

**KASHIA ELEMENTARY SCHOOL DISTRICT  
COUNTY OF SONOMA  
STEWARTS POINT, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2022**



# KASHIA ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2022

---

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <u>FINANCIAL SECTION</u>  |             |
| Independent Auditor's Report  | 1           |
| Management's Discussion and Analysis (Unaudited)  | 5           |
| Basic Financial Statements:   |             |
| Government-wide Financial Statements:   |             |
| Statement of Net Position   | 14          |
| Statement of Activities   | 15          |
| Fund Financial Statements:  |             |
| Balance Sheet - Governmental Funds  | 16          |
| Reconciliation of the Governmental Funds Balance Sheet<br>to the Statement of Net Position  | 17          |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds   | 18          |
| Reconciliation of the Governmental Funds Statement of<br>Revenues, Expenditures, and Changes in Fund Balances<br>to the Statement of Activities | 19          |
| Notes to the Basic Financial Statements   | 20          |
| <u>REQUIRED SUPPLEMENTARY INFORMATION SECTION</u>   |             |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - General Fund  | 45          |
| Schedule of the Proportionate Share of the Net Pension Liability - CalSTRS  | 46          |
| Schedule of the Proportionate Share of the Net Pension Liability - CalPERS  | 47          |
| Schedule of Contributions - CalSTRS   | 48          |
| Schedule of Contributions - CalPERS   | 49          |
| Notes to Required Supplementary Information Section   | 50          |

# KASHIA ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2022

---

## TABLE OF CONTENTS (CONCLUDED)

|  | <u>Page</u> |
|--|-------------|
| <u>SUPPLEMENTARY INFORMATION SECTION</u>   |             |
| Organization/Board of Education/Administration   | 51          |
| Schedule of Average Daily Attendance   | 52          |
| Schedule of Instructional Time   | 53          |
| Reconciliation of Annual Financial and Budget Report<br>with Audited Financial Statements  | 54          |
| Schedule of Financial Trends and Analysis  | 55          |
| Notes to Supplementary Information   | 56          |
| <u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>   |             |
| Independent Auditor's Report on Internal Control over<br>Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in<br>Accordance with <i>Government Auditing Standards</i> | 57          |
| Independent Auditor's Report on State Compliance   | 59          |
| <u>FINDINGS AND QUESTIONED COSTS SECTION</u>   |             |
| Schedule of Findings and Questioned Costs:   |             |
| Section I - Summary of Auditor's Results   | 63          |
| Section II - Financial Statement Findings  | 64          |
| Section III - State Award Findings and Questioned Costs  | 66          |
| Schedule of Prior Year Recommendations   | 67          |

## FINANCIAL SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Kashia Elementary School District  
Stewarts Point, California

**Report on the Audit of the Financial Statements**

*Opinions*

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

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

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kashia 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.

Responsibilities of Management for the Financial Statements (Concluded)

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 Kashia 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Kashia 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 Kashia 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.



Auditor's Responsibilities for the Audit of the Financial Statements (Concluded)

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kashia Elementary School District's basic financial statements. The reconciliation of annual financial and budget report with audited financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reconciliation of annual financial and budget report with audited financial statements and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the Kashia 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kashia Elementary School District's 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 Kashia Elementary School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 12, 2022

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

---

This section of Kashia Elementary School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased from \$391,462 at June 30, 2021, up to \$568,808 at June 30, 2022, an increase of 45.3%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$177,346.
- Net capital assets decreased \$8,164 due to the recognition of depreciation expense.
- Total long-term liabilities increased \$4,324, due to the increase in the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's General Fund produced an operating surplus of \$139,880 and reported an \$111,677 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve of \$71,000. During fiscal year 2021-22, total General Fund expenditures and other financing uses totaled \$395,037. At June 30, 2022, the District had available reserves of \$528,637 in the General Fund, which represents a reserve of 133.8%.

**THE FINANCIAL REPORT**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements. Basic services funding is described in the governmental fund statements. These statements include short-term financing and identify the balance remaining for future spending.

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

---

**THE FINANCIAL REPORT (CONCLUDED)**

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

The basic services provided by the District, such as regular education and administration are included here, and are primarily financed by property taxes and state formula aid. Non-basic services are also included here but are financed by a combination of local revenues and state and federal programs.

**Reporting the District's Most Significant Funds**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law. However, the District establishes other funds as needed to control and manage money for specific purposes.

***Governmental Funds:***

The major governmental funds of the Kashia Elementary School District are the General Fund and Capital Projects - Special Reserve Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

GOVERNMENTAL ACTIVITIES

The District's net position increased from \$391,462 at June 30, 2021, up to \$568,808 at June 30, 2022, an increase of 45.3%

| <b><u>Comparative Statement of Net Position</u></b>                     |                         |            |
|---|-------------------------|------------|
|   | Governmental Activities |            |
|   | 2021                    | 2022       |
| <b><u>Assets</u></b>  |                         |            |
| Deposits and Investments  | \$ 429,233              | \$ 668,729 |
| Receivables   | 77,537                  | 16,888     |
| Capital Assets, net   | 52,137                  | 43,973     |
| Total Assets  | 558,907                 | 729,590    |
| <b><u>Deferred Outflows of Resources</u></b>                            |                         |            |
| Pension Deferrals   | 58,629                  | 158,597    |
| <b><u>Liabilities</u></b>   |                         |            |
| Current   | 74,859                  | 113,853    |
| Long-Term   | 46,139                  | 50,463     |
| Total Liabilities   | 120,998                 | 164,316    |
| <b><u>Deferred Inflows of Resources</u></b>                             |                         |            |
| Pension Deferrals   | 105,076                 | 155,063    |
| <b><u>Net Position</u></b>  |                         |            |
| Investment in Capital Assets  | 52,137                  | 43,973     |
| Restricted  | 14,003                  | 42,206     |
| Unrestricted  | 325,322                 | 482,629    |
| Total Net Position  | \$ 391,462              | \$ 568,808 |
| <i>Table includes financial data of the combined governmental funds</i> |                         |            |

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$177,346.

| <b><u>Comparative Statement of Changes in Net Position</u></b>          |                         |            |
|---|-------------------------|------------|
|   | Governmental Activities |            |
|   | 2021                    | 2022       |
| <u>Program Revenues</u>   |                         |            |
| Operating Grants & Contributions  | \$ 165,152              | \$ 192,997 |
| <u>General Revenues</u>   |                         |            |
| Taxes Levied  | 116,372                 | 127,601    |
| Federal & State Aid   | 185,671                 | 223,500    |
| Interest & Investment Earnings  | 3,628                   | (20,671)   |
| Miscellaneous   | 25,479                  | 11,463     |
| Total Revenues  | 496,302                 | 534,890    |
| <u>Expenses</u>   |                         |            |
| Instruction   | 182,454                 | 126,927    |
| Instruction-Related Services  | 96,888                  | 129,849    |
| Pupil Services  | 9,216                   | 17,533     |
| General Administration  | 50,104                  | 51,749     |
| Plant Services  | 41,547                  | 22,590     |
| Other Outgo   | 0                       | 8,896      |
| Total Expenses  | 380,209                 | 357,544    |
| Changes in Net Position   | \$ 116,093              | \$ 177,346 |
| <i>Table includes financial data of the combined governmental funds</i> |                         |            |

