

**COLD SPRING ELEMENTARY SCHOOL DISTRICT  
COUNTY OF SANTA BARBARA  
SANTA BARBARA, CALIFORNIA**

**AUDIT REPORT  
June 30, 2022**



# COLD SPRING ELEMENTARY SCHOOL DISTRICT

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JUNE 30, 2022

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## FINANCIAL SECTION





## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Cold Spring Elementary School District  
Santa Barbara, California

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cold Spring Elementary School District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Cold Spring Elementary School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cold Spring Elementary School District, as of June 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. 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 Cold Spring Elementary School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 Cold Spring Elementary School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Cold Spring Elementary School 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 Cold Spring Elementary School 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 on pages 3 through 7, the budgetary information on page 47, the Schedule of Proportionate Share of Net Liability on pages 48 and 49, the Schedule of Pension Contributions on pages 50 and 51, the Schedule of Changes in the OPEB Liability and Related Ratios on page 52, and the Schedule of OPEB Contributions on page 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Cold Spring Elementary School District's basic financial statements. The supplementary information 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 listed in the table of contents are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

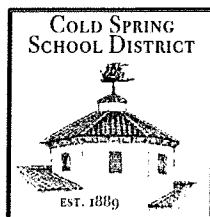
#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of the Cold Spring Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Levy & Hargheim LLP*

Santa Maria, California  
December 2, 2022





## Cold Spring School District

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Yuri Calderon, J.D., Chief Business Officer

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Cold Spring Elementary School District (hereinafter, "District") submits this discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, to accompany the District's Financial Audit. Please read it in conjunction with the District's financial statements that immediately follow this letter.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements presented include all the activities of the Cold Spring Elementary School District using the integrated approach as outlined in Governmental Accounting Standards Board (GASB) Statement No. 34. The Government-Wide Financial Statements present the financial picture of the District using the modified-accrual basis of accounting. The Financial Statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations).

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 three sections together provide a comprehensive overview of the District's finances. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

**Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position. The Government-Wide Financial Statements present the financial picture of the District and includes Governmental and Business-Type Activities of the District.

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All the District's basic services are included here, such as regular education, maintenance and general

administration. Local Control Formula Funding and federal and state grants finance most of these activities.

**Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements and include:

- **Governmental Funds** provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

The primary unit of the government is the Cold Spring Elementary School District.

## REPORTING THE DISTRICT AS A WHOLE

### The Statement of Net Position and the Statement of Activities

The District's total net position as of June 30, 2022, was \$11,795. This was an increase in the District's net position by \$295,579 from the prior year. The overall revenues of the District were \$5,074,385. Expenses of \$4,778,806 were \$295,579 less than revenues.

|                                       | Governmental Activities |                    |                    | Business-Type Activities |                  |                  |
|---------------------------------------|-------------------------|--------------------|--------------------|--------------------------|------------------|------------------|
|                                       | 2021                    | 2022               | Net Change         | 2021                     | 2022             | Net Change       |
| <b>ASSETS</b>                         |                         |                    |                    |                          |                  |                  |
| Current and other assets              | \$ 3,654,996            | \$ 4,099,495       | \$ 444,499         | \$ 12,912                | \$ 41,853        | \$ 28,941        |
| Capital Assets                        | 3,258,109               | 3,205,068          | (53,041)           |                          |                  |                  |
| <b>Total Assets</b>                   | <b>6,913,105</b>        | <b>7,304,563</b>   | <b>391,458</b>     | <b>12,912</b>            | <b>41,853</b>    | <b>28,941</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | <b>1,936,453</b>        | <b>1,506,714</b>   | <b>(429,739)</b>   |                          |                  |                  |
| <b>LIABILITIES</b>                    |                         |                    |                    |                          |                  |                  |
| Current liabilities                   | 524,269                 | 574,432            | 50,163             |                          | 89               | 89               |
| Long-term liabilities                 | 8,050,607               | 6,328,472          | (1,722,135)        |                          |                  |                  |
| <b>Total Liabilities</b>              | <b>8,574,876</b>        | <b>6,902,904</b>   | <b>(1,671,972)</b> |                          | <b>89</b>        | <b>89</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>571,378</b>          | <b>1,938,342</b>   | <b>1,366,964</b>   |                          |                  |                  |
| <b>NET POSITION</b>                   |                         |                    |                    |                          |                  |                  |
| Net investment in capital assets      | (534,525)               | (442,942)          | 91,583             |                          |                  |                  |
| Restricted                            | 368,839                 | 534,497            | 165,658            |                          |                  |                  |
| Unrestricted                          | (131,010)               | (121,524)          | 9,486              | 12,912                   | 41,764           | 28,852           |
| <b>Total Net Position</b>             | <b>\$ (296,696)</b>     | <b>\$ (29,969)</b> | <b>\$ 266,727</b>  | <b>\$ 12,912</b>         | <b>\$ 41,764</b> | <b>\$ 28,852</b> |

The cost of all our governmental activities this year was \$4,778,806. The amount that our taxpayers ultimately financed for these activities through taxes was \$4,328,257 with the remaining cost paid by other governments and organizations who subsidized certain programs with grants and contributions and other local revenue.

In the table below, we have presented the net cost of each of the District's governmental functions. Net cost shows the financial burden that was 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.

| Function/Programs                | Net Cost of Service |                     |
|----------------------------------|---------------------|---------------------|
|                                  | 2021                | 2022                |
| Instruction                      | \$ 2,391,715        | \$ 2,370,409        |
| Instruction-Related Services     | 397,202             | 324,938             |
| General Administration           | 770,027             | 561,179             |
| Plant Services                   | 426,886             | 413,060             |
| Ancillary and Community Services | 41,040              | 95                  |
| Debt Service                     | 187,551             | 186,630             |
| Transfer to Other Agencies       | 109,155             | 237,610             |
| Enterprise Activities            | (1,969)             | (30,197)            |
| <b>Total Expenses</b>            | <b>\$ 4,321,607</b> | <b>\$ 4,063,724</b> |

The results of this year's operations for the District as a whole are reported in the Statement of Activities on pages 10-11.

### **Financial Analysis of the District's Major Funds**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$3,838,658, an increase of \$432,839 from the prior fiscal year (\$3,405,819). The District's General Fund balance decreased \$10,548 for the year ended June 30, 2022. The District's Special Reserve Fund and Other Governmental Funds had decreases tied to expenditures for the new classroom building to accommodate growing enrollment, while the Building Fund had an increase due to the issuance of a lease payable.

## **FINANCIAL HIGHLIGHTS**

### **Executive Summary**

The District's financial statements reflects a net positive operation. The District ended the year in a very stable financial position that was improved over the originally projected District's Adopted and Interim Budgets. Total revenues in the District General Fund were significantly higher (\$4,996,097) than the prior fiscal year (\$4,679,519). Total expenditures in the District General Fund were \$4,956,645. The favorable financial position at year-end allowed for a \$20,000 transfer to the District's Deferred Maintenance Fund and \$5,000 transfer to the District's OPEB Reserve.

On June 30, 2022, the District's General Fund ending fund balance combined with the Basic Aid Reserves totaled \$2,020,628, of which \$249,082 was the required five percent Reserve for Economic Uncertainties, and \$1,065,263 is set aside in the District's Basic Aid Reserve (Fund 17).

Over the last three years, the District has been focused on building a healthy reserve to sustain operations and educational activities during either a disaster or a decline in revenue associated with the basic aid or community funding formula. The District has met its goal of achieving a reserve balance of 25% of total expenditures. The following table reflects the balances in each of the District Fund's:

**District Ending Fund Balance, Net Position, & Other Reserve Balances**

|   | Beginning<br>Fund Balance | Ending<br>Fund Balance | Change     |
|---|---------------------------|------------------------|------------|
| Fund 01 General Fund                                      | \$ 928,309                | \$ 945,667             | \$ 17,358  |
| Fund 17 Special Reserve (Non Capital)                     | 1,097,862                 | 1,065,263              | (32,599)   |
| Fund 20 Special Reserve Fund for Post-Employment Benefits | 5,005                     | 9,698                  | 4,693      |
| Total Non Capital Reserves                                | 2,031,176                 | 2,020,628              | (10,548)   |
| Fund 14 Deferred Maintenance Fund                         | 79,396                    | 97,044                 | 17,648     |
| Fund 21 Building Fund (Bonds)                             | 145,942                   | 717,645                | 571,703    |
| Fund 25 Capital Facilities Fund (Developer Fees)          | 326,760                   | 196,124                | (130,636)  |
| Fund 40 Special Reserve (Capital)                         | 544,648                   | 528,523                | (16,125)   |
| Total Capital Reserves                                    | 1,096,746                 | 1,539,336              | 442,590    |
| Fund 51 Bond Interest and Redemption Fund                 | 277,897                   | 278,694                | 797        |
| Fund 63 Other Enterprise Fund - Dolphin                   | 12,912                    | 41,764                 | 28,852     |
| Total Fund Balance, Net Position, & Reserve Balances      | \$ 3,418,731              | \$ 3,880,422           | \$ 461,691 |

The District's goal is to maintain approximately \$100,000 in the deferred maintenance account to address ongoing large maintenance projects. The District is substantially meeting this goal as reflected in the \$97,044 balance in the deferred maintenance account as of June 30, 2022.

**SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022**

Cold Spring School has a well-deserved reputation for being the best public elementary school in California. The core reason why the students at Cold Spring School continue to thrive is because they are surrounded by a team of classroom teachers, specialist teachers (Art, Music, STEAM), instructional assistants, support staff and administrators that truly care about students as individuals. The students feel loved from the moment they step on campus, as they are greeted with genuine enthusiasm by administration, teachers and support staff. Students know they have at least three champions in their corner wanting them to succeed.

As a result, Cold Spring School District is ranked the highest performing school district in California on the most recent English Language Arts, Mathematics and Science summative assessments with over ninety-five percent (92%) of the students meeting/exceeding the state standards.

The School has an extraordinary team of teachers and staff that are committed to serving the individual needs of students.

## **CURRENT YEAR'S BUDGETS 2022-2023**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Governing Board approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

In considering the District Budget for the 2022-2023 year, the Governing Board and management used the following criteria:

**COVID-19 Pandemic.** The District's operations continue to be impacted post-COVID-19 Pandemic. The District continues to spend resources to maintain small class size and provide a full, robust educational program supported by the Cold Spring Art, Music, STEAM, Garden and PE learning experiences. The expenditures are focused on providing a healthy and safe classroom and work environment. Class-size has been reduced to a 17:1 student-to-teacher ratio. Although COVID grant funding has tapered off, the District continues to expend resources to maintain small class-size and a healthy and safe learning environment.

**Basic Aid District.** Cold Spring Elementary School District is a basic aid or community funded district. Property tax revenues were originally projected to increase by 3.5% per year in its multi-year projection. The actual increase was closer to 10.3%. The additional revenue will be incorporated into the budget at the First Interim Reporting period.

