terms	167,812	-	-	-	-	-
Differences between expected and actual experience	-	51,915	-	(23,394)	-	-
Changes of assumptions	(2,190)	(92,980)	26,592	(250,288)	11,317	17,322
Benefit payments, including refunds of member contributions	(95,372)	(75,899)	(202,287)	(177,556)	(105,434)	(129,394)
Net change in total OPEB liability	<u>137,029</u>	<u>(35,232)</u>	<u>(95,288)</u>	<u>(335,539)</u>	<u>19,385</u>	<u>(1,504)</u>
Total OPEB liability - beginning	<u>878,260</u>	<u>913,492</u>	<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>\$ 1,015,289</u>	<u>\$ 878,260</u>	<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	\$ 95,372	\$ 75,899	\$ 202,287	\$ 177,556	\$ 105,434	\$ 129,394
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(95,372)	(75,899)	(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>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 1,015,289</u>	<u>\$ 878,260</u>	<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%	0.0%	0.0%
Covered-employee payroll	\$ 8,743,563	\$ 10,829,498	\$ 7,290,504	\$ 7,009,677	\$ 6,535,352	\$ 6,364,096
District's net OPEB liability as a percentage of covered-employee payroll	11.6%	8.1%	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 sixth year of implementation, only results for fiscal years 2018 through 2023 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, 2023

	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⁾	June 30, 2021 ⁽¹⁾	June 30, 2022 ⁽¹⁾
CalPERS									
Proportion of the net pension liability (asset)	0.01507%	0.01598%	0.01606%	0.01575%	0.01637%	0.01644%	0.01627%	0.01702%	0.01678%
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	\$ 3,460,784	\$ 5,775,261
Covered payroll ⁽²⁾	\$ 1,537,771	\$ 1,758,040	\$ 1,643,109	\$ 1,796,311	\$ 1,856,732	\$ 2,085,417	\$ 2,943,082	\$ 2,206,198	\$ 2,323,007
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%	156.87%	248.61%
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%	80.97%	69.76%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 181,011	\$ 208,275	\$ 228,195	\$ 278,985	\$ 335,363	\$ 411,265	\$ 609,218	\$ 505,440	\$ 589,347
STRS									
Proportion of the net pension liability (asset)	0.01203%	0.01232%	0.01261%	0.01179%	0.01189%	0.01211%	0.01250%	0.01299%	0.01204%
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	\$ 5,910,262	\$ 8,369,540
Covered payroll ⁽²⁾	\$ 4,976,205	\$ 4,731,538	\$ 5,358,362	\$ 5,445,696	\$ 5,609,730	\$ 6,198,971	\$ 7,574,248	\$ 7,874,173	\$ 6,985,518
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%	75.06%	119.81%
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%	87.21%	81.20%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 441,887	\$ 507,694	\$ 674,082	\$ 785,814	\$ 913,264	\$ 1,060,024	\$ 1,223,241	\$ 1,332,310	\$ 1,334,234

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report.

⁽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, 2023

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⁾	Fiscal Year 2021-22 ⁽¹⁾	Fiscal Year 2022-23 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 181,011	\$ 208,275	\$ 228,195	\$ 278,985	\$ 335,363	\$ 411,265	\$ 609,218	\$ 505,440	\$ 589,347
Contributions in relation to the contractually required contribution ⁽²⁾	(208,122)	(228,381)	(278,742)	(335,771)	(411,821)	(465,418)	(499,803)	(597,038)	(743,287)
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>	<u>\$ (91,598)</u>	<u>\$ (153,940)</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	\$ 2,206,198	\$ 2,323,007
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%	25.370%
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⁾	Fiscal Year 2021-22 ⁽¹⁾	Fiscal Year 2022-23 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 441,887	\$ 507,694	\$ 674,082	\$ 785,814	\$ 913,264	\$ 1,060,024	\$ 1,223,241	\$ 1,332,310	\$ 1,334,234
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)	(1,264,521)	(1,611,276)
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>	<u>\$ 67,789</u>	<u>\$ (277,042)</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	\$ 7,874,173	\$ 6,985,518
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%	16.920%	19.100%

⁽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, 2023

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: Changes to retiree health benefits for those retiring on/after January 1, 2023, are reflected in footnote 7.