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

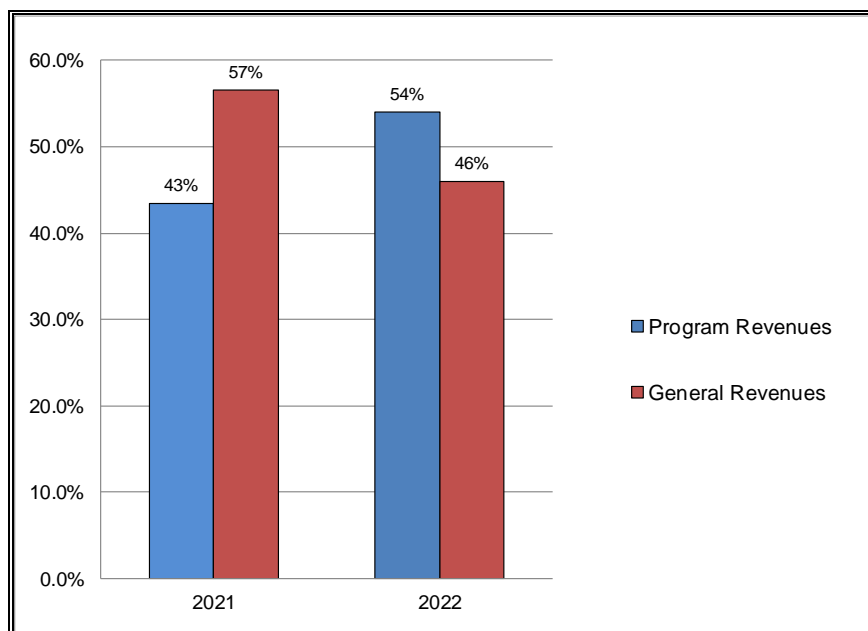
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

| <b><u>Comparative Schedule of Costs of Services</u></b> |                               |                   |                                       |                   |
|---|-------------------------------|-------------------|---------------------------------------|-------------------|
|   | <u>Total Cost of Services</u> |                   | <u>Net (Revenue)/Cost of Services</u> |                   |
|   | <u>2021</u>                   | <u>2022</u>       | <u>2021</u>                           | <u>2022</u>       |
| Instruction   | \$ 182,454                    | \$ 126,927        | \$ 26,393                             | \$ (27,096)       |
| Instruction-Related Services                            | 96,888                        | 129,849           | 96,888                                | 129,849           |
| Pupil Services  | 9,216                         | 17,533            | 169                                   | 2,565             |
| General Administration                                  | 50,104                        | 51,749            | 50,104                                | 51,749            |
| Plant Services  | 41,547                        | 22,590            | 41,503                                | (1,416)           |
| Other Outgo   | 0                             | 8,896             | 0                                     | 8,896             |
| Totals  | <u>\$ 380,209</u>             | <u>\$ 357,544</u> | <u>\$ 215,057</u>                     | <u>\$ 164,547</u> |

*Table includes financial data of the combined governmental funds*

The table above presents the cost of major District activities. The table also shows each activity's net (revenue)/cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$164,547 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2021-22, program revenues financed 54% of the total cost of providing the services listed above, while the remaining 46% was financed by the general revenues of the District.

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

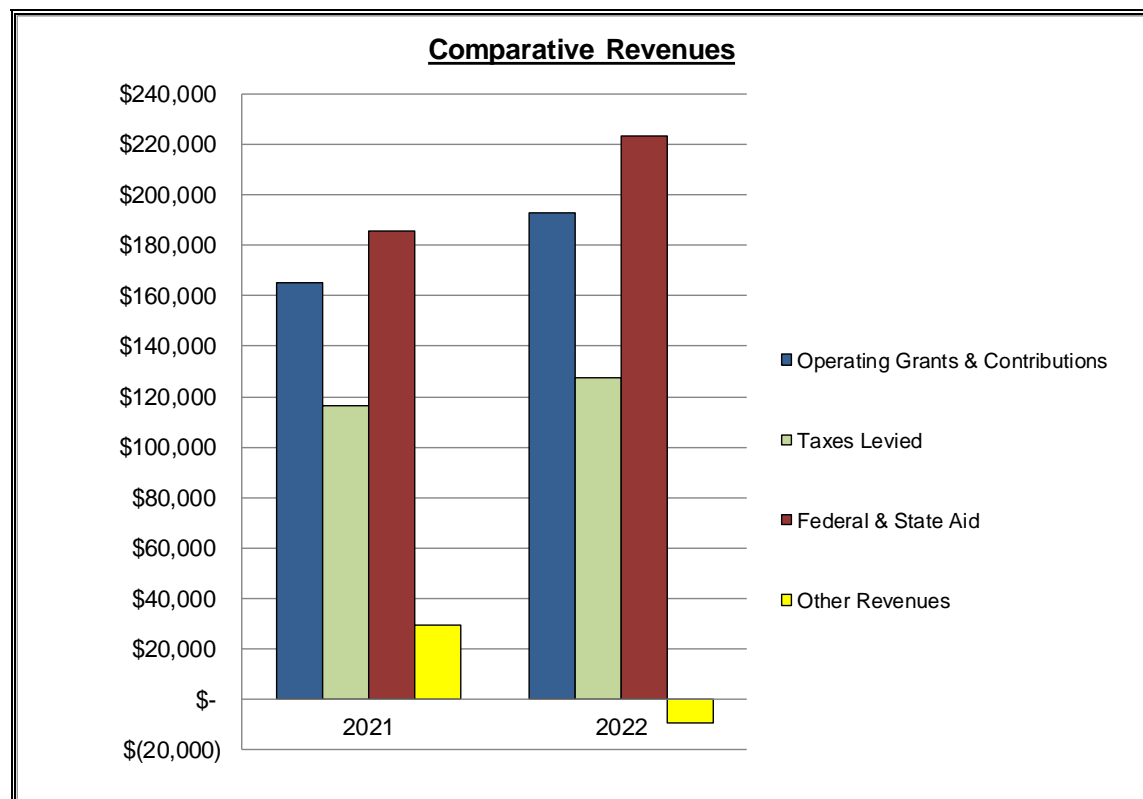
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

**Schedule of Revenues For Governmental Functions**

|                                  | <u>FYE 2021<br/>Amount</u> | <u>Percent of<br/>Total</u> | <u>FYE 2022<br/>Amount</u> | <u>Percent of<br/>Total</u> |
|----------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| <u>Program Revenues</u>          |                            |                             |                            |                             |
| Operating Grants & Contributions | \$ 165,152                 | 33.28%                      | \$ 192,997                 | 36.08%                      |
| <u>General Revenues</u>          |                            |                             |                            |                             |
| Taxes Levied                     | 116,372                    | 23.45%                      | 127,601                    | 23.86%                      |
| Federal & State Aid              | 185,671                    | 37.41%                      | 223,500                    | 41.78%                      |
| Other Revenues                   | 29,107                     | 5.86%                       | (9,208)                    | -1.72%                      |
| Total Revenues                   | <u>\$ 496,302</u>          | <u>100.00%</u>              | <u>\$ 534,890</u>          | <u>100.00%</u>              |





**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

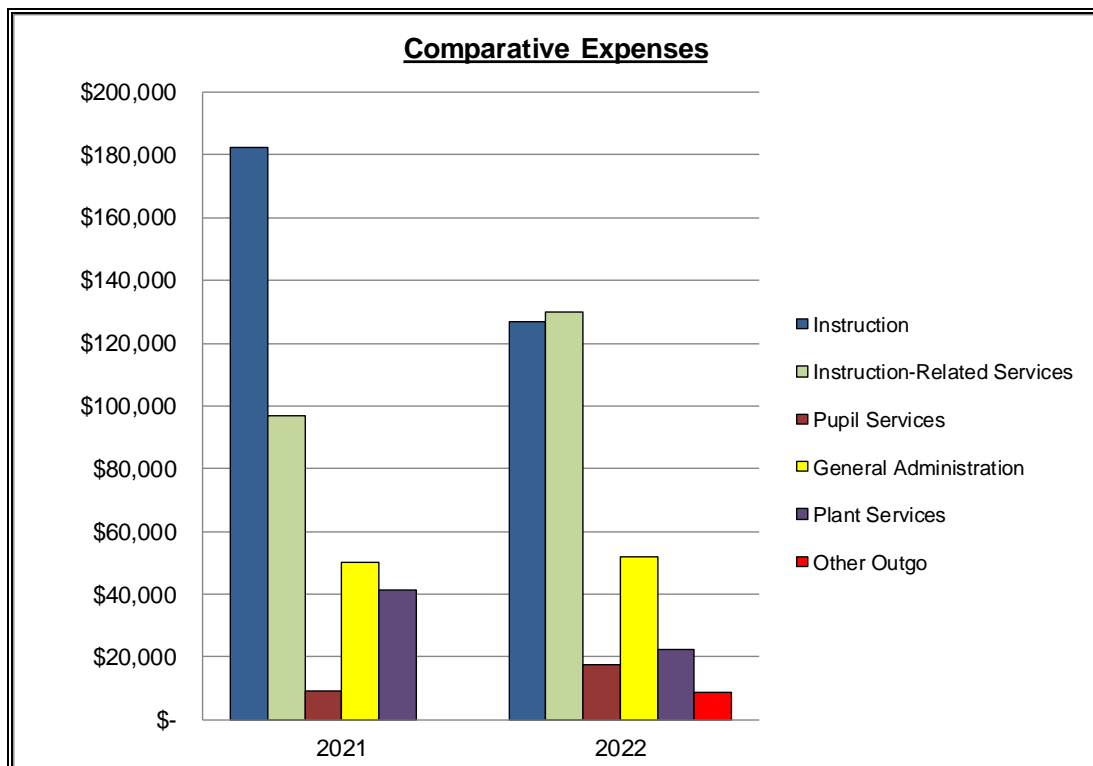
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