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

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

Yuri Calderon  
ycalderon@coldspringschool.net  
Chief Business Officer for the Cold Spring Elementary School District  
Cold Spring Elementary School District  
2243 Sycamore Canyon Road  
Santa Barbara, CA 93108  
(805) 969-2678, Ext 136

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# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2022

|                                       | Governmental<br>Activities | Business-type<br>Activities | Total            |
|---------------------------------------|----------------------------|-----------------------------|------------------|
| <b>Assets</b>                         |                            |                             |                  |
| Cash in county treasury               | \$ 3,892,864               | \$ 41,789                   | \$ 3,934,653     |
| Accounts receivable                   | 206,631                    | 64                          | 206,695          |
| Land                                  | 122,906                    |                             | 122,906          |
| Work in progress                      | 175,081                    |                             | 175,081          |
| Buildings and improvements            | 5,956,300                  |                             | 5,956,300        |
| Equipment                             | 249,686                    |                             | 249,686          |
| Less accumulated depreciation         | (3,298,905)                |                             | (3,298,905)      |
| Total assets                          | <u>7,304,563</u>           | <u>41,853</u>               | <u>7,346,416</u> |
| <b>Deferred Outflows Of Resources</b> |                            |                             |                  |
| Deferred charge on refunding          | 204,888                    |                             | 204,888          |
| OPEB                                  | 7,902                      |                             | 7,902            |
| Pensions                              | 1,293,924                  |                             | 1,293,924        |
| Total deferred outflows of resources  | <u>1,506,714</u>           |                             | <u>1,506,714</u> |
| <b>Liabilities</b>                    |                            |                             |                  |
| Accounts payable                      | 208,873                    | 89                          | 208,962          |
| Unearned revenue                      | 51,964                     |                             | 51,964           |
| Interest payable                      | 41,743                     |                             | 41,743           |
| Long-term liabilities:                |                            |                             |                  |
| Due within one year:                  |                            |                             |                  |
| General obligation bonds payable      | 271,852                    |                             | 271,852          |
| Total due within one year             | <u>574,432</u>             | <u>89</u>                   | <u>574,521</u>   |
| Due after one year:                   |                            |                             |                  |
| OPEB liability                        | 121,107                    |                             | 121,107          |
| General obligation bonds payable      | 3,468,803                  |                             | 3,468,803        |
| Lease payable                         | 625,000                    |                             | 625,000          |
| Compensated absences payable          | 14,303                     |                             | 14,303           |
| Net pension liability                 | 2,099,259                  |                             | 2,099,259        |
| Total due after one year              | <u>6,328,472</u>           |                             | <u>6,328,472</u> |
| Total liabilities                     | <u>6,902,904</u>           | <u>89</u>                   | <u>6,902,993</u> |
| <b>Deferred Inflows of Resources</b>  |                            |                             |                  |
| OPEB                                  | 60,285                     |                             | 60,285           |
| Pensions                              | 1,878,057                  |                             | 1,878,057        |
| Total deferred inflows of resources   | <u>1,938,342</u>           |                             | <u>1,938,342</u> |
| <b>Net Position</b>                   |                            |                             |                  |
| Net investment in capital assets      | (442,942)                  |                             | (442,942)        |
| Restricted for:                       |                            |                             |                  |
| Capital projects                      | 196,124                    |                             | 196,124          |
| Debt service                          | 236,951                    |                             | 236,951          |
| Educational programs                  | 101,422                    |                             | 101,422          |
| Unrestricted                          | (121,524)                  | 41,764                      | (79,760)         |
| Total net position                    | <u>(29,969)</u>            | <u>41,764</u>               | <u>11,795</u>    |

The accompanying notes are an integral part of this statement.

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Expenses     | Program Revenues     |                                    |
|--|--------------|----------------------|------------------------------------|
|  |              | Charges for Services | Operating Grants and Contributions |
| Governmental Activities:                     |              |                      |                                    |
| Instruction                                  | \$ 2,658,715 | \$ 7,563             | \$ 280,743                         |
| Instruction-related services:                |              |                      |                                    |
| Supervision of instruction                   | 30,807       |                      | 24,008                             |
| Instructional library, media, and technology | 1,921        |                      |                                    |
| School site administration                   | 316,218      |                      |                                    |
| General administration:                      |              |                      |                                    |
| Data processing                              | 7,018        |                      |                                    |
| All other general administration             | 554,976      |                      | 815                                |
| Plant services                               | 454,859      | 23,514               | 18,285                             |
| Ancillary services                           | 95           |                      |                                    |
| Interest on long-term debt                   | 186,630      |                      |                                    |
| Other outgo                                  | 309,166      | 47,361               | 24,195                             |
| Depreciation (unallocated)                   | 196,877      |                      |                                    |
| Total governmental activities                | 4,717,282    | 78,438               | 348,046                            |
| Business-type Activities:                    |              |                      |                                    |
| After school care                            | 61,524       | 91,721               |                                    |
| Total business-type activities               | 61,524       | 91,721               |                                    |
| Total government                             | \$ 4,778,806 | \$ 170,159           | \$ 348,046                         |

General revenues and transfers:

Taxes and subventions:

Taxes levied for general purposes

Taxes levied for debt service

Federal and state aid not restricted to specific purposes

Interest and investment earnings

Miscellaneous

Total general revenues and transfers

Change in net position

Net position, beginning of fiscal year

Net position, end of fiscal year

The accompanying notes are an integral part of this statement.



Net (Expense) Revenue and Changes  
in Net Position

| Governmental<br>Activities | Business-type<br>Activities | Total              |
|----------------------------|-----------------------------|--------------------|
| \$ (2,370,409)             | \$ -                        | \$ (2,370,409)     |
| (6,799)                    |                             | (6,799)            |
| (1,921)                    |                             | (1,921)            |
| (316,218)                  |                             | (316,218)          |
| (7,018)                    |                             | (7,018)            |
| (554,161)                  |                             | (554,161)          |
| (413,060)                  |                             | (413,060)          |
| (95)                       |                             | (95)               |
| (186,630)                  |                             | (186,630)          |
| (237,610)                  |                             | (237,610)          |
| (196,877)                  |                             | (196,877)          |
| <u>(4,290,798)</u>         |                             | <u>(4,290,798)</u> |
|                            | 30,197                      | 30,197             |
|                            | 30,197                      | 30,197             |
| <u>(4,290,798)</u>         | <u>30,197</u>               | <u>(4,260,601)</u> |
| 3,960,523                  |                             | 3,960,523          |
| 367,734                    |                             | 367,734            |
| 187,976                    |                             | 187,976            |
| (119,653)                  | (1,345)                     | (120,998)          |
| 160,945                    |                             | 160,945            |
| <u>4,557,525</u>           | <u>(1,345)</u>              | <u>4,556,180</u>   |
| 266,727                    | 28,852                      | 295,579            |
| (296,696)                  | 12,912                      | (283,784)          |
| <u>\$ (29,969)</u>         | <u>\$ 41,764</u>            | <u>\$ 11,795</u>   |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

|                                       | General<br>Fund     | Building<br>Fund  |
|---------------------------------------|---------------------|-------------------|
| <b>ASSETS:</b>                        |                     |                   |
| Cash in County Treasury               | \$ 2,087,549        | \$ 726,698        |
| Accounts Receivable                   | 203,725             | 1,138             |
| Due from Other Funds                  | -                   | -                 |
| Total Assets                          | <u>\$ 2,291,274</u> | <u>\$ 727,836</u> |
| <b>LIABILITIES AND FUND BALANCES:</b> |                     |                   |
| Liabilities:                          |                     |                   |
| Accounts Payable                      | \$ 198,682          | \$ 10,191         |
| Due to Other Funds                    | 20,000              | -                 |
| Unearned Revenue                      | 51,964              | -                 |
| Total Liabilities                     | <u>270,646</u>      | <u>10,191</u>     |
| Fund Balances:                        |                     |                   |
| Restricted                            | 101,422             | 717,645           |
| Assigned                              | 64,017              | -                 |
| Unassigned                            | 1,855,189           | -                 |
| Total Fund Balances                   | <u>2,020,628</u>    | <u>717,645</u>    |
| Total Liabilities and Fund Balances   | <u>\$ 2,291,274</u> | <u>\$ 727,836</u> |

The accompanying notes are an integral part of this statement.

| Special<br>Reserve<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|--------------------------------|--------------------------------|
| \$ 527,664                 | \$ 550,953                     | \$ 3,892,864                   |
| 859                        | 909                            | 206,631                        |
| -                          | 20,000                         | 20,000                         |
| <u>\$ 528,523</u>          | <u>\$ 571,862</u>              | <u>\$ 4,119,495</u>            |
| <br>                       |                                |                                |
| \$ -                       | \$ -                           | \$ 208,873                     |
| -                          | -                              | 20,000                         |
| -                          | -                              | 51,964                         |
| <u>-</u>                   | <u>-</u>                       | <u>280,837</u>                 |
| <br>                       |                                |                                |
| -                          | 474,818                        | 1,293,885                      |
| 528,523                    | 97,044                         | 689,584                        |
| -                          | -                              | 1,855,189                      |
| <u>528,523</u>             | <u>571,862</u>                 | <u>3,838,658</u>               |
| <br>                       |                                |                                |
| <u>\$ 528,523</u>          | <u>\$ 571,862</u>              | <u>\$ 4,119,495</u>            |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|  |              |
|--|--------------|
| Total fund balances - governmental funds | \$ 3,838,658 |
|--|--------------|

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

|                                   |    |             |           |
|-----------------------------------|----|-------------|-----------|
| Capital assets at historical cost | \$ | 6,503,973   |           |
| Accumulated depreciation          |    | (3,298,905) |           |
|                                   |    |             |           |
| Net                               |    |             | 3,205,068 |

|   |         |
|---|---------|
| In governmental funds, loss on refunding is recognized as an expenditure in the period incurred. In the government-wide statements, loss on refunding is amortized over the life of the debt. | 204,888 |
|---|---------|

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:

|                                  |    |           |             |
|----------------------------------|----|-----------|-------------|
| Compensated absences payable     | \$ | 14,303    |             |
| General obligation bonds payable |    | 3,740,655 |             |
| Lease payable                    |    | 625,000   |             |
| OPEB liability                   |    | 121,107   |             |
| Net pension liability            |    | 2,099,259 |             |
|                                  |    |           |             |
| Total                            |    |           | (6,600,324) |

|   |          |
|---|----------|
| 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 net position, it is recognized in the period that it is incurred. | (41,743) |
|---|----------|

In governmental funds, deferred outflows and inflows of resources relating to pensions and 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 pensions and OPEB are reported.

|   |    |             |           |
|---|----|-------------|-----------|
| Deferred inflows of resources relating to pensions  | \$ | (1,878,057) |           |
| Deferred outflows of resources relating to pensions |    | 1,293,924   |           |
| Deferred inflows of resources relating to OPEB      |    | (60,285)    |           |
| Deferred outflows of resources relating to OPEB     |    | 7,902       |           |
|   |    |             | (636,516) |

|  |             |
|--|-------------|
| Total net position - governmental activities | \$ (29,969) |
|--|-------------|

The accompanying notes are an integral part of this statement.