Changes of Assumptions: The discount rate increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

Fiscal year 2018 was the first year of implementation, therefore only six 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, 2023 were from the June 30, 2022 valuation.

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay
Amortization period	13.51 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	5.8% to start and grade down to 3.9% 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	4.13% as of June 30, 2022 4.09% as of June 30, 2022
Mortality	MacLeod Watts Scale 2022 applied generationally from 2016

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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: The discount rate changed for CalPERS from 7.15% to 6.90%. The inflation rate for CalPERS changed from 2.50% to 2.30%. The payroll growth rate for CalPERS changed from 2.75% to 2.80%. There were no changes in assumptions for CalSTRS.

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 nine 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 nine years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	6.90%	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, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve For Capital Outlay Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS							
Cash and cash equivalents	\$ 200,429	\$ 435,333	\$ 156,109	\$ 140,201	\$ 71,904	\$ 521,960	\$ 1,525,936
Due from other funds	3,332	-	-	-	-	-	3,332
Inventory	-	4,739	-	-	-	-	4,739
Total assets	<u>\$ 203,761</u>	<u>\$ 440,072</u>	<u>\$ 156,109</u>	<u>\$ 140,201</u>	<u>\$ 71,904</u>	<u>\$ 521,960</u>	<u>\$ 1,534,007</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 3,448	\$ 5,674	\$ 23,242	\$ 90,450	\$ 65,079	\$ -	\$ 187,893
Total Liabilities	<u>3,448</u>	<u>5,674</u>	<u>23,242</u>	<u>90,450</u>	<u>65,079</u>	<u>-</u>	<u>187,893</u>
Fund balances							
Nonspendable	-	15,577	-	-	-	-	15,577
Restricted	200,313	418,821	-	-	6,825	521,960	1,147,919
Assigned	-	-	132,867	49,751	-	-	182,618
Total Fund Balance	<u>200,313</u>	<u>434,398</u>	<u>132,867</u>	<u>49,751</u>	<u>6,825</u>	<u>521,960</u>	<u>1,346,114</u>
Total liabilities and fund balances	<u>\$ 203,761</u>	<u>\$ 440,072</u>	<u>\$ 156,109</u>	<u>\$ 140,201</u>	<u>\$ 71,904</u>	<u>\$ 521,960</u>	<u>\$ 1,534,007</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, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve For Capital Outlay Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
REVENUES							
Federal revenue	\$ -	\$ 663,614	\$ -	\$ -	\$ -	\$ -	\$ 663,614
Other state revenues	-	432,380	-	-	-	2,703	435,083
Other local revenues	248,648	14,448	(7,912)	(3,391)	189,812	477,504	919,109
Total revenues	248,648	1,110,442	(7,912)	(3,391)	189,812	480,207	2,017,806
EXPENDITURES							
Classified salaries	-	335,507	-	-	-	-	335,507
Employee benefits	-	184,331	-	-	-	-	184,331
Books and supplies	202,099	427,746	24,350	-	-	-	654,195
Services and other operating expenditures	1,180	61,237	56,925	61,941	42,273	-	223,556
Capital outlay	-	-	41,537	385,673	522,000	-	949,210
Debt service expenditures							
Principal	-	-	-	69,886	-	155,000	224,886
Interest	-	-	-	66,571	-	195,300	261,871
Total expenditures	203,279	1,008,821	122,812	584,071	564,273	350,300	2,833,556
Excess (deficiency) of revenues over expenditures	45,369	101,621	(130,724)	(587,462)	(374,461)	129,907	(815,750)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	9,408	154,500	136,457	-	-	300,365
Total other financing sources (uses)	-	9,408	154,500	136,457	-	-	300,365
Net change in fund balances	45,369	111,029	23,776	(451,005)	(374,461)	129,907	(515,385)
Fund balances, July 1, 2022	154,944	323,369	109,091	500,756	381,286	392,053	1,861,499
Fund balances, June 30, 2023	\$ 200,313	\$ 434,398	\$ 132,867	\$ 49,751	\$ 6,825	\$ 521,960	\$ 1,346,114