**Schedule of Expenses For Governmental Functions**

| <u>Expenses</u>              | <u>FYE 2021<br/>Amount</u> | <u>Percent of<br/>Total</u> | <u>FYE 2022<br/>Amount</u> | <u>Percent of<br/>Total</u> |
|------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| Instruction                  | \$ 182,454                 | 47.99%                      | \$ 126,927                 | 35.50%                      |
| Instruction-Related Services | 96,888                     | 25.48%                      | 129,849                    | 36.32%                      |
| Pupil Services               | 9,216                      | 2.42%                       | 17,533                     | 4.90%                       |
| General Administration       | 50,104                     | 13.18%                      | 51,749                     | 14.47%                      |
| Plant Services               | 41,547                     | 10.93%                      | 22,590                     | 6.32%                       |
| Other Outgo                  | 0                          | 0.00%                       | 8,896                      | 2.49%                       |
| Total Expenses               | <u>\$ 380,209</u>          | <u>100.00%</u>              | <u>\$ 357,544</u>          | <u>100.00%</u>              |



**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

GOVERNMENTAL ACTIVITIES (CONCLUDED)

| <b><u>Comparative Schedule of Capital Assets</u></b> |                         |                  |
|--|-------------------------|------------------|
|  | Governmental Activities |                  |
|  | 2021                    | 2022             |
| Buildings and Improvements                           | \$ 94,412               | \$ 94,412        |
| Furniture and Equipment                              | 54,250                  | 54,250           |
| Subtotals  | 148,662                 | 148,662          |
| Less: Accumulated Depreciation                       | (96,525)                | (104,689)        |
| Capital Assets, net                                  | <u>\$ 52,137</u>        | <u>\$ 43,973</u> |

Net capital assets decreased \$8,164 due to the recognition of depreciation expense.

| <b><u>Comparative Schedule of Long-Term Liabilities</u></b> |                         |                  |
|---|-------------------------|------------------|
|   | Governmental Activities |                  |
|   | 2021                    | 2022             |
| Net Pension Liability - CalSTRS                             | \$ 0                    | \$ 49,826        |
| Net Pension Liability - CalPERS                             | 46,139                  | 637              |
| Totals  | <u>\$ 46,139</u>        | <u>\$ 50,463</u> |

Total long-term liabilities increased \$4,324, due to the increase in the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**KASHIA ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

---

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

The fund balance of the General Fund increased \$139,880 and the fund balance of Capital Projects - Special Reserve Fund decreased \$27.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim. The original budget presented on page 45 includes only new revenues for 2021-22.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

During the 2022-23 school year, the District will continue to be impacted by the on-going effects of the Covid-19 health crisis and the remediation programs implemented to assist with the recovery. In addition, State and Local economies have also been severely impacted by Covid-19, which may adversely affect future school funding and student enrollment.

Beginning in the 2022-23 school year, all public schools will be required to provide two free meals per school day to any students that request a meal.

Education Code section 48000(c) requires any school district operating a Kindergarten program also provide a Transitional Kindergarten (TK) program for all 4-year-old children by 2025-26. Beginning in 2022-23, children turning five between September 2 and February 2 are eligible for TK, and the age at which children are eligible for TK will be expanded and phased in over the next three years.

Accordingly, based on the above factors, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Superintendent, Kashia Elementary School District, P.O. Box 129, Stewarts Point, California 95480.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b><u>Assets</u></b>                           |                                    |
| Current Assets:                                |                                    |
| Deposits and Investments (Note 2)              | \$ 668,729                         |
| Receivables (Note 3)                           | 16,888                             |
| Non-Current Assets:                            |                                    |
| Capital Assets, Net (Note 4)                   | 43,973                             |
| Total Assets                                   | <u>729,590</u>                     |
| <b><u>Deferred Outflows of Resources</u></b>   |                                    |
| Pension Deferrals (Note 5)                     | <u>158,597</u>                     |
| <b><u>Liabilities</u></b>                      |                                    |
| Current Liabilities:                           |                                    |
| Accounts Payable and Other Current Liabilities | 109,375                            |
| Unearned Revenue (Note 1H)                     | 4,478                              |
| Long-Term Liabilities:                         |                                    |
| <i>Portion Due or Payable After One Year:</i>  |                                    |
| Net Pension Liabilities (Note 5)               | 50,463                             |
| Total Liabilities                              | <u>164,316</u>                     |
| <b><u>Deferred Inflows of Resources</u></b>    |                                    |
| Pension Deferrals (Note 5)                     | <u>155,063</u>                     |
| <b><u>Net Position</u></b>                     |                                    |
| Investment in Capital Assets                   | 43,973                             |
| Restricted:                                    |                                    |
| For Educational Programs                       | 42,206                             |
| Unrestricted                                   | 482,629                            |
| Total Net Position                             | <u><u>\$ 568,808</u></u>           |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**KASHIA ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                       |                   |                         |   |   | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---------------------------------------|-------------------|-------------------------|---|---|--|
|                                       |                   | Program Revenues        |   |   |  |
|                                       |                   |                         | Operating<br>Grants<br>and<br>Contributions | Capital<br>Grants<br>and<br>Contributions |  |
| Functions                             | Expenses          | Charges for<br>Services |   |   | Governmental<br>Activities                                 |
| <b><u>Governmental Activities</u></b> |                   |                         |   |   |  |
| Instruction                           | \$ 126,927        |                         | \$ 154,023                                  |   | \$ 27,096  |
| Instruction-Related Services:         |                   |                         |   |   |  |
| School Site Administration            | 129,849           |                         |   |   | (129,849)  |
| Pupil Services:                       |                   |                         |   |   |  |
| Home-to-School Transportation         | 849               |                         |   |   | (849)  |
| Food Services                         | 2,258             |                         | 1,580                                       |   | (678)  |
| Other Pupil Services                  | 14,426            |                         | 13,388                                      |   | (1,038)  |
| General Administration:               |                   |                         |   |   |  |
| Data Processing Services              | 2,969             |                         |   |   | (2,969)  |
| Other General Administration          | 48,780            |                         |   |   | (48,780)   |
| Plant Services                        | 22,590            |                         | 24,006                                      |   | 1,416  |
| Other Outgo                           | 8,896             |                         |   |   | (8,896)  |
| Total Governmental Activities         | <u>\$ 357,544</u> | <u>\$ 0</u>             | <u>\$ 192,997</u>                           | <u>\$ 0</u>                               | <u>(164,547)</u>   |
| <b><u>General Revenues</u></b>        |                   |                         |   |   |  |
| Taxes Levied for General Purposes     |                   |                         |   |   | 127,601  |
| Federal and State Aid - Unrestricted  |                   |                         |   |   | 223,500  |
| Interest and Investment Earnings      |                   |                         |   |   | (20,671)   |
| Miscellaneous                         |                   |                         |   |   | 11,463   |
| Total General Revenues                |                   |                         |   |   | <u>341,893</u>   |
| Change in Net Position                |                   |                         |   |   | 177,346  |
| Net Position - July 1, 2021           |                   |                         |   |   | <u>391,462</u>   |
| Net Position - June 30, 2022          |                   |                         |   |   | <u>\$ 568,808</u>  |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**KASHIA ELEMENTARY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