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**COLD SPRING ELEMENTARY SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | General<br>Fund     | Building<br>Fund  |
|--|---------------------|-------------------|
| Revenues:  |                     |                   |
| LCFF Sources:  |                     |                   |
| State Apportionment or State Aid                             | \$ 113,081          | \$ -              |
| Education Protection Account Funds                           | 37,666              | -                 |
| Local Sources  | 3,960,522           | -                 |
| Federal Revenue  | 206,919             | -                 |
| Other State Revenue  | 486,537             | -                 |
| Other Local Revenue  | 161,372             | 12,642            |
| Total Revenues   | <u>4,966,097</u>    | <u>12,642</u>     |
| Expenditures:  |                     |                   |
| Current:   |                     |                   |
| Instruction  | 3,213,603           | -                 |
| Instruction - Related Services                               | 418,057             | -                 |
| Ancillary Services   | 95                  | -                 |
| Enterprise   | 144                 | -                 |
| General Administration                                       | 592,539             | -                 |
| Plant Services   | 387,248             | 35,075            |
| Other Outgo  | 309,166             | -                 |
| Capital Outlay   | 35,793              | 16,864            |
| Debt Service:  |                     |                   |
| Principal  | -                   | -                 |
| Interest   | -                   | -                 |
| Total Expenditures   | <u>4,956,645</u>    | <u>51,939</u>     |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>9,452</u>        | <u>(39,297)</u>   |
| Other Financing Sources (Uses):                              |                     |                   |
| Transfers In   | -                   | -                 |
| Transfers Out  | (20,000)            | -                 |
| Proceeds From Certificates Of Participation                  | -                   | 611,000           |
| Total Other Financing Sources (Uses)                         | <u>(20,000)</u>     | <u>611,000</u>    |
| Net Change in Fund Balances                                  | (10,548)            | 571,703           |
| Fund Balances, July 1  | 2,031,176           | 145,942           |
| Fund Balances, June 30                                       | <u>\$ 2,020,628</u> | <u>\$ 717,645</u> |

The accompanying notes are an integral part of this statement.

| Special<br>Reserve<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|--------------------------------|--------------------------------|
| \$ -                       | \$ -                           | \$ 113,081                     |
| -                          | -                              | 37,666                         |
| -                          | -                              | 3,960,522                      |
| -                          | -                              | 206,919                        |
| -                          | 402                            | 486,939                        |
| (16,125)                   | 369,246                        | 527,135                        |
| <u>(16,125)</u>            | <u>369,648</u>                 | <u>5,332,262</u>               |
| -                          | -                              | 3,213,603                      |
| -                          | -                              | 418,057                        |
| -                          | -                              | 95                             |
| -                          | -                              | 144                            |
| -                          | -                              | 592,539                        |
| -                          | -                              | 422,323                        |
| -                          | -                              | 309,166                        |
| -                          | 143,783                        | 196,440                        |
| -                          | 234,461                        | 234,461                        |
| -                          | 137,595                        | 137,595                        |
| <u>-</u>                   | <u>515,839</u>                 | <u>5,524,423</u>               |
| <u>(16,125)</u>            | <u>(146,191)</u>               | <u>(192,161)</u>               |
| -                          | 20,000                         | 20,000                         |
| -                          | -                              | (20,000)                       |
| -                          | 14,000                         | 625,000                        |
| -                          | 34,000                         | 625,000                        |
| (16,125)                   | (112,191)                      | 432,839                        |
| 544,648                    | 684,053                        | 3,405,819                      |
| <u>\$ 528,523</u>          | <u>\$ 571,862</u>              | <u>\$ 3,838,658</u>            |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|   |                   |
|---|-------------------|
| Total net change in fund balances - governmental funds  | \$ 432,839        |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$143,836 is less than the depreciation expense (\$196,877) in the period. | (53,041)          |
| 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. Payment of bonds principal and accreted interest of \$274,190.   | 274,190           |
| 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:         | (1,112)           |
| In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amounts used by \$1,092.    | (1,092)           |
| In governmental funds, loss on refunding is recognized as an expenditure in the period they are incurred. In the government-wide statements, loss on refunding is amortized over the life of the debt. Amortization for the period was:   | (11,383)          |
| In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employer contributions was:   | (91,088)          |
| In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as an interest expense for the period.   | (76,269)          |
| In governmental funds, proceeds from leases are recognized as Other Financing Sources. In government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from leases were:   | (625,000)         |
| In governmental 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:   | <u>418,683</u>    |
| Change in net position - governmental activities  | <u>\$ 266,727</u> |

The accompanying notes are an integral part of this statement.



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2022**

|                           | Enterprise<br>Fund             |
|---------------------------|--------------------------------|
|                           | <u>Dolphin Center<br/>Fund</u> |
| <b>ASSETS:</b>            |                                |
| Current Assets:           |                                |
| Cash in County Treasury   | \$ 41,789                      |
| Accounts Receivable       | <u>64</u>                      |
| Total Current Assets      | <u>41,853</u>                  |
| Total Assets              | <u>41,853</u>                  |
| <b>LIABILITIES:</b>       |                                |
| Current Liabilities:      |                                |
| Accounts Payable          | <u>89</u>                      |
| Total Current Liabilities | <u>89</u>                      |
| Total Liabilities         | <u>89</u>                      |
| <b>NET POSITION:</b>      |                                |
| Unrestricted (Deficit)    | 41,764                         |
| Total Net Position        | <u>\$ 41,764</u>               |

The accompanying notes are an integral part of this statement.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Enterprise<br>Fund |
|--|--------------------|
| <b>Operating Revenues:</b>             |                    |
| Local Revenues                         | \$ 91,721          |
| Total Revenues                         | 91,721             |
| <b>Operating Expenses:</b>             |                    |
| Classified Personnel Salaries          | 32,977             |
| Employee Benefits                      | 23,332             |
| Books and Supplies                     | 2,841              |
| Services and other operating expenses  | 2,374              |
| Total Expenses                         | 61,524             |
| Operating Income                       | 30,197             |
| <b>Non-Operating Revenues:</b>         |                    |
| Interest Income                        | (1,345)            |
| Total Non-Operating Revenues           | (1,345)            |
| Change In Net Position                 | 28,852             |
| Net Position, Beginning Of Fiscal Year | 12,912             |
| Net Position, End Of Fiscal Year       | \$ 41,764          |

The accompanying notes are an integral part of this statement.

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Enterprise<br>Fund      |
|--|-------------------------|
| Cash Flows from Operating Activities:  |                         |
| Cash received from fees  | \$ 91,721               |
| Cash paid for employee services  | (56,309)                |
| Cash paid for goods and services   | <u>(5,215)</u>          |
| Net cash provided by operating activities  | 30,197                  |
| Cash Flows from Investing Activities:  |                         |
| Interest received  | <u>(1,308)</u>          |
| Net increase in cash and cash equivalents  | 28,889                  |
| Cash and cash equivalents at July 1, 2021  | <u>12,900</u>           |
| Cash and cash equivalents at June 30, 2022   | <u><u>\$ 41,789</u></u> |
| Reconciliation of Operating Income to Net Cash<br>Provided by Operating Activities |                         |
| Operating income   | <u>\$ 30,197</u>        |
| Net cash provided by operating activities  | <u><u>30,197</u></u>    |

The accompanying notes are an integral part of this statement.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Policies**

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

**B. Reporting Entity**

The reporting entity is the Cold Spring Elementary School District. There are no component units included in this report which meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

**C. Basis of Presentation**

*Government-wide Financial Statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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. 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 nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position for proprietary funds presents increases (i.e. revenues) and decreases (i.e. expenses) in the net position. The statement of cash flows provides information about how the District finances and meets the cash flow need of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**D. 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 and proprietary fund statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

*Revenue – exchange and non-exchange transactions:*

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 the 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 one year after fiscal year end.

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 fiscal 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 specific 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.

*Unearned revenue:*

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

*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 Cold Spring Elementary School District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement Plan (CalSTRS) (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. 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 as fair value.

*Other Postemployment Benefits (OPEB)*

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Expenses/expenditures:*

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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.

**E. 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, revenues, and expenditures or expenses, as appropriate. The District's 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, nonmajor, and proprietary funds as follows:

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Fund Accounting (Continued)

##### *Major Governmental Funds:*

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) did not meet the GASB Statement No. 54 special revenue definition. The Special Reserve Fund for Other than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

The Building Fund is used to account for the acquisition of major capital facilities and buildings from the sale of bond proceeds.

The Special Reserve Fund for Capital Outlay Projects is used to set aside funds for capital projects.

##### *Nonmajor Governmental Funds:*

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

The Deferred Maintenance Fund is used for the purpose of major repair or replacement of the District's property.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains one nonmajor debt service fund.

The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District Bonds, interest, and related costs.

**Capital Projects Funds** are used to account for the acquisitions and/or construction of all major governmental capital assets. The District maintains one nonmajor capital projects fund:

The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under the provisions of the California Environmental Quality Act (CEQA).

##### *Major Proprietary Fund:*

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, whereas the intent is that the costs of providing services on a continuing basis be financed or recovered primarily through user charges. The District maintains one major enterprise fund.

The Dolphin Center Fund is used to account for revenues and expense relating to the District's fee-based after school care.

#### F. 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 District Superintendent during the fiscal year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the fiscal 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.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. 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.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

I. Statement of Cash Flows

For the purposes of the statement of cash flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

J. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Santa Barbara County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq.. The funds maintained by the County are either secured by the Federal Depository Insurance Corporation or are collateralized.

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

3. Prepaid Items

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

4. Loss on Refunding

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Loss on refunding is deferred and amortized over the life of the bonds using the straight-line method.

5. Capital Assets

Capital assets are those purchased or acquired with an original costs of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed capital assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of a capital asset are capitalized.

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### J. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

##### 5. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives:

| Asset Class               | Examples  | Estimated Useful Life in Years |
|---------------------------|---|--------------------------------|
| Land                      |   | N/A                            |
| Site improvements         | Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting          | 20                             |
| School buildings          |   | 50                             |
| Portable classrooms       |   | 25                             |
| HVAC systems              | Heating, ventilation, and air conditioning systems                                | 20                             |
| Roofing                   |   | 20                             |
| Interior construction     |   | 25                             |
| Carpet replacement        |   | 7                              |
| Electrical/plumbing       |   | 30                             |
| Sprinkler/fire system     | Fire suppression system   | 25                             |
| Outdoor equipment         | Playground, radio towers, fuel tanks, pumps                                       | 20                             |
| Machinery and tools       | Shop and maintenance equipment, tools   | 15                             |
| Kitchen equipment         | Appliances  | 15                             |
| Custodial equipment       | Floor scrubbers, vacuums, other   | 15                             |
| Science and engineering   | Lab equipment, scientific apparatus   | 10                             |
| Furniture and accessories | Classroom and other furniture   | 20                             |
| Business machines         | Fax, duplicating and printing equipment   | 10                             |
| Copiers                   |   | 5                              |
| Communication equipment   | Mobile, portable radios, non-computerized   | 10                             |
| Computer hardware         | PCs, printers, network hardware   | 5                              |
| Computer software         | Instructional, other short-term   | 5 to 10                        |
| Computer software         | Administrative long-term  | 10 to 20                       |
| Audio visual equipment    | Projectors, cameras (still and digital)   | 10                             |
| Athletic equipment        | Gymnastics, football, weight machines, wrestling mats                             | 10                             |
| Musical instruments       | Pianos, strings, brass, percussion  | 10                             |
| Library books             | Collections   | 5 to 7                         |
| Licensed vehicles         | Buses, other on-road vehicles   | 8                              |
| Contractors equipment     | Major off-road vehicles, front-end loaders, large tractors, mobile air compressor | 10                             |
| Grounds equipment         | Mowers, tractors, attachments   | 15                             |

##### 6. Unearned Revenue

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

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

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

7. Deferred Outflows and Inflows of Resources (Continued)

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has three items which qualify for reporting in this category; refer to Note 7, Note 10, and Note 14 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 10 and Note 14 for a detailed listing of the deferred inflows of resources the District has recognized.

8. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee 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.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

10. Fund Balances

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### J. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

##### 10. Fund Balances (Continued)

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

##### 11. Property Taxes

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values 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 LCFF sources by the District.