COLUSA UNIFIED SCHOOL DISTRICT

ORGANIZATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 in 1926. 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. Roberta James	Clerk	2026
Mrs. Erin Steidlmayer	President	2024
Mrs. Melissa Yerxa Ortiz	Trustee	2024
Mr. Chris McAllister	Trustee	2026

ADMINISTRATION

Rebecca Changus
Superintendent

Scott A. Lantsberger
Chief Business Official

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Second Period Report	Revised Second Period Report*	Annual Report
Elementary			
TK-3	417.20	417.20	417.48
Fourth through Sixth	306.06	306.06	306.32
Seventh to Eighth	197.91	197.91	197.53
Total Primary	921.17	921.17	921.33
Secondary			
Ninth through Twelfth	486.58	486.58	484.84
Continuation Education	-	18.70	18.05
Total Secondary	486.58	505.28	502.89
Total	1,407.75	1,426.45	1,424.22

* The revision to the Second Period Report of Attendance was not the result of the audit.

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2022-23 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	51,462	180	In compliance
Grade 1	50,400	52,342	180	In compliance
Grade 2	50,400	52,342	180	In compliance
Grade 3	50,400	52,342	180	In compliance
Grade 4	54,000	54,310	180	In compliance
Grade 5	54,000	54,310	180	In compliance
Grade 6	54,000	58,164	180	In compliance
Grade 7	54,000	58,134	180	In compliance
Grade 8	54,000	58,164	180	In compliance
Grade 9	64,800	65,268	180	In compliance
Grade 10	64,800	65,268	180	In compliance
Grade 11	64,800	65,268	180	In compliance
Grade 12	64,800	65,268	180	In compliance

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR FISCAL YEAR ENDED JUNE 30, 2023

<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, 2023

	<u>Cafeteria Fund</u>	<u>Student Activity Fund</u>
FUND BALANCE		
Balance, June 30, 2023, Unaudited Actuals	\$ 423,560	\$ 166,519
Increase in:		
Cash in bank	10,838	33,794
Balance, June 30, 2023, Audited Financial Statements	<u>\$ 434,398</u>	<u>\$ 200,313</u>

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

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 *	\$ 26,301
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547 *	329,016
84.425	Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559 *	954,625
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund Learning Loss	10155 *	30,320
84.425C	Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	15517 *	29,096
84.425D	Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	15618 *	165,869
84.425C	Expanded Learning Opportunities (ELO) Grant GEER II	15619 *	38,068
84.425U	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	15620 *	14,069
	Subtotal Education Stabilization Fund (ESF) Cluster		* 1,587,364
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	300,454
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	65,185
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	7,657
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	9,114
84.367	ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	14341	46,910
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	16,449
	Total U.S. Department of Education		2,033,133
<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	575,913
10.555	Child Nutrition: School Programs - Nonmonetary Assistance	13524	87,701
	Total Child Nutrition Cluster		663,614
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	73,169
	Total U.S. Department of Agriculture		736,783
	Total Federal Programs		\$ 2,769,916