|   | <u>General</u>    | <u>Capital<br/>Projects -<br/>Special<br/>Reserve</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------|---|---|
| <b><u>Assets</u></b>                        |                   |   |   |
| Deposits and Investments (Note 2)           | \$ 667,808        | \$ 921  | \$ 668,729                              |
| Receivables (Note 3)                        | 16,888            |   | 16,888                                  |
| Total Assets                                | <u>\$ 684,696</u> | <u>\$ 921</u>   | <u>\$ 685,617</u>                       |
| <b><u>Liabilities and Fund Balances</u></b> |                   |   |   |
| Liabilities:                                |                   |   |   |
| Accounts Payable                            | \$ 109,375        |   | \$ 109,375                              |
| Unearned Revenue (Note 1H)                  | 4,478             |   | 4,478                                   |
| Total Liabilities                           | <u>113,853</u>    |   | <u>113,853</u>                          |
| Fund Balances: (Note 7)                     |                   |   |   |
| Restricted                                  | 42,206            |   | 42,206                                  |
| Assigned                                    |                   | \$ 921  | 921                                     |
| Unassigned                                  | 528,637           |   | 528,637                                 |
| Total Fund Balances                         | <u>570,843</u>    | <u>921</u>  | <u>571,764</u>                          |
| Total Liabilities and Fund Balances         | <u>\$ 684,696</u> | <u>\$ 921</u>   | <u>\$ 685,617</u>                       |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

---

|   |            |
|---|------------|
| <b>Total Fund Balances - Governmental Funds</b> | \$ 571,764 |
|---|------------|

Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

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

|                          |            |        |
|--------------------------|------------|--------|
| Capital Assets           | \$ 148,662 |        |
| Accumulated Depreciation | (104,689)  |        |
| Net                      |            | 43,973 |

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

|  |  |           |
|--|--|-----------|
| Deferred outflows of resources related to pensions |  | 158,597   |
| Deferred inflows of resources related to pensions  |  | (155,063) |

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

|                                 |           |          |
|---------------------------------|-----------|----------|
| Net Pension Liability - CalSTRS | \$ 49,826 |          |
| Net Pension Liability - CalPERS | 637       |          |
| Total                           |           | (50,463) |

|   |                   |
|---|-------------------|
| <b>Total Net Position - Governmental Activities</b> | <b>\$ 568,808</b> |
|---|-------------------|

---

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

|                                 | <u>General</u> | <u>Capital<br/>Projects -<br/>Special<br/>Reserve</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------|----------------|---|---|
| <b><u>Revenues</u></b>          |                |   |   |
| LCFF Sources:                   |                |   |   |
| State Apportionment / Transfers | \$ 94,684      |   | \$ 94,684                               |
| Local Taxes                     | 127,601        |   | 127,601                                 |
| Total LCFF Sources              | 222,285        |   | 222,285                                 |
| Federal Revenue                 | 160,442        |   | 160,442                                 |
| State Revenue                   | 67,691         |   | 67,691                                  |
| Local Revenue                   | 84,499         | \$ (27)   | 84,472                                  |
| Total Revenues                  | 534,917        | (27)  | 534,890                                 |
| <b><u>Expenditures</u></b>      |                |   |   |
| Current:                        |                |   |   |
| Instruction                     | 169,470        |   | 169,470                                 |
| School Site Administration      | 126,808        |   | 126,808                                 |
| Home-To-School Transportation   | 849            |   | 849                                     |
| Food Services                   | 2,258          |   | 2,258                                   |
| Other Pupil Services            | 14,088         |   | 14,088                                  |
| Data Processing Services        | 2,969          |   | 2,969                                   |
| Other General Administration    | 47,638         |   | 47,638                                  |
| Plant Services                  | 22,061         |   | 22,061                                  |
| Other Outgo                     | 8,896          |   | 8,896                                   |
| Total Expenditures              | 395,037        | 0   | 395,037                                 |
| Net Change in Fund Balances     | 139,880        | (27)  | 139,853                                 |
| Fund Balances - July 1, 2021    | 430,963        | 948   | 431,911                                 |
| Fund Balances - June 30, 2022   | \$ 570,843     | \$ 921  | \$ 571,764                              |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



**KASHIA 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**

---

|   |                   |
|---|-------------------|
| <b>Net Change in Fund Balances - Governmental Funds</b> | <b>\$ 139,853</b> |
|---|-------------------|

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

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

|                             |         |         |
|-----------------------------|---------|---------|
| Capital Outlay Expenditures | \$ 0    |         |
| Depreciation Expense        | (8,164) |         |
| Net                         |         | (8,164) |

Pensions: 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:

45,657

|  |                   |
|--|-------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>\$ 177,346</b> |
|--|-------------------|

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Kashia Elementary School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a three-member Board of Education elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1877 and serves students in kindergarten through grade eight.

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

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under GASB 61.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*. In order for an organization to be classified as a component unit, all of the GASB 39 criteria must be met, as follows:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. 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 non-fiduciary activities of the District. Eliminations have been made to remove the double counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include 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.

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.

**C. Basis of Accounting**

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

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Concluded)**

**Revenues - 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. Under 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 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a 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. Funds received before eligibility requirements are met are recorded as unearned revenue. On 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.

**Expenses/Expenditures:**

On an 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 expenditures 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.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting**

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

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

*Capital Projects Funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into the following major funds:

The *General Fund* is the general operating fund of the District.

The *Capital Projects - Special Reserve Fund* is used for the purpose of accumulating funds for major maintenance and capital outlay projects.

**E. Budgets and Budgetary Accounting**

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 45.

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

**F. Use of Estimates**

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

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - 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. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity**

**1. Deposits and Investments**

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

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

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

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

**2. Capital Assets**

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

| <u>Asset Class</u>         | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 10-25        |
| Furniture and Equipment    | 8-20         |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)**

**3. Deferred Outflows/Inflows of Resources**

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

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

**4. Unearned Revenue**

Cash received for federal, state, or local special projects and programs is recognized as revenue when qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received for special projects and programs exceeds qualifying expenditures.

**5. Pensions**

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

**6. Long-term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. In fund financial statements, the face amount of the obligation is reported as other financing sources in the year of issuance.

**7. Fund Balances**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)**

**7. Fund Balances (Concluded)**

*Nonspendable Fund Balance* consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

*Restricted Fund Balance* consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* consists of funds that are set aside for a specific purpose by the district's highest level of decision-making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision-making authority or a body or official that has been given the authority to assign funds. In accordance with board policy, the Business Manager has been given this authority.

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. In accordance with board policy, the District intends to maintain a Reserve for Economic Uncertainties of at least 5% of the General Fund's annual total expenditures and other financing uses or \$71,000, whichever is greater. In the event the fund balance drops below \$71,000, it shall be recovered at a rate of no less than 1% each year.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

**8. Local Control Funding Formula (LCFF)/Property Tax**

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.