#### K. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

|                  |   |   |
|------------------|---|---|
| Statement No. 91 | "Conduit Debt Obligations"  | The provisions of this statement are effective for fiscal years beginning after December 15, 2021.  |
| Statement No. 93 | "Replacement of Interbank Offered Rates"  | The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.  |
| Statement No. 94 | "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" | The provisions of this statement are effective for fiscal years beginning after June 15, 2022.  |
| Statement No. 96 | "Subscription-Based Information Technology Arrangements"                              | The provisions of this statement are effective for fiscal years beginning after June 15, 2022.  |
| Statement No. 99 | "Omnibus 2022"  | The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023. |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Future Accounting Pronouncements (Continued)**

|   |   |
|---|---|
| Statement No. 100 "Accounting Changes and Error<br>Corrections- an amendment of GASB<br>Statement No. 62" | The provisions of this statement are effective<br>for fiscal years beginning after June 15, 2023.     |
| Statement No. 101 "Compensated Absences"  | The provisions of this statement are effective<br>for fiscal years beginning after December 15, 2023. |

**NOTE 2 - CASH AND INVESTMENTS**

The District's cash and investments at June 30, 2022, consisted of the following:

|  |                     |
|--|---------------------|
| Cash and investments with the County Treasurer | \$ 3,934,653        |
| Total cash in investments                      | <u>\$ 3,934,653</u> |

Cash and investments are presented on the accompanying basic financial statements, as follows:

|  |                     |
|--|---------------------|
| Cash in county treasury, statement of net position | \$ 3,934,653        |
| Total cash in investments                          | <u>\$ 3,934,653</u> |

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Santa Barbara County Investment Pool and this external pool is measured under Level 2.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Santa Barbara County Treasury as part of the common investment pool (\$3,934,653 as of June 30, 2022). The fair value of this pool as of that date, as provided by the plan sponsor, was \$3,934,653. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, State registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 2 - CASH AND INVESTMENTS (Continued)

#### Disclosures Relating to Interest Rate Risk (Continued)

| Investment Type                      | Carrying Amount | Remaining Maturity (in Months) |              |              |                     |
|--------------------------------------|-----------------|--------------------------------|--------------|--------------|---------------------|
|                                      |                 | 12 Months Or Less              | 13-24 Months | 25-60 Months | More than 60 Months |
| Santa Barbara County Investment Pool | \$ 3,934,653    | \$ 3,934,653                   | \$ -         | \$ -         | \$ -                |
| Total                                | \$ 3,934,653    | \$ 3,934,653                   | \$ -         | \$ -         | \$ -                |

#### Disclosures Relating to Credit Risk

Generally, 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

| Investment Type                      | Carrying Amount | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End |      |              |
|--------------------------------------|-----------------|----------------------|------------------------|------------------------------|------|--------------|
|                                      |                 |                      |                        | AAA                          | Aa   | Not Rated    |
| Santa Barbara County Investment Pool | \$ 3,934,653    | N/A                  | \$ -                   | \$ -                         | \$ - | \$ 3,934,653 |
| Total                                | \$ 3,934,653    |                      | \$ -                   | \$ -                         | \$ - | \$ 3,934,653 |

#### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Santa Barbara County Investment Pool).

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Excess of expenditures over appropriations in individual funds, are as follows:

| <u>Major Fund</u>                         | <u>Excess<br/>Expenditures</u> |
|---|--------------------------------|
| Building Fund:                            |                                |
| Services and Other Operating Expenditures | \$ 11,000                      |

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2022, consist of the following:

|                          | <u>General<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>Special<br/>Reserve<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Major<br/>Proprietary<br/>Fund</u> |
|--------------------------|-------------------------|--------------------------|-------------------------------------|---|---------------------------------------|
| Federal Government:      |                         |                          |                                     |   |                                       |
| Federal programs         | \$ 107,699              | \$ -                     | \$ -                                | \$ -                                    | \$ -                                  |
| State Government:        |                         |                          |                                     |   |                                       |
| LCFF                     | 6,129                   |                          |                                     |   |                                       |
| Categorical aid programs | 80,413                  |                          |                                     |   |                                       |
| Local Sources:           |                         |                          |                                     |   |                                       |
| Interest                 | 3,773                   | 1,138                    | 859                                 | 909                                     | 64                                    |
| Miscellaneous            | 5,711                   |                          |                                     |   |                                       |
|                          | <u>\$ 203,725</u>       | <u>\$ 1,138</u>          | <u>\$ 859</u>                       | <u>\$ 909</u>                           | <u>\$ 64</u>                          |

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transactions are reported as either 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/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2022, are as follows:

| <u>Fund</u>               | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---------------------------|----------------------------------|-------------------------------|
| Major Fund:               |                                  |                               |
| General Fund              | \$ -                             | \$ 20,000                     |
| Nonmajor Funds:           |                                  |                               |
| Deferred Maintenance Fund | 20,000                           |                               |
|                           | <u>\$ 20,000</u>                 | <u>\$ 20,000</u>              |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 - INTERFUND TRANSACTIONS (Continued)**

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2021-2022 fiscal year are as follows:

| <u>Fund</u>               | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------|---------------------|----------------------|
| Major Fund:               |                     |                      |
| General Fund              | \$ -                | \$ 20,000            |
| Nonmajor Funds:           |                     |                      |
| Deferred Maintenance Fund | 20,000              |                      |
|                           | <u>\$ 20,000</u>    | <u>\$ 20,000</u>     |

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the fiscal year ended June 30, 2022, is shown below:

|   | <u>Balance<br/>July 1, 2021</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance<br/>June, 30, 2022</u> |
|---|---------------------------------|---------------------|-------------------|-----------------------------------|
| Capital assets, not being depreciated:      |                                 |                     |                   |                                   |
| Land  | \$ 122,906                      | \$ -                | \$ -              | \$ 122,906                        |
| Work in progress                            | 71,051                          | 136,704             | 32,674            | 175,081                           |
| Total capital assets, not being depreciated | <u>\$ 193,957</u>               | <u>\$ 136,704</u>   | <u>\$ 32,674</u>  | <u>\$ 297,987</u>                 |
| Capital assets, being depreciated:          |                                 |                     |                   |                                   |
| Buildings and improvements                  | \$ 5,916,494                    | \$ 39,806           | \$ -              | \$ 5,956,300                      |
| Equipment                                   | 249,686                         |                     |                   | 249,686                           |
| Total capital assets, being depreciated     | <u>6,166,180</u>                | <u>39,806</u>       |                   | <u>6,205,986</u>                  |
| Less accumulated depreciation for:          |                                 |                     |                   |                                   |
| Buildings and improvements                  | 2,950,447                       | 188,314             |                   | 3,138,761                         |
| Equipment                                   | 151,581                         | 8,563               |                   | 160,144                           |
| Total accumulated depreciation              | <u>3,102,028</u>                | <u>196,877</u>      |                   | <u>3,298,905</u>                  |
| Total capital assets, being depreciated     | <u>\$ 3,064,152</u>             | <u>\$ (157,071)</u> | <u>\$ -</u>       | <u>\$ 2,907,081</u>               |
| Net capital assets                          | <u>\$ 3,258,109</u>             | <u>\$ (20,367)</u>  | <u>\$ 32,674</u>  | <u>\$ 3,205,068</u>               |

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

|                            |                   |
|----------------------------|-------------------|
| Unallocated                | <u>\$ 196,877</u> |
| Total depreciation expense | <u>\$ 196,877</u> |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 - DEFERRED OUTFLOWS OF RESOURCES – REFUNDING OF DEBT**

At June 30, 2022, deferred outflows of resources, reported in the Statement of Net Position relating to the defeasance of the 2008 general obligation bonds, a portion of the series 2008, consisted of the following:

|                              | Governmental<br>Activities |
|------------------------------|----------------------------|
| Deferred charge of refunding | <u>\$ 204,888</u>          |

**NOTE 8 - BONDED DEBT**

The outstanding general obligation bonded debt of the Cold Spring Elementary School District at June 30, 2022, is:

| Date<br>Of<br>Issue | Interest<br>Rate | Maturity<br>Date | Amount of<br>Original<br>Issue | Outstanding<br>July 1, 2021 | Additions        | Deductions        | Outstanding<br>June 30, 2022 |
|---------------------|------------------|------------------|--------------------------------|-----------------------------|------------------|-------------------|------------------------------|
| 2009                | 2.00 - 6.31%     | 2039             | \$ 1,578,434                   | \$ 278,708                  | \$ 28,567        | \$ -              | \$ 307,275                   |
| 2009                | 3.41 - 6.40%     | 2034             | 861,109                        | 668,619                     | 47,702           | 85,305            | 631,016                      |
| 2016                | 3.26%            | 2039             | 3,699,279                      | 2,991,249                   |                  | 188,885           | 2,802,364                    |
|                     |                  |                  | <u>\$ 6,138,822</u>            | <u>\$ 3,938,576</u>         | <u>\$ 76,269</u> | <u>\$ 274,190</u> | <u>\$ 3,740,655</u>          |

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2022, are as follows:

| Fiscal<br>Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-----------------------------------|---------------------|---------------------|---------------------|
| 2023                              | \$ 271,852          | \$ 114,301          | \$ 386,153          |
| 2024                              | 230,408             | 81,038              | 311,446             |
| 2025                              | 234,994             | 143,134             | 378,128             |
| 2026                              | 243,335             | 146,769             | 390,104             |
| 2027                              | 247,438             | 148,388             | 395,826             |
| 2028-2032                         | 357,986             | 932,644             | 1,290,630           |
| 2033-2037                         | 853,990             | 755,321             | 1,609,311           |
| 2038-2040                         | 832,600             | 41,825              | 874,425             |
| Accretion                         | 468,052             | (468,052)           |                     |
|                                   | <u>\$ 3,740,655</u> | <u>\$ 1,895,368</u> | <u>\$ 5,636,023</u> |

**NOTE 9 – LEASE PAYABLE (Direct borrowing)**

On March 10, 2022, the District entered into a lease purchase agreement with Municipal Asset Finance Corp. The District is leasing the Classrooms 1,2, and 3 on the campus located in 2243 Sycamore Canyon Road in Santa Barbara for eleven years in the amount of \$625,000 with an interest rate of 1.9%. The District is subleasing the classrooms back from the Municipal Asset Finance Corp. In the event of default, the Corporation can terminate the lease and assume possession of the leased property. Upon the completion of the lease, all rights, title, and interest of the classrooms shall be vested in the District.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 – LEASE PAYABLE (Direct borrowing) (Continued)**

Future minimum lease payments are as follows:

| Fiscal<br>Year Ending<br>June 30,           | Lease<br>Payment  |
|---|-------------------|
| 2023  | \$ 10,589         |
| 2024  | 68,672            |
| 2025  | 68,661            |
| 2026  | 68,650            |
| 2027  | 68,639            |
| 2028-2032                                   | 343,028           |
| 2033  | 68,570            |
| Total                                       | 696,809           |
| Less amount representing interest           | (71,809)          |
| Present value of net minimum lease payments | <u>\$ 625,000</u> |

**NOTE 10 - PENSION PLANS**

**State Teachers' Retirement System (CalSTRS)**

**A. General Information about the Pension Plan**

**Plan Descriptions** – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

**Benefits Provided** – The CALSTRS Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and or survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefit.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.



# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 10 - PENSION PLANS (Continued)

#### State Teachers' Retirement System (CalSTRS) (Continued)

##### A. General Information about the Pension Plan (Continued)

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

|   | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
|---|-----------------------------|--------------------------------|
| Hire Date   |                             |                                |
| Benefit formula                                   | 2.0% @ 60                   | 2.0% @ 62                      |
| Benefit vesting schedule                          | 5 years service             | 5 years service                |
| Benefit payments                                  | monthly for life            | monthly for life               |
| Retirement age                                    | 50-63                       | 55-65                          |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.4%                | 2.00%                          |
| Required employee contribution rates              | 10.25%                      | 10.205%                        |
| Required employer contribution rates              | 16.92%                      | 16.92%                         |
| Required state contribution rates                 | 10.828%                     | 10.828%                        |

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS Annual Comprehensive Financial Report (ACFR). The CalSTRS' ACFR is available online at <http://www.calstrs.com/comprehensive-annual-financial-report>.