* Tested as a major program

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Adopted Budget 2023/2024	Actuals 2022/2023	Actuals 2021/2022	Actuals 2020/2021
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 24,714,985	\$ 27,206,134	\$ 21,171,453	\$ 20,483,907
Expenditures	23,379,531	23,196,212	19,963,013	18,985,812
Other Uses and Transfers Out	305,957	300,365	222,720	559
Total Outgo	23,685,488	23,496,577	20,185,733	18,986,371
Change in Fund Balance	1,029,497	3,709,557	985,720	1,497,536
Ending Fund Balance	\$ 10,144,166	\$ 9,114,669	\$ 5,405,112	\$ 4,419,392
Available Reserves	\$ 1,184,274	\$ 1,174,830	\$ 1,009,286	\$ 949,319
Reserve for Economic Uncertainties	\$ 1,184,274	\$ 1,174,830	\$ 1,009,286	\$ 949,319
Unappropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	5.0%	5.0%	5.0%	5.0%
Total Long-Term Debt	\$ 22,377,877	\$ 22,691,646	\$ 18,238,292	\$ 26,210,420
Average Daily Attendance at P-2	1,422	1,426	1,426	1,465

The general fund balance has increased by \$6,192,813 over the past three years. The fiscal year 2023-24 budget projects an increase of \$1,029,497. 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 each of the past three fiscal years.

Total long-term liabilities have decreased by \$3,518,774 over the past two years due to decreases to the net pension liability.

Average Daily Attendance (ADA) has decreased by 39 over the past two years and ADA is budgeted to decrease for the fiscal year 2023-24.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

1. Schedule Of Average Daily Attendance

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

2. 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).

3. Schedule of Charter Schools

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

4. 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.

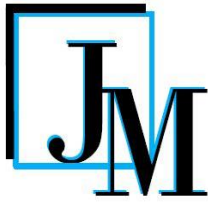
5. Schedule of Expenditures of Federal Awards

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 May 2023 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.

6. 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



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Colusa Unified School District
Colusa, California

Report on Compliance

Qualified Opinion

We have audited the Colusa Unified School District (the "District") compliance with the requirements specified in the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting applicable to the District's state program requirements identified below for the year ended June 30, 2023.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding **2023-01** in the accompanying Schedule of Audit Findings and Questioned Costs, Colusa Unified School District did not comply with requirements regarding Ratio of Administrative Employees to Teachers. Compliance with such requirements is necessary, in our opinion, for Colusa Unified School District to comply with state laws and regulations applicable to that program.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Colusa Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Colusa Unified School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2023. In our opinion, Colusa Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and

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

<u>Local Education Agencies Other Than Charter Schools</u>	
<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	
General Requirements	Yes

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

School Districts, County Offices of Education and Charter Schools

Description	Procedures Performed
California Clean Energy Jobs Act	No, see below
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes

Charter Schools

Description	Procedures Performed
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
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, Middle or Early College High Schools, Apprenticeship: Related and Supplemental Instruction, the Before portion of the Before/After School Education and Safety Program, Independent Study Course-Based, and District of Choice because the District did not offer these programs in the current year.

We did not perform any procedures related to California Clean Energy Jobs Act because the District already submitted the final project completion in a previous year.

We did not perform any procedures related to Continuation Education because the ADA reported was below the materiality threshold in the current year.

We did not perform any procedures related to Immunizations as none of the District's schools appeared on the lists of schools that did not submit immunization assessment reports to the California Department of Public Health or those that reported combined conditional admission and overdue rates greater than 10 percent in kindergarten and in 7th grade.

We did not perform any procedures related to 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, Annual Instructional Minutes-Classroom-Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items **2023-001**.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

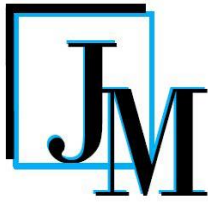
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 13, 2023



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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

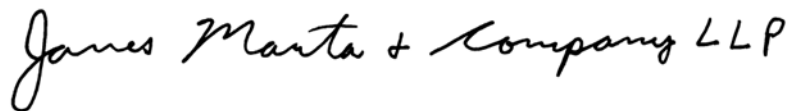
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies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