**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Concluded)**

**8. Local Control Funding Formula (LCFF)/Property Tax (Concluded)**

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

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2022, consist of the following:

|                         | <u>Governmental<br/>Activities</u> |
|-------------------------|------------------------------------|
| County Pool Investments | <u>\$ 668,729</u>                  |

**County Pool Investments**

County pool investments consist of District cash held by the Sonoma County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

General Authorization

Limitation as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

| Authorized<br>Investment Type           | Maximum<br>Remaining<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>in One Issuer |
|---|----------------------------------|---------------------------------------|--|
| Local Agency Bonds, Notes, Warrants     | 5 years                          | None                                  | None                                   |
| Registered State Bonds, Notes, Warrants | 5 years                          | None                                  | None                                   |
| U.S. Treasury Obligations               | 5 years                          | None                                  | None                                   |
| U.S. Agency Securities                  | 5 years                          | None                                  | None                                   |
| Banker's Acceptance                     | 180 days                         | 40%                                   | 30%                                    |
| Commercial Paper                        | 270 days                         | 25%                                   | 10%                                    |
| Negotiable Certificates of Deposit      | 5 years                          | 30%                                   | None                                   |
| Repurchase Agreements                   | 1 year                           | None                                  | None                                   |
| Reverse Repurchase Agreements           | 92 days                          | 20% of base                           | None                                   |
| Medium-Term Notes                       | 5 years                          | 30%                                   | None                                   |
| Mutual Funds/Money Market Mutual Funds  | N/A                              | 20%                                   | 10%                                    |
| Mortgage Pass-Through Securities        | 5 years                          | 20%                                   | None                                   |
| County Pooled Investment Funds          | N/A                              | None                                  | None                                   |
| Local Agency Investment Fund (LAIF)     | N/A                              | None                                  | None                                   |
| Joint Powers Authority Pools            | N/A                              | None                                  | None                                   |

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Sonoma County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

| Investment Type         | Carrying<br>Value | Fair<br>Value | Weighted Average<br>Days to Maturity |
|-------------------------|-------------------|---------------|--------------------------------------|
| County Pool Investments | \$ 668,729        | \$ 668,729    | 651                                  |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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 market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

**Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Sonoma County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

Fair Value Measurements (Concluded)

The District's fair value measurements are as follows at June 30, 2022:

| <u>Investment Type</u>  | <u>Fair<br/>Value</u> | <u>Uncategorized</u> |
|-------------------------|-----------------------|----------------------|
| County Pool Investments | \$ 668,729            | \$ 668,729           |

All assets have been valued using a market approach, with quoted market prices.

**NOTE 3 - RECEIVABLES**

Receivables in the General Fund at June 30, 2022 consist of the following:

|                    | <u>General<br/>Fund</u> |
|--------------------|-------------------------|
| Federal Government | \$ 10,466               |
| State Government   | 1,073                   |
| Local Governments  | 5,349                   |
| Total              | <u>\$ 16,888</u>        |

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

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

|   | <u>Balances<br/>July 1, 2021</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balances<br/>June 30, 2022</u> |
|---|----------------------------------|-------------------|------------------|-----------------------------------|
| Capital Assets Being Depreciated:           |                                  |                   |                  |                                   |
| Buildings and Improvements                  | \$ 94,412                        |                   |                  | \$ 94,412                         |
| Furniture and Equipment                     | 54,250                           |                   |                  | 54,250                            |
| Total Capital Assets Being Depreciated      | 148,662                          | \$ 0              | \$ 0             | 148,662                           |
| Less Accumulated Depreciation:              |                                  |                   |                  |                                   |
| Buildings and Improvements                  | 60,883                           | 5,242             |                  | 66,125                            |
| Furniture and Equipment                     | 35,642                           | 2,922             |                  | 38,564                            |
| Total Accumulated Depreciation              | 96,525                           | 8,164             | 0                | 104,689                           |
| Governmental Activities Capital Assets, Net | <u>\$ 52,137</u>                 | <u>\$ (8,164)</u> | <u>\$ 0</u>      | <u>\$ 43,973</u>                  |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)**

Depreciation expense was charged to governmental activities as follows:

|                            |                 |
|----------------------------|-----------------|
| Instruction                | \$ 3,114        |
| School Site Administration | 3,041           |
| Pupil services             | 338             |
| General Administration     | 1,142           |
| Plant Services             | 529             |
| Total Depreciation Expense | <u>\$ 8,164</u> |

**NOTE 5 - RETIREMENT PLANS**

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense in the accompanying government-wide financial statements, as follows:

| <u>Pension Plan</u> | <u>Net<br/>Pension<br/>Liabilities</u> | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> | <u>Pension<br/>Expense</u> |
|---------------------|--|---|--|----------------------------|
| CalSTRS             | \$ 49,826                              | \$ 155,193                                    | \$ 121,538                                   | \$ (19,865)                |
| CalPERS             | 637                                    | 3,404   | 33,525                                       | (14,534)                   |
| Totals              | <u>\$ 50,463</u>                       | <u>\$ 158,597</u>                             | <u>\$ 155,063</u>                            | <u>\$ (34,399)</u>         |

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Benefits Provided**

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP Defined Benefit Program has two benefit structures:

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

There are several differences between the two benefit structures and some of the differences are noted below.

**CalSTRS 2% at 60**

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

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Benefits Provided (Concluded)**

**CalSTRS 2% at 62**

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

**Contributions**

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and are detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation) signed into law in June 2019 and June 2020, respectively, provided supplemental contributions to the defined benefit program along with supplemental contribution rate relief to employers through fiscal year 2021-22.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

**Members:** The member contribution rate for 2% at 60 members is set in statute at 10.25%, while 2% at 62 members are required to pay at least one-half of the normal cost of their Defined Benefit Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for 2% at 62 members was 10.205% for fiscal year 2021-22.

**Employers:** The employer contribution rate was 16.92% of applicable member earnings for fiscal year 2021-22. This rate reflects a 2.18% reduction of the employer contribution rate for fiscal year 2021-22 pursuant to special legislation, than is required by the CalSTRS Funding Plan. The District contributed \$3,082 to the plan for the fiscal year ended June 30, 2022.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Contributions (Concluded)**

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021-22, which increased the state supplemental contribution rate to 6.311% effective July 1, 2021. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.828% for the fiscal year ended June 30, 2022.

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred 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 associated with the District was as follows:

|   |                         |
|---|-------------------------|
| District's proportionate share of the net pension liability                           | \$ 49,826               |
| State's proportionate share of the net pension liability associated with the District | <u>25,071</u>           |
| Total net pension liability attributed to District                                    | <u><u>\$ 74,897</u></u> |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

The District's proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020 was as follows:

|                              |                       |
|------------------------------|-----------------------|
| Proportion - June 30, 2021   | 0.0001%               |
| Proportion - June 30, 2020   | <u>0.0000%</u>        |
| Change - Increase (Decrease) | <u><u>0.0001%</u></u> |

For the fiscal year ended June 30, 2022, the District recognized negative pension expense of \$19,865, which includes \$7,059 of support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)**

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| District contributions subsequent to the measurement date   | \$ 3,082                             |                                     |
| Differences between expected and actual experience  | 112                                  | \$ 4,346                            |
| Changes of assumptions  | 5,660                                |                                     |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 146,339                              | 73,346                              |
| Net differences between projected and actual earnings on plan investments   |                                      | 43,846                              |
| Totals  | <u>\$ 155,193</u>                    | <u>\$ 121,538</u>                   |

The deferred outflows of resources related to District contributions subsequent to the measurement date, when applicable, 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 in pension expense as follows:

| Year Ended<br>June 30 |          |
|-----------------------|----------|
| 2023                  | \$ 1,527 |
| 2024                  | 10,283   |
| 2025                  | (3,536)  |
| 2026                  | (4,111)  |
| 2027                  | 6,664    |
| Thereafter            | 19,746   |

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Actuarial Methods and Assumptions**

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability include:

|  |  |
|--|--|
| Valuation Date                         | June 30, 2020  |
| Experience Study                       | July 1, 2015 through June 30, 2018   |
| Actuarial Cost Method                  | Entry Age Normal   |
| Investment Rate of Return <sup>1</sup> | 7.10%  |
| Consumer Price Inflation               | 2.75%  |
| Wage Growth                            | 3.50%  |
| Post-retirement Benefit Increases      | 2.00% simple for DB (Annually)<br>Maintain 85% purchasing power level for DB |

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

**Discount Rate**

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

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

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Concluded)**

**Discount Rate (Concluded)**

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

\* 20-year average

**Mortality**

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

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

|   | <u>Discount Rate<br/>1% Decrease<br/>6.10%</u> | <u>Discount Rate<br/>Current Rate<br/>7.10%</u> | <u>Discount Rate<br/>1% Increase<br/>8.10%</u> |
|---|--|---|--|
| District's proportionate share of the net pension liability | \$ 101,428                                     | \$ 49,826                                       | \$ 6,997                                       |

**Pension Plan's Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

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

**Plan Description, Benefits Provided, and Employees Covered**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS 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 CalPERS website.

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 22.91% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2022 was \$1,117.