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

**On-Behalf Payments** – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

|                         |            |
|-------------------------|------------|
| Contribution - employer | \$ 291,973 |
| Contribution - state    | \$ 214,900 |

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|   |                     |
|---|---------------------|
| District's proportionate share of the net pension liability                           | \$ 1,520,564        |
| State's proportionate share of the net pension liability associated with the District | 826,228             |
| Total   | <u>\$ 2,346,792</u> |

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.003%, which was the same as its proportion measured as of June 30, 2020.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2022

**NOTE 10 - PENSION PLANS (Continued)****State Teachers' Retirement System (CalSTRS) (Continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$(95,740). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 3,809                          | \$ 161,848                       |
| Changes of assumptions  | 215,370                           |                                  |
| Net difference between projected and actual earnings on pension plan investments                              |                                   | 1,202,859                        |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 568,503                           | 134,131                          |
| District contributions subsequent to the measurement date   | 340,757                           |                                  |
| Total   | <u>\$ 1,128,439</u>               | <u>\$ 1,498,838</u>              |

\$340,757 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year<br>Ended June 30 | Amount       |
|------------------------------|--------------|
| 2023                         | \$ (29,011)  |
| 2024                         | \$ (177,956) |
| 2025                         | \$ (259,998) |
| 2026                         | \$ (286,407) |
| 2027                         | \$ 48,649    |
| 2028                         | \$ (6,433)   |

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

|                                   |   |
|-----------------------------------|---|
| Valuation Date                    | June 30, 2020                                     |
| Measurement Date                  | June 30, 2021                                     |
| Actuarial Cost Method             | Entry age normal                                  |
| Discount Rate                     | 7.10%   |
| Consumer Price Inflation          | 2.75%   |
| Wage Growth                       | 3.50%   |
| Post-retirement Benefit Increases | 2.00% simple for DB<br>Not applicable for DBS/CBB |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 - PENSION PLANS (Continued)**

**State Teachers' Retirement System (CalSTRS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. In January 31, 2020, the CalSTRS' retirement board changed the mortality assumptions based on the July 1, 2015 through June 30, 2018 Experience Analysis. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries. For further details, see CalSTRS July 1, 2015 through June 30, 2018 Experience Analysis on the CalSTRS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on January 31, 2020, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

| Asset Class         | Assumed Asset Allocation | Long-Term* Expected Real Rate of Return |
|---------------------|--------------------------|---|
| Global Equity       | 42 %                     | 4.80 %                                  |
| Private Equity      | 13 %                     | 6.30 %                                  |
| Real Estate         | 15 %                     | 3.60 %                                  |
| Inflation Sensitive | 6 %                      | 3.30 %                                  |
| Fixed Income        | 12 %                     | 1.30 %                                  |
| Cash/Liquidity      | 2 %                      | (0.40) %                                |
| Absolute Return     | 10 %                     | 1.80 %                                  |
|                     | <u>100 %</u>             |   |

\*10 year geometric average

**Discount Rate** – The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur mid-year. Based on those assumptions, the CalSTRS 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.

**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, calculated using the discount rate, 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:

|                       |              |
|-----------------------|--------------|
| 1% Decrease           | 6.10%        |
| Net Pension Liability | \$ 3,095,322 |
| Current Discount Rate | 7.10%        |
| Net Pension Liability | \$ 1,520,564 |
| 1% Increase           | 8.10%        |
| Net Pension Liability | \$ 213,543   |

**Pension Plan Fiduciary Net Position** – Detailed information about pension plan's fiduciary net position is available in the separately-issued CalSTRS financial reports.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 - PENSION PLANS (Continued)**

**State Teachers' Retirement System (CalSTRS) (Continued)**

**C. Payable to the Pension Plan**

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

**California Public Employees' Retirement System (CalPERS)**

**A. General Information About the Pension Plan**

Plan Description - The Cold Spring Elementary School 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. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Benefits Provided**—The STRP Defined Benefit Program has two benefit formulas:

CalPERS 2% at 55: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalPERS

CalPERS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalPERS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

A family benefit is available if an active member dies and has at least one year of credited service.

Members' accumulated contributions are refundable with interest upon separation from CalPERS. The board determines the credited interest rate each fiscal year.

The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalPERS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.

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

| Hire Date   | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
|---|-----------------------------|--------------------------------|
| Benefit formula                                   | 2.0% @ 55                   | 2.0% @ 62                      |
| Benefit vesting schedule                          | 5 years service             | 5 years service                |
| Benefit payments                                  | monthly for life            | monthly for life               |
| Retirement age                                    | 50-63                       | 52-67                          |
| Monthly benefits, as a % of eligible compensation | 1.17% to 2.5%               | 1.00% to 2.5%                  |
| Required employee contribution rates              | 7%                          | 7%                             |
| Required employer contribution rates              | 22.910%                     | 22.910%                        |

Specific details for retirement, disability or death benefit calculations for each of the pension plans are available in the CalPERS' Annual Comprehensive Financial Report (ACFR). The CalPERS' ACFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 10 - PENSION PLANS (Continued)

#### California Public Employees' Retirement System (CalPERS) (Continued)

##### A. General Information About the Pension Plan (Continued)

**Contributions** – Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans 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 Local Government is required to contribute the difference between the actuarially determined rate of employees.

For the fiscal year ended June 30, 2022, the contribution recognized as part of pension expense was as follows:

|                         |           |
|-------------------------|-----------|
| Contribution - employer | \$ 84,517 |
|-------------------------|-----------|

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

As of June 30, 2022, the District reported net pension liability for its proportionate shares of the net pension liability was \$578,695.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.003%, which was the same as its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$(11,025). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 17,275                         | \$ 1,364                         |
| Changes of assumptions  |                                   |                                  |
| Net difference between projected and actual earning on pension plan investments                               |                                   | 222,086                          |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 43,696                            | 155,769                          |
| District contributions subsequent to the measurement date   | 104,514                           |                                  |
| Total   | \$ 165,485                        | \$ 379,219                       |

\$104,514 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year<br>Ended June 30 | Amount       |
|------------------------------|--------------|
| 2023                         | \$ (104,007) |
| 2024                         | (67,533)     |
| 2025                         | (84,940)     |
| 2026                         | (61,768)     |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 - PENSION PLANS (Continued)**

**California Public Employees' Retirement System (CalPERS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

**Actuarial Assumptions** –The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

|                                   |  |
|-----------------------------------|--|
| Valuation Date                    | June 30, 2020  |
| Measurement Date                  | June 30, 2021  |
| Actuarial Cost Method             | Entry age normal   |
| Discount Rate                     | 7.15%  |
| Consumer Price Inflation          | 2.50%  |
| Wage Growth                       | Varies   |
| Post-retirement Benefit Increases | Up to 2.00% until purchasing power protection<br>Allowance flows purchasing power applies,<br>2.50% thereafter |

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed February 2022. Any changes to the discount rate will require Board action and proper stockholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal years. CalPERS will continue to check the materiality of the difference in calculation until we have changed our methodology.

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

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

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

| Asset Class         | Assumed Asset Allocation | Long-Term* Expected Real Rate of Return | Long-Term* Expected Real Rate of Return |
|---------------------|--------------------------|---|---|
| Global Equity       | 50.0 %                   | 4.80 %                                  | 5.98 %                                  |
| Global Fixed Income | 28.0 %                   | 1.00 %                                  | 2.62 %                                  |
| Inflation Sensitive | 0.0 %                    | 0.77 %                                  | 1.81 %                                  |
| Private Equity      | 8.0 %                    | 6.30 %                                  | 7.23 %                                  |
| Real Estate         | 13.0 %                   | 3.75 %                                  | 4.93 %                                  |
| Liquidity           | 1.0 %                    | 0.00 %                                  | -0.92 %                                 |
| Total               | 100.0 %                  |   |   |

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

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

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 - PENSION PLANS (Continued)**

**California Public Employees' Retirement System (CalPERS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

**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, calculated using the discount rate, 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:

|                       |            |
|-----------------------|------------|
| 1% Decrease           | 6.15%      |
| Net Pension Liability | \$ 975,759 |
| Current Discount Rate | 7.15%      |
| Net Pension Liability | \$ 578,695 |
| 1% Increase           | 8.15%      |
| Net Pension Liability | \$ 249,045 |

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

**C. Payable to the Pension Plan**

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

**NOTE 11 - LONG-TERM LIABILITIES - SCHEDULE OF CHANGES**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2022, is shown below:

|                              | Balance<br>July 1, 2021 | Additions         | Deletions           | Balance<br>June 30, 2022 | Due Within<br>One Year |
|------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Compensated absences payable | \$ 13,211               | \$ 27,169         | \$ 26,077           | \$ 14,303                | \$ -                   |
| Bonds payable                | 3,938,576               | 76,269            | 274,190             | 3,740,655                | 271,852                |
| OPEB liability               | 124,331                 |                   | 3,224               | 121,107                  |                        |
| Lease payable                |                         | 625,000           |                     | 625,000                  |                        |
| Net pension liability        | 4,208,950               |                   | 2,109,691           | 2,099,259                |                        |
|                              | <u>\$ 8,285,068</u>     | <u>\$ 728,438</u> | <u>\$ 2,413,182</u> | <u>\$ 6,600,324</u>      | <u>\$ 271,852</u>      |

**NOTE 12 - JOINT VENTURES (Joint Powers Agreements)**

The Cold Spring Elementary School District participates in two joint ventures under joint powers agreements (JPAs); the Self-Insurance Program for Employees and the Self-Insured Schools of California II. The relationship between the Cold Spring Elementary School District and the JPAs are such that none of the JPAs are a component unit of the Cold Spring Elementary School District for financial reporting purposes.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

**Self-Insured Schools of California II (S.I.S.C. II)** – S.I.S.C. II arranges for and provides property and liability insurance for its member school districts. The Cold Spring Elementary School District pays a premium commensurate with the level of coverage requested.

# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 12 - JOINT VENTURES (Joint Powers Agreements) (Continued)

**Self-Insurance Program for Employees (S.I.P.E.)** – S.I.P.E. was established to provide the services and other items necessary and appropriate for the development, operation, and maintenance of a self-insurance system for workers' compensation claims against the public educational agencies who are members thereof. The participants consist of the Office of the County Superintendent of Schools and school districts. Each participant may appoint one representative to the governing board. The governing board is responsible for establishing premium rates and making budgeting decisions.

### NOTE 13 - COMMITMENTS AND CONTINGENCIES

#### State and Federal Allowances, Awards and Grants

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

#### Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

### NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

#### Plan Description

The benefits offered are provided through the Self-Insured Schools of California (SISC). The medical plans offered are: two PPO's (Blue Cross Prudent Buyer Classic 100-B \$10 and Blue Cross Prudent Buyer Classic 90-C \$10). Prescription drug benefits are included in the PPO plan. Behavioral health benefits are included in the PPO plan. Dental benefits are offered through Delta Dental. The vision plan is offered through VSP.

The District provides postretirement health benefits to all retirees with twenty years of service who retire from the District and must have reached the minimum age of 55. The duration of the benefits is for a maximum of 7 years but not beyond 65. District-paid benefits are subject to the following annual caps (a maximum lifetime contribution will not exceed \$35,000):

| <u>Years of Service</u> | <u>Annual Cap</u> |
|-------------------------|-------------------|
| 20-24                   | \$ 5,000          |
| 25-29                   | 6,000             |
| 30+                     | 7,000             |

No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

#### Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

|  |    |
|--|----|
| Active plan members  | 21 |
| Inactive employees or beneficiaries currently receiving benefits | 0  |
| Total  | 21 |

The District currently finances benefits on a pay-as-you-go basis.

#### OPEB Liability

The District's OPEB Liability was measured as of June 30, 2022 and the total OPEB Liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**Actuarial assumptions.** The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                            |                |
|----------------------------|----------------|
| Salary increases           | 2.75%          |
| Healthcare cost trend rate | 4.00% for 2022 |



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

OPEB Liability (Continued)

Mortality rates are based on the 2020 CalSTRS Mortality table and the 2017 CalPERS Mortality for Miscellaneous and School Employees.