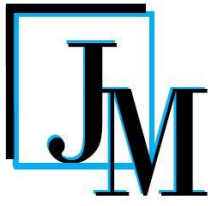
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions is 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
November 13, 2023



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

Opinion on Each Major Federal Program

We have audited Colusa Unified School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the May 2023 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the May 2023 Edition of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

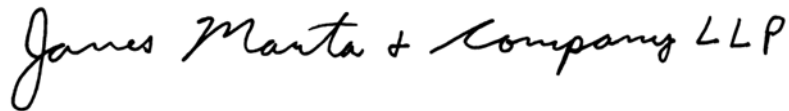
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Colusa Unified School District as of and for the year ended June 30, 2023, and have issued our report thereon dated November 13, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 13, 2023

FINDINGS AND RECOMMENDATIONS

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 X No
Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified? _____ Yes X 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425U, 84.425D	Education Stabilization Fund (ESF) Cluster

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 X No
Significant deficiency(ies) identified? X Yes _____ None reported

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

COLUSA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023

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, 2023

Section IV – State Award Findings and Questioned Costs

2023-01 – Ratio of Administrative Employees to Teachers (40000)

Criteria

The number of administrative employees per hundred teachers must not exceed the allowable ratio set forth in Education Code section 41402. For a unified school district, the maximum ratio is 8 administrative employees to each 100 teachers.

Condition

The District had 87 full-time equivalents (FTEs) 77 FTEs for teachers. Based on an allowable ratio for unified school districts of 8:100, the District must have had less than 6.40 FTE related to non-exempt certificated administrative employees. The District had 7 FTE for non-exempt certificated administrative employees representing an excess of 0.60 FTE.

Effect

The District is not in compliance with state requirements.

Cause

Excess of certificated administrative FTE.

Fiscal Impact

\$20,530, calculated as follows:

District's Total State Revenue	\$ 3,568,886
District's Total Revenue and Other Financing Sources	21,171,448
Portion of State Revenue in Total Revenue	17%
Total Annual Salaries of the Administrative FTE	\$ 845,362
Average Administrator Salary	120,776
State Funded Share of Administrator Salary	\$ 20,530
Penalty	\$ 20,530

Repeat Finding

Yes, see **2022-01**.

Recommendation

It is recommended that the District evaluate the FTE related to non-exempt certificated administrative employees as compared to FTE related to teachers to ensure the District is in compliance.

Corrective Action Plan

The District will perform the ratio calculation multiple times during the year to ensure compliance at any point in time during the school year.

COLUSA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

2022-01 – Ratio of Administrative Employees to Teachers (40000)

Criteria

The number of administrative employees per hundred teachers must not exceed the allowable ratio set forth in Education Code section 41402. For a unified school district, the maximum ratio is 8 administrative employees to each 100 teachers.

Condition

The District had 87 full-time equivalents (FTEs) 77 FTEs for teachers. Based on an allowable ratio for unified school districts of 8:100, the District must have had less than 6.16 FTE related to non-exempt certificated administrative employees. The District had 7 FTE for non-exempt certificated administrative employees representing an excess of 0.84 FTE.

Effect

The District is not in compliance with state requirements.

Cause

Excess of certificated administrative FTE.

Fiscal Impact

\$14,516, calculated as follows:

District’s Total State Revenue	\$ 2,608,083
District’s Total Revenue and Other Financing Sources	20,483,908
Portion of State Revenue in Total Revenue	<u>13%</u>
Total Annual Salaries of Administrative FTE	\$ 798,198
Average Administrator Salary	114,028
State Funded Share of Administrator Salary	<u>\$ 14,516</u>
Penalty	<u>\$ 14,516</u>

Repeat Finding

Yes, See **Finding 2023-01**.

Recommendation

It is recommended that the District evaluate the FTE related to non-exempt certificated administrative employees as compared to FTE related to teachers to ensure the District is in compliance.

Corrective Action Plan

The District will perform the ratio calculation multiple times during the year to ensure compliance at any point in time during the school year.