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2022, the District reported a liability of \$637 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

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

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

The District's proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020 was as follows:

|                              |                 |
|------------------------------|-----------------|
| Proportion - June 30, 2021   | 0.0000%         |
| Proportion - June 30, 2020   | 0.0002%         |
| Change - Increase (Decrease) | <u>-0.0002%</u> |

For the fiscal year ended June 30, 2022, the District recognized negative pension expense of \$14,534. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| District contributions subsequent to the measurement date   | \$ 1,117                             |                                     |
| Differences between expected and actual experience  | 905                                  | \$ 3                                |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 325                                  | 33,522                              |
| Net differences between projected and actual earnings on plan investments   | <u>1,057</u>                         |                                     |
| Totals  | <u>\$ 3,404</u>                      | <u>\$ 33,525</u>                    |

The deferred outflows of resources related to District 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 in pension expense as follows:

| Year Ended<br>June 30 |             |
|-----------------------|-------------|
| 2023                  | \$ (10,217) |
| 2024                  | (10,862)    |
| 2025                  | (10,091)    |
| 2026                  | (68)        |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

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

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)**

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4.0 years as of June 30, 2021. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuations were determined using the following actuarial methods and assumptions:

|   |                  |
|---|------------------|
| Valuation Date                                  | June 30, 2020    |
| Measurement Date                                | June 30, 2021    |
| Actuarial Cost Method                           | Entry Age Normal |
| Actuarial Assumptions:                          |                  |
| Discount Rate                                   | 7.15%            |
| Inflation                                       | 2.50%            |
| Wage Growth                                     | Varies           |
| Investment Rate of Return                       | 7.15%            |
| Post Retirement Benefit Increase <sup>(1)</sup> |                  |

<sup>(1)</sup> 2.00% until Purchasing Power Protection Allowance Floor  
on Purchasing Power applies, 2.50% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

**Discount Rate**

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

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONTINUED)**

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

**Discount Rate (Concluded)**

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

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

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

| <u>Asset Class <sup>(1)</sup></u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1-10 <sup>(2), (4)</sup></u> | <u>Real Return Years 11+ <sup>(3), (4)</sup></u> |
|-----------------------------------|---------------------------------|---|--|
| Public Equity                     | 50.0%                           | 4.80%   | 5.98%  |
| Fixed Income                      | 28.0%                           | 1.00%   | 2.62%  |
| Inflation Assets                  | 0.0%                            | 0.77%   | 1.81%  |
| Private Equity                    | 8.0%                            | 6.30%   | 7.23%  |
| Real Estate                       | 13.0%                           | 3.75%   | 4.93%  |
| Liquidity                         | 1.0%                            | 0.00%   | -0.92%   |
| Total                             | <u>100.0%</u>                   |   |  |

<sup>(1)</sup> In the CalPERS CAFR, liquidity is included in short-term investments; inflation assets are included in both public equity and fixed income.

<sup>(2)</sup> An expected inflation of 2.00% used for this period.

<sup>(3)</sup> An expected inflation of 2.92% used for this period.

<sup>(4)</sup> Figures are based on the previous ALM of 2017.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - RETIREMENT PLANS (CONCLUDED)**

**B. California Public Employees' Retirement System (CalPERS) (Concluded)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

|  | Discount Rate<br>1% Decrease<br>6.15% | Discount Rate<br>Current Rate<br>7.15% | Discount Rate<br>1% Increase<br>8.15% |
|--|---------------------------------------|--|---------------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 1,074                              | \$ 637                                 | \$ 274                                |

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**C. Social Security**

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

**NOTE 6 - LONG-TERM LIABILITIES**

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

|                                 | Balances<br>July 1, 2021 | Additions | Deductions | Balances<br>June 30, 2022 | Due within<br>One Year |
|---------------------------------|--------------------------|-----------|------------|---------------------------|------------------------|
| Net Pension Liability - CalSTRS | \$ 0                     | \$ 49,826 |            | \$ 49,826                 |                        |
| Net Pension Liability - CalPERS | 46,139                   |           | \$ 45,502  | 637                       |                        |
| Totals                          | \$ 46,139                | \$ 49,826 | \$ 45,502  | \$ 50,463                 | \$ 0                   |

The District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans are obligations of the General Fund.



**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 7 - FUND BALANCES**

The District's fund balances at June 30, 2022 consisted of the following:

|                                    | General<br>Fund | Capital<br>Projects -<br>Special<br>Reserve<br>Fund | Totals     |
|------------------------------------|-----------------|---|------------|
| Restricted:                        |                 |   |            |
| Categorical Programs               | \$ 42,206       |   | \$ 42,206  |
| Total Restricted                   | 42,206          |   | 42,206     |
| Assigned:                          |                 |   |            |
| Capital Projects                   |                 | \$ 921  | \$ 921     |
| Total Assigned                     |                 | 921   | 921        |
| Unassigned:                        |                 |   |            |
| Reserve for Economic Uncertainties | 71,000          |   | 71,000     |
| Remaining Unassigned Balance       | 457,637         |   | 457,637    |
| Total Unassigned                   | 528,637         | 0   | 528,637    |
| Total Fund Balances                | \$ 570,843      | \$ 921  | \$ 571,764 |

**NOTE 8 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$7,059 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021-22, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

**NOTE 10 - JOINT VENTURE**

The District participates in one joint venture under a joint powers agreement (JPA) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability, and workers' compensation insurance coverage. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 10 - JOINT VENTURE (CONCLUDED)**

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's management.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**A. 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.

**B. Litigation**

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

**C. Lapsation**

In accordance with Education Code Section 35780, any school district which has been organized for more than three years shall be lapsed if the average daily attendance (ADA) of pupils in the school is less than six in kindergarten and grades 1 through 8, inclusive. The District currently has eight students enrolled in kindergarten through grade 8 in fiscal year 2022-23, but is hopeful for the return of a couple students when the permanent teacher begins on January 3, 2023. If the District projects their ADA may fall below six, they will apply for a waiver from the California Department of Education under Education Code Section 33050.

**NOTE 12 - SUBSEQUENT EVENTS**

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 12, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION SECTION



**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                 | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---------------------------------|----------------------------|-------------------------|---------------|---|
| <b><u>Revenues</u></b>          |                            |                         |               |   |
| LCFF Sources:                   |                            |                         |               |   |
| State Apportionment / Transfers | \$ 103,047                 | \$ 94,684               | \$ 94,684     |   |
| Local Sources                   | 110,375                    | 127,602                 | 127,601       | \$ (1)  |
| Total LCFF Sources              | 213,422                    | 222,286                 | 222,285       | (1)   |
| Federal Revenue                 | 106,797                    | 160,442                 | 160,442       |   |
| Other State Revenue             | 8,000                      | 71,538                  | 67,691        | (3,847)   |
| Other Local Revenue             | 105,941                    | 108,321                 | 84,499        | (23,822)  |
| Total Revenues                  | 434,160                    | 562,587                 | 534,917       | (27,670)  |
| <b><u>Expenditures</u></b>      |                            |                         |               |   |
| Current:                        |                            |                         |               |   |
| Certificated Salaries           | 86,576                     | 76,080                  | 76,080        |   |
| Classified Salaries             | 44,786                     | 33,023                  | 33,023        |   |
| Employee Benefits               | 46,427                     | 20,406                  | 20,406        |   |
| Books and Supplies              | 19,575                     | 35,738                  | 12,985        | 22,753  |
| Services and Other              |                            |                         |               |   |
| Operating Expenditures          | 210,101                    | 275,620                 | 243,647       | 31,973  |
| Other Expenditures              |                            | 8,896                   | 8,896         |   |
| Total Expenditures              | 407,465                    | 449,763                 | 395,037       | 54,726  |
| Net Change in Fund Balances     | 26,695                     | 112,824                 | 139,880       | \$ 27,056   |
| Fund Balances - July 1, 2021    | 430,963                    | 430,963                 | 430,963       |   |
| Fund Balances - June 30, 2022   | \$ 457,658                 | \$ 543,787              | \$ 570,843    |   |

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**KASHIA ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS \***