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.54 percent.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

| Reporting Date | Measurement Date | Long-Term Expected                  | Bond Buyer 20 | Discount Rate |
|----------------|------------------|-------------------------------------|---------------|---------------|
|                |                  | Return of Plan Investments (if any) |               |               |
| June 30, 2021  | June 30, 2021    | 2.16%                               | 2.16%         | 2.16%         |
| June 30, 2022  | June 30, 2022    | 3.54%                               | 3.54%         | 3.54%         |

Changes of Assumptions

The discount rate increased from 2.16% to 3.54%.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Changes in the OPEB Liability

|  | Total<br>OPEB<br>Liability |
|--|----------------------------|
| Balance at June 30, 2021<br>(Valuation Date June 30, 2021)   | \$ 124,331                 |
| Changes recognized for the measurement period:               |                            |
| Service cost   | 8,309                      |
| Interest   | 2,775                      |
| Changes of assumptions                                       | (14,308)                   |
| Benefit payments   |                            |
| Net Changes  | (3,224)                    |
| Balance at June 30, 2022<br>(Measurement Date June 30, 2022) | \$ 121,107                 |

*Sensitivity of the OPEB liability to changes in the discount rate.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current discount rate:

|                           | 1% Decrease<br>2.54% | Discount Rate<br>3.54% | 1% Increase<br>4.54% |
|---------------------------|----------------------|------------------------|----------------------|
| District's OPEB liability | \$ 131,766           | \$ 121,107             | \$ 113,448           |

*Sensitivity of the OPEB liability to changes in the healthcare trend rates.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (3.00 percent) or 1 percentage point higher (5.00 percent) than the current healthcare cost trend rates:

|                | 1% Decrease<br>3.00% | Trend Rate<br>4.00% | 1% Increase<br>5.00% |
|----------------|----------------------|---------------------|----------------------|
| OPEB Liability | \$ 117,155           | \$ 121,107          | \$ 125,875           |

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$7,230. As of the fiscal year ended June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ -                                 | \$ 17,908                        |
| Change in assumptions                             | 7,902                                | 42,377                           |
|   | \$ 7,902                             | \$ 60,285                        |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| <u>Fiscal year Ending June 30,</u> | <u>Amount</u>      |
|------------------------------------|--------------------|
| 2023                               | \$ (3,854)         |
| 2024                               | (3,854)            |
| 2025                               | (3,854)            |
| 2026                               | (3,854)            |
| 2027                               | (3,854)            |
| Thereafter                         | (33,113)           |
|                                    | <u>\$ (52,383)</u> |

**NOTE 15 - NET POSITION**

The government-wide and proprietary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

**NOTE 16 - FUND BALANCES**

Fund balances are composed of the following elements:

|   | <u>General</u>     | <u>Building</u>   | <u>Special</u>    | <u>Other</u>        | <u>Total</u>        |
|---|--------------------|-------------------|-------------------|---------------------|---------------------|
|   | <u>Fund</u>        | <u>Fund</u>       | <u>Reserve</u>    | <u>Governmental</u> | <u>Governmental</u> |
|   |                    |                   | <u>Fund</u>       | <u>Funds</u>        | <u>Funds</u>        |
| <b>Restricted</b>                       |                    |                   |                   |                     |                     |
| California Clean Energy Jobs Act        | \$ 21,562          | \$ -              | \$ -              | \$ -                | \$ 21,562           |
| Lottery: instructional materials        | 25,940             |                   |                   |                     | 25,940              |
| Educator Effectiveness                  | 10,415             |                   |                   |                     | 10,415              |
| Expanded Learning Opportunities Program | 29,764             |                   |                   |                     | 29,764              |
| Special education                       | 13,741             |                   |                   |                     | 13,741              |
| Debt service                            |                    |                   |                   | 278,694             | 278,694             |
| Capital projects                        |                    | 717,645           |                   | 196,124             | 913,769             |
| <b>Assigned</b>                         |                    |                   |                   |                     |                     |
| Deferred maintenance projects           |                    |                   |                   | 97,044              | 97,044              |
| Retiree health benefits                 | 9,698              |                   |                   |                     | 9,698               |
| Curriculum                              | 54,319             |                   |                   |                     | 54,319              |
| Capital projects                        |                    |                   | 528,523           |                     | 528,523             |
| <b>Unassigned</b>                       | <u>1,855,189</u>   |                   |                   |                     | <u>1,855,189</u>    |
| <b>Total</b>                            | <u>\$2,020,628</u> | <u>\$ 717,645</u> | <u>\$ 528,523</u> | <u>\$ 571,862</u>   | <u>\$3,838,658</u>  |

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**REQUIRED SUPPLEMENTARY INFORMATION SECTION**



# COLD SPRING ELEMENTARY SCHOOL DISTRICT

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| Revenues:  |                     |                     |                     |   |
| LCFF Sources:  |                     |                     |                     |   |
| State Apportionment or State Aid                             | \$ 80,129           | \$ 113,081          | \$ 113,081          | \$ -  |
| Education Protection Account Funds                           | 32,176              | 37,666              | 37,666              | -   |
| Local Sources  | 3,962,123           | 3,960,522           | 3,960,522           | -   |
| Federal Revenue  | 159,607             | 206,919             | 206,919             | -   |
| Other State Revenue  | 307,994             | 486,537             | 486,537             | -   |
| Other Local Revenue  | 288,763             | 234,723             | 161,372             | (73,351)  |
| Total Revenues   | <u>4,830,792</u>    | <u>5,039,448</u>    | <u>4,966,097</u>    | <u>(73,351)</u>   |
| Expenditures:  |                     |                     |                     |   |
| Current:   |                     |                     |                     |   |
| Certificated Salaries  | 2,129,501           | 2,099,098           | 2,099,098           | -   |
| Classified Salaries  | 652,091             | 615,903             | 615,903             | -   |
| Employee Benefits  | 1,213,987           | 1,228,790           | 1,228,790           | -   |
| Books And Supplies   | 200,884             | 188,812             | 188,812             | -   |
| Services And Other Operating Expenditures                    | 454,369             | 479,083             | 479,083             | -   |
| Other Outgo  | -                   | 309,166             | 309,166             | -   |
| Capital Outlay   | -                   | 35,793              | 35,793              | -   |
| Total Expenditures   | <u>4,650,832</u>    | <u>4,956,645</u>    | <u>4,956,645</u>    | <u>-</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>179,960</u>      | <u>82,803</u>       | <u>9,452</u>        | <u>(73,351)</u>   |
| Other Financing Sources (Uses):                              |                     |                     |                     |   |
| Transfers Out  | -                   | (20,000)            | (20,000)            | -   |
| Total Other Financing Sources (Uses)                         | <u>-</u>            | <u>(20,000)</u>     | <u>(20,000)</u>     | <u>-</u>  |
| Net Change in Fund Balance                                   | 179,960             | 62,803              | (10,548)            | (73,351)  |
| Fund Balance, July 1   | 2,031,176           | 2,031,176           | 2,031,176           | -   |
| Fund Balance, June 30  | <u>\$ 2,211,136</u> | <u>\$ 2,093,979</u> | <u>\$ 2,020,628</u> | <u>\$ (73,351)</u>                                      |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years\*  
As of June 30, 2022

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

|   | <b>2022</b>        | <b>2021</b>        | <b>2020</b>       | <b>2019</b>       |
|---|--------------------|--------------------|-------------------|-------------------|
| Proportion of the net pension liability   | 0.003%             | 0.003%             | 0.003%            | 0.004%            |
| Proportionate share of the net pension liability                                  | \$ 578,695         | \$ 1,016,416       | \$ 870,855        | \$ 1,024,091      |
| Covered payroll   | \$ 408,295         | \$ 423,513         | \$ 421,424        | \$ 521,173        |
| Proportionate share of the net pension liability as percentage of covered payroll | 141.73%            | 240.00%            | 206.65%           | 196.50%           |
| Plan's total pension liability  | \$ 106,857,487,903 | \$ 102,289,672,089 | \$ 97,300,991,939 | \$ 91,459,283,785 |
| Plan's fiduciary net position   | \$ 86,523,055,855  | \$ 71,606,596,106  | \$ 68,156,740,617 | \$ 64,796,135,561 |
| Plan fiduciary net position as a percentage of the total pension liability        | 80.97%             | 70.00%             | 70.05%            | 70.85%            |
|   | <b>2018</b>        | <b>2017</b>        | <b>2016</b>       | <b>2015</b>       |
| Proportion of the net pension liability   | 0.004%             | 0.004%             | 0.011%            | 0.004%            |
| Proportionate share of the net pension liability                                  | \$ 973,012         | \$ 883,347         | \$ 1,558,204      | \$ 444,693        |
| Covered payroll   | \$ 533,081         | \$ 554,649         | \$ 476,859        | \$ 411,204        |
| Proportionate share of the net pension liability as percentage of covered payroll | 182.53%            | 159.26%            | 326.76%           | 108.14%           |
| Plan's total pension liability  | \$ 84,871,025,628  | \$ 75,663,026,434  | \$ 71,651,164,353 | \$ 68,292,799,349 |
| Plan's fiduciary net position   | \$ 60,998,386,333  | \$ 55,912,964,588  | \$ 56,911,065,643 | \$ 56,940,364,500 |
| Plan fiduciary net position as a percentage of the total pension liability        | 71.87%             | 73.90%             | 79.43%            | 83.38%            |

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years\*  
As of June 30, 2022

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

|   | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| Proportion of the net pension liability   | 0.003%              | 0.003%              | 0.003%              | 0.003%              |
| Proportionate share of the net pension liability                                  | \$ 1,520,564        | \$ 3,192,534        | \$ 2,559,960        | \$ 2,504,056        |
| State's proportionate share of net pension liability associated with the District | <u>826,228</u>      | <u>1,928,596</u>    | <u>2,359,159</u>    | <u>1,433,697</u>    |
| Total   | <u>\$ 2,346,792</u> | <u>\$ 5,121,130</u> | <u>\$ 4,919,119</u> | <u>\$ 3,937,753</u> |
| Covered payroll   | \$ 1,807,882        | \$ 1,768,789        | \$ 1,539,258        | \$ 1,462,884        |
| Proportionate share of the net pension liability as percentage of covered payroll | 84.11%              | 180.49%             | 166.31%             | 171.17%             |
| Plan's total pension liability  | \$ 355,802,665,000  | \$ 343,894,793,000  | \$ 329,179,470,000  | \$ 316,777,450,000  |
| Plan's fiduciary net position   | \$ 310,293,452,995  | \$ 246,983,743,995  | \$ 238,851,887,995  | \$ 224,868,634,995  |
| Plan fiduciary net position as a percentage of the total pension liability        | 87.21%              | 71.82%              | 72.56%              | 70.99%              |
|   | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         |
| Proportion of the net pension liability   | 0.003%              | 0.003%              | 0.003%              | 0.003%              |
| Proportionate share of the net pension liability                                  | \$ 2,672,512        | \$ 2,497,035        | \$ 1,928,918        | \$ 1,838,586        |
| State's proportionate share of net pension liability associated with the District | <u>1,581,049</u>    | <u>1,421,727</u>    | <u>491,293</u>      | <u>1,110,218</u>    |
| Total   | <u>\$ 4,253,561</u> | <u>\$ 3,918,762</u> | <u>\$ 2,420,211</u> | <u>\$ 2,948,804</u> |
| Covered payroll   | \$ 1,530,816        | \$ 1,555,335        | \$ 1,482,738        | \$ 1,401,358        |
| Proportionate share of the net pension liability as percentage of covered payroll | 174.58%             | 160.55%             | 130.09%             | 131.20%             |
| Plan's total pension liability  | \$ 302,770,146,000  | \$ 269,994,690,000  | \$ 259,146,248,000  | \$ 248,910,844,000  |
| Plan's fiduciary net position   | \$ 210,289,899,995  | \$ 189,113,486,995  | \$ 191,822,335,995  | \$ 190,474,016,000  |
| Plan fiduciary net position as a percentage of the total pension liability        | 69.46%              | 70.04%              | 74.02%              | 76.52%              |

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT****SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2022