**JUNE 30, 2022**

| Year<br>Ended<br>June 30 | District's<br>Proportion<br>of the NPL | District's<br>Proportionate<br>Share<br>of the NPL | State's<br>Proportionate<br>Share<br>of the NPL<br>Associated<br>to District | Total NPL<br>Attributed<br>to District | District's<br>Covered<br>Payroll | District's<br>Proportionate<br>Share of the<br>NPL as a % of<br>Covered<br>Payroll | Plan<br>Fiduciary<br>Net Position<br>As a % of<br>Total<br>Pension<br>Liability |
|--------------------------|--|--|--|--|----------------------------------|--|---|
| 2022                     | 0.0001%                                | \$ 49,826  | \$ 25,071  | \$ 74,897                              | \$ 58,854                        | 84.66%   | 87.21%  |
| 2021                     | 0.0000%                                | -  | -  | -                                      | -                                | -  | 71.82%  |
| 2020                     | 0.0001%                                | 97,658   | 53,279   | 150,937                                | 57,389                           | 170.17%  | 72.56%  |
| 2019                     | 0.0001%                                | 96,283   | 55,126   | 151,409                                | 53,278                           | 180.72%  | 70.99%  |
| 2018                     | 0.0001%                                | 91,643   | 54,215   | 145,858                                | 52,178                           | 175.64%  | 69.46%  |
| 2017                     | 0.0000%                                | 771  | 439  | 1,210                                  | -                                | -  | 70.04%  |
| 2016                     | 0.0001%                                | 51,224   | 27,092   | 78,316                                 | 42,928                           | 119.33%  | 74.02%  |
| 2015                     | 0.0001%                                | 53,959   | 32,583   | 86,542                                 | 41,127                           | 131.20%  | 76.52%  |

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**KASHIA ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS \***

**JUNE 30, 2022**

---

| Year<br>Ended<br>June 30 | District's<br>Proportion<br>of the NPL | District's<br>Proportionate<br>Share<br>of the NPL | District's<br>Covered<br>Payroll | District's<br>Proportionate<br>Share of the<br>NPL as a % of<br>Covered<br>Payroll | Plan<br>Fiduciary<br>Net Position<br>As a % of<br>Total<br>Pension<br>Liability |
|--------------------------|--|--|----------------------------------|--|---|
| 2022                     | 0.0000%                                | \$ 637   | \$ 324                           | 196.80%  | 80.97%  |
| 2021                     | 0.0002%                                | 46,139   | 21,662                           | 212.99%  | 70.00%  |
| 2020                     | 0.0002%                                | 47,087   | 22,378                           | 210.41%  | 70.05%  |
| 2019                     | 0.0002%                                | 41,507   | 20,533                           | 202.15%  | 70.85%  |
| 2018                     | 0.0002%                                | 43,014   | 22,977                           | 187.21%  | 71.87%  |
| 2017                     | 0.0005%                                | 91,963   | 55,862                           | 164.62%  | 73.90%  |
| 2016                     | 0.0012%                                | 179,302  | 134,670                          | 133.14%  | 79.43%  |
| 2015                     | 0.0005%                                | 59,177   | 54,719                           | 108.15%  | 83.38%  |

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**KASHIA ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALSTRS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

| Year<br>Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>In Relation to<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency/<br>(Excess) | District's<br>Covered<br>Payroll | Contributions<br>As a % of<br>Covered<br>Payroll |
|--------------------------|--|---|---|----------------------------------|--|
| 2022                     | \$ 3,082                                   | \$ 3,082  | \$ -                                    | \$ 18,215                        | 16.92%   |
| 2021                     | 9,505                                      | 9,505   | -                                       | 58,854                           | 16.15%   |
| 2020                     | -  | -   | -                                       | -                                | -  |
| 2019                     | 9,343                                      | 9,343   | -                                       | 57,389                           | 16.28%   |
| 2018                     | 7,688                                      | 7,688   | -                                       | 53,278                           | 14.43%   |
| 2017                     | 6,564                                      | 6,564   | -                                       | 52,178                           | 12.58%   |
| 2016                     | -  | -   | -                                       | -                                | -  |
| 2015                     | 3,812                                      | 3,812   | -                                       | 42,928                           | 8.88%  |

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



**KASHIA ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALPERS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

| <u>Year<br/>Ended<br/>June 30</u> | <u>Actuarially<br/>Determined<br/>Contributions</u> | <u>Contributions<br/>In Relation to<br/>Contractually<br/>Required<br/>Contributions</u> | <u>Contribution<br/>Deficiency/<br/>(Excess)</u> | <u>District's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>As a % of<br/>Covered<br/>Payroll</u> |
|-----------------------------------|---|--|--|---|--|
| 2022                              | \$ 1,117  | \$ 1,117   | \$ -   | \$ 4,876                                  | 22.910%  |
| 2021                              | 67  | 67   | -  | 324                                       | 20.700%  |
| 2020                              | 4,272   | 4,272  | -  | 21,662                                    | 19.721%  |
| 2019                              | 4,042   | 4,042  | -  | 22,378                                    | 18.062%  |
| 2018                              | 3,189   | 3,189  | -  | 20,533                                    | 15.531%  |
| 2017                              | 3,191   | 3,191  | -  | 22,977                                    | 13.888%  |
| 2016                              | 6,618   | 6,618  | -  | 55,862                                    | 11.847%  |
| 2015                              | 15,852  | 15,852   | -  | 134,670                                   | 11.771%  |

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There was no excess of expenditures over appropriations in the General Fund as of June 30, 2022.

**B. Schedule of the Proportionate Share of the Net Pension Liability**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**C. Schedule of Contributions**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

**NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS**

**Benefit Changes**

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

**Changes of Assumptions**

There were no changes in assumptions since the previous valuation for CalSTRS or CalPERS.

## SUPPLEMENTARY INFORMATION SECTION



**KASHIA ELEMENTARY SCHOOL DISTRICT  
ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

ORGANIZATION

The Kashia Elementary School District was established in 1877 to provide elementary education to pupils in kindergarten through eighth grade. The District currently operates one elementary school. There were no boundary changes during the year.

BOARD OF EDUCATION

| <u>Name</u>     | <u>Office</u> | <u>Term Expires</u> |
|-----------------|---------------|---------------------|
| Charlene Pinola | President     | December 2022       |
| Glenda Antone   | Clerk         | December 2022       |
| Rick Parrish    | Trustee       | December 2024       |

ADMINISTRATION

Frances Johnson  
Superintendent/Principal

Patti Pomplin  
Business Manager

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

| <b>P-2 Report</b>    |                   |              |              |              |
|----------------------|-------------------|--------------|--------------|--------------|
|                      | <b>TK / K - 3</b> | <b>4 - 6</b> | <b>7 - 8</b> | <b>Total</b> |
| Regular ADA          | 2.30              | 4.95         | 0.44         | 7.69         |
| <b>Annual Report</b> |                   |              |              |              |
|                      | <b>TK / K - 3</b> | <b>4 - 6</b> | <b>7 - 8</b> | <b>Total</b> |
| Regular ADA          | 2.38              | 4.87         | 0.39         | 7.64         |

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

---

| <u>Grade Level</u> | <u>Minutes<br/>Required</u> | <u>Instructional Minutes</u> |                 |              | <u>Traditional Calendar Days</u> |                 |              | <u>Number<br/>of Days<br/>Multitrack<br/>Calendar</u> | <u>Status</u> |
|--------------------|-----------------------------|------------------------------|-----------------|--------------|----------------------------------|-----------------|--------------|---|---------------|
|                    |                             | <u>Offered</u>               | <u>Credited</u> | <u>Total</u> | <u>Offered</u>                   | <u>Credited</u> | <u>Total</u> |   |               |
| Kindergarten *     | 36,000                      | 37,800                       | 0               | 37,800       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 1 *          | 50,400                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 2            | 50,400                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 3 *          | 50,400                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 4            | 54,000                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 5            | 54,000                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 6            | 54,000                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 7            | 54,000                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |
| Grade 8 *          | 54,000                      | 59,700                       | 0               | 59,700       | 180                              | 0               | 180          | N/A   | In Compliance |

\* District did not have any pupils enrolled in Grade K, Grade 1, Grade 3, or Grade 8 in fiscal year 2021-22.