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

|  | <u>2022</u>    | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   |
|--|----------------|---------------|---------------|---------------|
| Contractually required contribution (actuarially determined)         | \$ 104,514     | \$ 84,517     | \$ 83,521     | \$ 70,708     |
| Contribution in relation to the actuarially determined contributions | <u>104,514</u> | <u>84,517</u> | <u>83,521</u> | <u>70,708</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered payroll  | \$ 456,194     | \$ 408,295    | \$ 423,513    | \$ 421,424    |
| Contributions as a percentage of covered payroll                     | 22.91%         | 20.70%        | 19.72%        | 16.78%        |
|  | <u>2018</u>    | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   |
| Contractually required contribution (actuarially determined)         | \$ 77,865      | \$ 69,151     | \$ 65,387     | \$ 59,069     |
| Contribution in relation to the actuarially determined contributions | <u>77,865</u>  | <u>69,151</u> | <u>65,387</u> | <u>59,069</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered payroll  | \$ 521,173     | \$ 533,081    | \$ 554,649    | \$ 476,859    |
| Contributions as a percentage of covered payroll                     | 14.94%         | 12.97%        | 11.79%        | 12.39%        |

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT****SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2022

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

|  | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution (actuarially determined)         | \$ 340,757     | \$ 291,973     | \$ 302,463     | \$ 248,806     |
| Contribution in relation to the actuarially determined contributions | <u>340,757</u> | <u>291,973</u> | <u>302,463</u> | <u>248,806</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Covered payroll  | \$ 2,013,930   | \$ 1,807,882   | \$ 1,768,789   | \$ 1,539,258   |
| Contributions as a percentage of covered payroll                     | 16.92%         | 16.15%         | 17.10%         | 16.16%         |
|  | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
| Contractually required contribution (actuarially determined)         | \$ 210,001     | \$ 187,805     | \$ 167,729     | \$ 131,638     |
| Contribution in relation to the actuarially determined contributions | <u>210,001</u> | <u>187,805</u> | <u>167,729</u> | <u>131,638</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Covered payroll  | \$ 1,462,884   | \$ 1,530,816   | \$ 1,555,335   | \$ 1,482,738   |
| Contributions as a percentage of covered payroll                     | 14.36%         | 12.27%         | 10.78%         | 8.88%          |

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

# **COLD SPRING ELEMENTARY SCHOOL DISTRICT**

## **SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years\*

As of June 30, 2022

|   | <u>2022</u>       | <u>2021</u>       | <u>2020</u>       | <u>2019 (X)</u>   | <u>2018</u>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability                                    |                   |                   |                   |                   |                   |
| Service cost  | \$ 8,309          | \$ 8,784          | \$ 8,528          | \$ -              | \$ 7,762          |
| Interest on the total OPEB liability                    | 2,775             | 4,263             | 3,950             |                   | 4,396             |
| Actual and expected experience difference               |                   | (15,149)          | (6,814)           |                   |                   |
| Changes in assumptions                                  | (14,308)          | (28,098)          | 5,768             |                   |                   |
| Benefit payments  |                   |                   | (2,688)           |                   | (13,500)          |
| Net change in total OPEB Liability                      | (3,224)           | (30,200)          | 8,744             |                   | (1,342)           |
| Total OPEB liability - beginning                        | 124,331           | 154,531           | 145,787           | 145,787           | 147,129           |
| Total OPEB liability - ending                           | <u>\$ 121,107</u> | <u>\$ 124,331</u> | <u>\$ 154,531</u> | <u>\$ 145,787</u> | <u>\$ 145,787</u> |
| Covered payroll   | \$ 2,470,124      | \$ 2,423,229      | \$ 2,423,229      | \$ 2,184,392      | \$ 2,184,932      |
| Total OPEB liability as a percentage of covered-payroll | 4.90%             | 5.13%             | 6.38%             | 6.67%             | 6.67%             |

\*- Fiscal year 2018 was the 1st year of implementation, therefore only five years are shown.

(X)- For fiscal year 2019 the District did not obtain an updated actuarial study.

## **COLD SPRING ELEMENTARY SCHOOL DISTRICT**

### **SCHEDULE OF OPEB CONTRIBUTIONS**

**Last 10 Years\***

**As of June 30, 2022**

The District's contribution for the fiscal years ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, and June 30, 2018 were \$0, \$0, \$2,688, \$0, and \$13,500 respectively. The District does not fund an OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal years ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, and June 30, 2018. Therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only five years are shown.

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## **SUPPLEMENTARY INFORMATION SECTION**





**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

|                                       | Special<br>Revenue<br>Fund      | Debt<br>Service<br>Fund                  | Capital<br>Projects<br>Fund   | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------|---------------------------------|--|-------------------------------|--|
|                                       | Deferred<br>Maintenance<br>Fund | Bond<br>Interest<br>& Redemption<br>Fund | Capital<br>Facilities<br>Fund |  |
| <b>ASSETS:</b>                        |                                 |  |                               |  |
| Cash in County Treasury               | \$ 76,922                       | \$ 278,213                               | \$ 195,818                    | \$ 550,953                                 |
| Accounts Receivable                   | 122                             | 481                                      | 306                           | 909  |
| Due from Other Funds                  | 20,000                          | -  | -                             | 20,000                                     |
| Total Assets                          | <u>\$ 97,044</u>                | <u>\$ 278,694</u>                        | <u>\$ 196,124</u>             | <u>\$ 571,862</u>                          |
| <b>LIABILITIES AND FUND BALANCES:</b> |                                 |  |                               |  |
| Liabilities:                          |                                 |  |                               |  |
| Total Liabilities                     | <u>\$ -</u>                     | <u>\$ -</u>                              | <u>\$ -</u>                   | <u>\$ -</u>                                |
| Fund Balances:                        |                                 |  |                               |  |
| Restricted                            | -                               | 278,694                                  | 196,124                       | 474,818                                    |
| Assigned                              | 97,044                          | -  | -                             | 97,044                                     |
| Total Fund Balances                   | <u>97,044</u>                   | <u>278,694</u>                           | <u>196,124</u>                | <u>571,862</u>                             |
| Total Liabilities and Fund Balances   | <u>\$ 97,044</u>                | <u>\$ 278,694</u>                        | <u>\$ 196,124</u>             | <u>\$ 571,862</u>                          |

# **COLD SPRING ELEMENTARY SCHOOL DISTRICT**

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

|  | Special<br>Revenue<br>Fund      | Debt<br>Service<br>Fund                  | Capital<br>Projects<br>Fund   | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---------------------------------|--|-------------------------------|--|
|  | Deferred<br>Maintenance<br>Fund | Bond<br>Interest<br>& Redemption<br>Fund | Capital<br>Facilities<br>Fund |  |
| Revenues:  |                                 |  |                               |  |
| Other State Revenue  | \$ -                            | \$ 402                                   | \$ -                          | \$ 402                                     |
| Other Local Revenue  | (2,352)                         | 358,451                                  | 13,147                        | 369,246                                    |
| Total Revenues   | <u>(2,352)</u>                  | <u>358,853</u>                           | <u>13,147</u>                 | <u>369,648</u>                             |
| Expenditures:  |                                 |  |                               |  |
| Current:   |                                 |  |                               |  |
| Capital Outlay   | -                               | -  | 143,783                       | 143,783                                    |
| Debt Service:  |                                 |  |                               |  |
| Principal  | -                               | 234,461                                  | -                             | 234,461                                    |
| Interest   | -                               | 137,595                                  | -                             | 137,595                                    |
| Total Expenditures   | <u>-</u>                        | <u>372,056</u>                           | <u>143,783</u>                | <u>515,839</u>                             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(2,352)</u>                  | <u>(13,203)</u>                          | <u>(130,636)</u>              | <u>(146,191)</u>                           |
| Other Financing Sources (Uses):                              |                                 |  |                               |  |
| Transfers In   | 20,000                          | -  | -                             | 20,000                                     |
| Proceeds From Certificates Of Participation                  | -                               | 14,000                                   | -                             | 14,000                                     |
| Total Other Financing Sources (Uses)                         | <u>20,000</u>                   | <u>14,000</u>                            | <u>-</u>                      | <u>34,000</u>                              |
| Net Change in Fund Balances                                  | 17,648                          | 797                                      | (130,636)                     | (112,191)                                  |
| Fund Balances, July 1  | 79,396                          | 277,897                                  | 326,760                       | 684,053                                    |
| Fund Balances, June 30                                       | <u>\$ 97,044</u>                | <u>\$ 278,694</u>                        | <u>\$ 196,124</u>             | <u>\$ 571,862</u>                          |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

DEFERRED MAINTENANCE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| Revenues:  |                  |                  |                                    |
| Other Local Revenue  | \$ 351           | \$ (2,352)       | \$ (2,703)                         |
| Total Revenues   | <u>351</u>       | <u>(2,352)</u>   | <u>(2,703)</u>                     |
| Expenditures:  |                  |                  |                                    |
| Total Expenditures   | <u>-</u>         | <u>-</u>         | <u>-</u>                           |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>351</u>       | <u>(2,352)</u>   | <u>(2,703)</u>                     |
| Other Financing Sources (Uses):                              |                  |                  |                                    |
| Transfers In   | <u>20,000</u>    | <u>20,000</u>    | <u>-</u>                           |
| Total Other Financing Sources (Uses)                         | <u>20,000</u>    | <u>20,000</u>    | <u>-</u>                           |
| Net Change in Fund Balance                                   | 20,351           | 17,648           | (2,703)                            |
| Fund Balance, July 1   | <u>79,396</u>    | <u>79,396</u>    | <u>-</u>                           |
| Fund Balance, June 30  | <u>\$ 99,747</u> | <u>\$ 97,044</u> | <u>\$ (2,703)</u>                  |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

BOND INTEREST AND REDEMPTION FUND

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|  | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------------------------|
| Revenues:  |                   |                   |                                    |
| Other State Revenue  | \$ 402            | \$ 402            | \$ -                               |
| Other Local Revenue  | 368,227           | 358,451           | (9,776)                            |
| Total Revenues   | <u>368,629</u>    | <u>358,853</u>    | <u>(9,776)</u>                     |
| Expenditures:  |                   |                   |                                    |
| Debt Service:  |                   |                   |                                    |
| Principal  | 234,461           | 234,461           | -                                  |
| Interest   | 137,595           | 137,595           | -                                  |
| Total Expenditures   | <u>372,056</u>    | <u>372,056</u>    | <u>-</u>                           |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(3,427)</u>    | <u>(13,203)</u>   | <u>(9,776)</u>                     |
| Other Financing Sources (Uses):                              |                   |                   |                                    |
| Proceeds From Certificates Of Participation                  | 14,000            | 14,000            | -                                  |
| Total Other Financing Sources (Uses)                         | <u>14,000</u>     | <u>14,000</u>     | <u>-</u>                           |
| Net Change in Fund Balance                                   | 10,573            | 797               | (9,776)                            |
| Fund Balance, July 1   | 277,897           | 277,897           | -                                  |
| Fund Balance, June 30  | <u>\$ 288,470</u> | <u>\$ 278,694</u> | <u>\$ (9,776)</u>                  |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**

CAPITAL FACILITIES FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

|                            | Final<br>Budget   | Actual            | Variance<br>Positive<br>(Negative) |
|----------------------------|-------------------|-------------------|------------------------------------|
| Revenues:                  |                   |                   |                                    |
| Other Local Revenue        | \$ 20,029         | \$ 13,147         | \$ (6,882)                         |
| Total Revenues             | <u>20,029</u>     | <u>13,147</u>     | <u>(6,882)</u>                     |
| Expenditures:              |                   |                   |                                    |
| Capital Outlay             | 143,783           | 143,783           | -                                  |
| Total Expenditures         | <u>143,783</u>    | <u>143,783</u>    | <u>-</u>                           |
| Net Change in Fund Balance | (123,754)         | (130,636)         | (6,882)                            |
| Fund Balance, July 1       | 326,760           | 326,760           | -                                  |
| Fund Balance, June 30      | <u>\$ 203,006</u> | <u>\$ 196,124</u> | <u>\$ (6,882)</u>                  |

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**ORGANIZATION**  
**JUNE 30, 2022**

The Cold Spring Elementary School District is located in Santa Barbara County. During the fiscal year under review, the District operated one elementary school with grades kindergarten through six. There were no changes in the boundaries of the District during the current fiscal year.

**BOARD OF TRUSTEES**

| <u><b>Name</b></u> | <u><b>Office</b></u> | <u><b>Term Expires</b></u> |
|--------------------|----------------------|----------------------------|
| Michael Marino     | President            | 2022                       |
| Jennifer Miller    | Vice-President       | 2022                       |
| Eric Schiller      | Clerk                | 2022                       |
| Trevor Pattison    | Trustee              | 2024                       |
| Gabrielle Hass     | Trustee              | 2024                       |

**DISTRICT ADMINISTRATION**

Dr. Amy Alzina, District Superintendent/Principal

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|   | Second<br>Period<br>Report | Annual<br>Report |
|---|----------------------------|------------------|
| Elementary:                             |                            |                  |
| Transitional kindergarten through three | 105.38                     | 105.66           |
| Grades four through six                 | 79.07                      | 79.29            |
| ADA totals                              | 184.45                     | 184.95           |

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.

There were no audit findings which resulted in necessary revisions to attendance.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>Grade<br/>Level</u> | <u>Ed. Code<br/>46207<br/>Minutes<br/>Requirement</u> | <u>2021-22<br/>Actual<br/>Minutes</u> | <u>Number of<br/>days<br/>Traditional<br/>Calendar</u> | <u>Status</u> |
|------------------------|---|---------------------------------------|--|---------------|
| Kindergarten           | 36,000  | 49,380                                | 180  | In compliance |
| Grade 1                | 50,400  | 50,880                                | 180  | In compliance |
| Grade 2                | 50,400  | 50,880                                | 180  | In compliance |
| Grade 3                | 50,400  | 54,725                                | 180  | In compliance |
| Grade 4                | 54,000  | 54,725                                | 180  | In compliance |
| Grade 5                | 54,000  | 54,725                                | 180  | In compliance |
| Grade 6                | 54,000  | 54,725                                | 180  | In compliance |

Districts must maintain their instructional minutes as defined in Education Code Section 46207 minutes requirement.

The District has not received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District met or exceeded its targeted funding.



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>General Fund (note 1)</u>                      | (Budget) (note 3)<br><u>2023</u> | <u>2022</u>  | <u>2021</u>  | <u>2020</u>  |
|---|----------------------------------|--------------|--------------|--------------|
| Revenues and other financial sources              | \$ 4,834,204                     | \$ 4,999,003 | \$ 4,674,102 | \$ 5,218,932 |
| Expenditures                                      | 5,050,329                        | 4,956,645    | 4,680,149    | 4,739,554    |
| Other uses and transfers                          | 5,000                            | 25,000       | 25,000       | 300,000      |
| Total outgo                                       | 5,055,329                        | 4,981,645    | 4,705,149    | 5,039,554    |
| Prior period adjustment                           |                                  |              |              | (2,977)      |
| Change in fund balance                            | (221,125)                        | 17,358       | (31,047)     | 176,401      |
| Ending fund balance                               | \$ 724,542                       | \$ 945,667   | \$ 928,309   | \$ 959,356   |
| Available reserves (note 2)                       | \$ 1,601,718                     | \$ 1,855,189 | \$ 1,943,434 | \$ 1,729,490 |
| Available reserves as a percentage of total outgo | 31.68%                           | 37.24%       | 41.30%       | 34.32%       |
| Total long-term liabilities                       | 6,328,472                        | 6,600,324    | 8,285,068    | 7,702,206    |
| Average daily attendance at P-2                   | 188                              | 184          | 161          | 165          |

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

The General Fund balance has decreased by \$13,689 over the past two fiscal years. The fiscal year 2022-23 budget projects a decrease of \$221,125. For a District this size, the State recommends available reserves of at least 5% of total general fund expenditures, transfers out and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years, and anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term liabilities have decreased by \$1,101,882 over the past two fiscal years.

Average daily attendance has increased by 19 over the past two fiscal years. An increase of 4 ADA is anticipated during the fiscal year 2022-23.

**NOTE:**

1. General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund and the Post-Employment Benefits Fund.
2. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
3. Budget 2023 is included for analytical purposes only and has not been subjected to audit.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

|  | General<br>Fund   | Deferred<br>Maintenance<br>Fund | (Special<br>Revenue<br>Fund)<br>Special<br>Reserve<br>Fund |
|--|-------------------|---------------------------------|--|
| June 30, 2022, annual financial and budget<br>report fund balance/net position | \$ 981,307        | \$ 99,747                       | \$ 1,102,635   |
| Overstatement of fair value adjustment to Cash<br>in County Treasury           | <u>(35,640)</u>   | <u>(2,703)</u>                  | <u>(37,372)</u>  |
| June 30, 2022, audited financial statements<br>fund balances/net position      | <u>\$ 945,667</u> | <u>\$ 97,044</u>                | <u>\$ 1,065,263</u>  |

|  | Long-Term<br>Liabilities |
|--|--------------------------|
| June 30, 2022, annual financial and budget report<br>total liabilities | \$ 7,680,591             |
| Understatement of bonds payable  | 309,318                  |
| Overstatement of net pension liability                                 | (1,428,888)              |
| Understatement of lease payable  | 25,000                   |
| Understatement of compensated absences                                 | <u>14,303</u>            |
| June 30, 2022, audited financial statements long-term liabilities      | <u>\$ 6,600,324</u>      |

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long term liabilities as reported on the annual financial and budget report to the audited financial statements.

| Building<br>Fund  | Capital<br>Facilities<br>Fund | (Capital<br>Projects<br>Fund)<br>Special<br>Reserve<br>Fund | Bond<br>Interest and<br>Redemption<br>Fund | Special Reserve<br>Fund for<br>Post-Employment<br>Benefits Fund | Enterprise<br>Fund |
|-------------------|-------------------------------|---|--|---|--------------------|
| \$ 743,180        | \$ 203,005                    | \$ 547,064  | \$ 288,470                                 | \$ 10,038   | \$ 43,233          |
| (25,535)          | (6,881)                       | (18,541)  | (9,776)                                    | (340)   | (1,469)            |
| <u>\$ 717,645</u> | <u>\$ 196,124</u>             | <u>\$ 528,523</u>   | <u>\$ 278,694</u>                          | <u>\$ 9,698</u>   | <u>\$ 41,764</u>   |



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

Board of Trustees  
Cold Spring Elementary School District  
Santa Barbara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cold Spring Elementary School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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

*Moss, Remy & Hargheim LLP*

Santa Maria, California  
December 2, 2022



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Cold Spring Elementary School District  
Santa Barbara, California

### Report on State Compliance

#### Opinion

We have audited the Cold Spring Elementary School District's (the District) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of Cold Spring Elementary School District's state programs identified below for the fiscal year ended June 30, 2022.

In our opinion, the Cold Spring Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule below for the fiscal year ended June 30, 2022.

#### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. 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 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 its state programs.

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

Our objectives are to obtain reasonable assurance about whether the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting* 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 controls. 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 judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Cold Spring Elementary School District's internal control. 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>Compliance Requirements</u>   | <u>Procedures Performed</u> |
|--|-----------------------------|
| <b>LOCAL EDUCATION AGENCIES<br/>OTHER THAN CHARTER SCHOOLS:</b>                |                             |
| Attendance accounting:   |                             |
| Attendance reporting   | Yes                         |
| Teacher certification and misassignments                                       | Yes                         |
| Kindergarten continuance   | Yes                         |
| Independent study  | Not applicable              |
| Continuation education   | Not applicable              |
| Instructional Time   | Yes                         |
| Instructional Materials  | Yes                         |
| Ratios of Administrative Employees to Teachers                                 | Yes                         |
| Classroom Teacher Salaries   | Yes                         |
| Early Retirement Incentive   | Not applicable              |
| GANN Limit Calculation   | Yes                         |
| School Accountability Report Card  | Yes                         |
| Juvenile Court Schools   | Not applicable              |
| Middle or Early College High Schools   | Not applicable              |
| K-3 Grade Span Adjustment  | Yes                         |
| Transportation Maintenance of Effort   | Not applicable              |
| Apprenticeship, Related and Supplemental Instruction                           | Not applicable              |
| Comprehensive School Safety Plan   | Yes                         |
| District of Choice   | Not applicable              |
| <b>SCHOOL DISTRICTS, COUNTY OFFICES OF<br/>EDUCATION, AND CHARTER SCHOOLS:</b> |                             |
| California Clean Energy Jobs Act   | Not applicable              |
| After/Before School Education and Safety Program                               | Yes                         |
| Proper Expenditure of Education Protection Account Funds                       | Yes                         |
| Unduplicated Local Control Funding Pupil Counts                                | Yes                         |
| Local Control and Accountability Plan  | Yes                         |
| Independent Study- Course Based  | Not applicable              |
| Immunizations  | Not applicable              |
| Educator Effectiveness   | Yes                         |
| Expanded Learning Opportunities Grant (ELO-G)                                  | Yes                         |
| Career Technical Education Incentive Grant                                     | Not applicable              |
| In Person Instruction Grant  | Yes                         |

| <u>Compliance Requirements</u>                              | <u>Procedures Performed</u> |
|---|-----------------------------|
| <b>CHARTER SCHOOLS:</b>                                     |                             |
| Attendance  | Not applicable              |
| Mode of Instruction   | Not applicable              |
| Nonclassroom-Based Instruction/Independent Study            | Not applicable              |
| Determination of Funding for Nonclassroom-Based Instruction | Not applicable              |
| Annual Instruction Minutes – Classroom Based                | Not applicable              |
| Charter School Facility Grant Program                       | Not applicable              |

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 an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001. Our opinion is not modified with respect to this matter.

#### **Cold Spring Elementary School District's Response to Finding**

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

#### **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 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 *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Moss, Keny & Hutzheim LLP*

Santa Maria, California  
December 2, 2022

The term "not applicable" is used above to mean either Cold Spring Elementary School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



## **FINDINGS AND RECOMMENDATIONS SECTION**



**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

**Section I – Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

*State Awards*

Any audit findings disclosed that are required to be  
reported in accordance with Standards and Procedures  
for Audits of California K-12 Local Education Agencies?

  X   Yes    \_\_\_\_\_ No

Type of auditors' report issued on compliance  
for state programs:

Unmodified

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

**Section II – Financial Statements Findings**

There were no fiscal year financial statement findings and questioned costs.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

**Section III – State Award Findings and Questioned Costs**

**FINDING 2022-001**  
**EXPANDED LEARNING OPPORTUNITIES GRANT**  
**40000**

**Criteria:**

In accordance with Education Code Section 43522(c), the Expanded Learning Opportunities Grant funds received in Resource 7426 are restricted for paraprofessionals.

**Condition:**

In testing the expenditures in Resource 7426, it was noted \$1,501.30 was spent on custodian salaries.

**Effect:**

\$1,501.30 is not in compliance.

**Cause:**

District oversight

**Repeat Finding:**

No.

**Questioned Costs:**

\$1,501.30

**Recommendation:**

Since the expenditures were disallowed, the District should return \$1,501.30 from the General Fund into resource 7426.

**District's Corrective Action Plan:**

The District has transferred \$1,501.30 from the unrestricted General Fund to Resource 7426 to offset the inadvertent payment of compensation to the non-instructional classified staff members (2). No further action will be taken with respect to this audit finding.

In the future, the District will review grant funding guidelines carefully to ensure that all funding criteria are being satisfied.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

**Section I – Financial Statements Findings**

There were no prior fiscal year financial statement findings.

**COLD SPRING ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

**Section II – State Award Findings and Questioned Costs**

There were no prior fiscal year state award findings and questioned costs.