**KASHIA ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

|   | General<br>Fund   | Capital Projects -<br>Special Reserve<br>Fund |
|---|-------------------|---|
| June 30, 2022 Annual Financial and<br>Budget Report Fund Balances                             | \$ 594,665        | \$ 954  |
| Adjustments Increasing (Decreasing) Fund Balances:<br>Overstatement of Deposits & Investments | <u>(23,822)</u>   | <u>(33)</u>                                   |
| June 30, 2022 Audited Financial<br>Statements Fund Balances                                   | <u>\$ 570,843</u> | <u>\$ 921</u>                                 |

SEE NOTES TO SUPPLEMENTARY INFORMATION



**KASHIA ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|  | GENERAL FUND        |            |            |            |
|--|---------------------|------------|------------|------------|
|  | (Budget)<br>2022-23 | 2021-22    | 2020-21    | 2019-20    |
| Revenues and Other Financial Sources                 | \$ 463,117          | \$ 534,917 | \$ 496,295 | \$ 428,434 |
| Expenditures   | 441,018             | 395,037    | 399,574    | 342,972    |
| Other Uses and Transfers Out                         | 0                   | 0          | 0          | 0          |
| Total Outgo  | 441,018             | 395,037    | 399,574    | 342,972    |
| Change in Fund Balance                               | 22,099              | 139,880    | 96,721     | 85,462     |
| Ending Fund Balance                                  | \$ 592,942          | \$ 570,843 | \$ 430,963 | \$ 334,242 |
| Available Reserves                                   | \$ 550,736          | \$ 528,637 | \$ 416,960 | \$ 334,242 |
| Reserve for Economic Uncertainties *                 | \$ 71,000           | \$ 71,000  | \$ 71,000  | \$ 69,000  |
| Available Reserves as a Percentage<br>of Total Outgo | 124.9%              | 133.8%     | 104.4%     | 97.5%      |
| Average Daily Attendance at P-2                      | 10                  | 8          | N/A        | 10         |
| Total Long-Term Liabilities                          | 50,463              | \$ 50,463  | \$ 46,139  | \$ 144,745 |

\* Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$236,601 (70.8%) over the past two years. The fiscal year 2022-23 budget projects an increase of \$22,099. For a district this size, the state recommends available reserves the greater of \$71,000 or 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the last three years.

Average daily attendance (ADA) decreased 2 ADA over the last two years. The District projects 10 ADA in fiscal year 2022-23.

Total long-term liabilities decreased \$94,282 over the past two years.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Average Daily Attendance**

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

**B. Schedule of Instructional Time**

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

**C. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

**D. Schedule of Financial Trends and Analysis**

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

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

Board of Education  
Kashia Elementary School District  
Stewarts Point, 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 and each major fund of the Kashia Elementary School 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 12, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as **Finding 2022-001** that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on Kashia Elementary School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Kashia Elementary School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 12, 2022

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Education  
Kashia Elementary School District  
Stewarts Point, California

Report on State Compliance

*Opinion on State Compliance*

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

In our opinion, Kashia Elementary School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

*Basis for Opinion on State Compliance*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 Kashia Elementary School District's state programs.

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local 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 considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

| <u>Description</u>                                   | <u>Procedures Performed</u> |
|--|-----------------------------|
| Local Education Agencies Other Than Charter Schools: |                             |
| Attendance   | Yes                         |
| Teacher Certification and Misassignments             | Yes                         |
| Kindergarten Continuance                             | No (see below)              |
| Independent Study                                    | Not Applicable              |
| Continuation Education                               | Not Applicable              |
| Instructional Time                                   | Yes                         |
| Instructional Materials                              | Yes                         |
| Ratio of Administrative Employees to Teachers        | Yes                         |



| <u>Description</u>  | <u>Procedures Performed</u> |
|---|-----------------------------|
| Local Education Agencies Other Than Charter Schools (Concluded):    |                             |
| Classroom Teacher Salaries  | Not Applicable              |
| 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              |
| School Districts, County Offices of Education, and Charter Schools: |                             |
| California Clean Energy Jobs Act                                    | Not Applicable              |
| After/Before School Education and Safety Program                    | Not Applicable              |
| Proper Expenditure of Education Protection Account Funds            | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts             | Yes                         |
| Local Control and Accountability Plan                               | Yes                         |
| Independent Study-Course Based                                      | 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                         |
| Charter Schools:  |                             |
| 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 Instructional Minutes - Classroom Based                      | Not Applicable              |
| Charter School Facility Grant Program                               | Not Applicable              |

We did not perform procedures for kindergarten continuance because the District did not have any pupils enrolled in kindergarten in 2021-22.

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

#### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2022-002**.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 12, 2022

## FINDINGS AND QUESTIONED COSTS SECTION



KASHIA ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

|   |                   |                            |
|---|-------------------|----------------------------|
| Type of auditor's report issued:  |                   | Unmodified                 |
| Internal control over financial reporting:                                    |                   |                            |
| Material weaknesses identified?   | <u>  X  </u> Yes  | <u>      </u> No           |
| Significant deficiencies identified not considered to be material weaknesses? | <u>      </u> Yes | <u>  X  </u> None reported |
| Noncompliance material to financial statements noted?                         | <u>      </u> Yes | <u>  X  </u> No            |

**State Awards**

|  |                   |                            |
|--|-------------------|----------------------------|
| Type of auditor's report issued on compliance for state programs:  |                   | Unmodified                 |
| Any audit findings required to be reported in accordance with the <i>2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting</i> ? | <u>  X  </u> Yes  | <u>      </u> No           |
| Internal control over state programs:  |                   |                            |
| Material weaknesses identified?  | <u>      </u> Yes | <u>  X  </u> No            |
| Significant deficiencies identified not considered to be material weaknesses?  | <u>      </u> Yes | <u>  X  </u> None reported |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2022 - 001 / 30000**

**MATERIAL WEAKNESS**

**FINANCIAL REPORTING - CALIFORNIA SCHOOL ACCOUNTING MANUAL (CSAM)**

|                          |   |
|--------------------------|---|
| <u>Criteria:</u>         | Education Code Section 41010 requires local educational agencies (LEAs) to follow the definitions, instructions, and procedures in the California School Accounting Manual, including Procedure 425, which describes the procedures to be followed by LEAs to implement Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and External Investment Pools, which requires LEAs to report their cash in the county treasury at fair value. However, like all other GASB statements, GASB 31 states that it does not apply to nonmaterial items. As a result, LEAs are only required to record their cash maintained in the county treasury at fair value, if the difference between the reported cash balance and the fair value are material to the LEAs financial statements. Accordingly, LEAs should have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements. |
| <u>Condition:</u>        | The District did not adjust its cash in county treasury balances to reflect fair value at June 30, 2022, even when the difference between the reported cash balances and the fair value of the cash balances was material to the financial statements.  |
| <u>Questioned Costs:</u> | None.   |
| <u>Context:</u>          | This is the first year since GASB 31 was issued that the fair value of the county investment pool has been materially different from the reported cash balance.   |
| <u>Effect:</u>           | The District did not comply with the requirements of GASB 31. The adjustments that were made to ensure that the financial statements are fairly stated are presented on page 54.  |
| <u>Cause:</u>            | The District does not currently have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements.   |

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)**

**FINANCIAL REPORTING - CALIFORNIA SCHOOL ACCOUNTING MANUAL (CONCLUDED)**

**Recommendation:** The District should establish appropriate procedures to monitor the fair value of the pooled investments in the county treasury. If fair value adjustments are required to ensure the financial statements are fairly presented, the District should follow the guidance in Procedure 425 of the California School Accounting Manual. Further, the District should also consider recording the adjustment on an annual basis even if the amounts are not material, since the required calculations and postings are relatively easy to perform.

**District Response:** The District agrees to establish procedures to monitor the fair value of the pooled investments in the county treasury and to record fair value adjustments before the books are closed, when material to the financial statements.

**KASHIA ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2022 - 002 / 72000**

**SCHOOL ACCOUNTABILITY REPORT CARD - INSTRUCTIONAL MATERIALS**

|                                  |  |
|----------------------------------|--|
| <b><u>Criteria:</u></b>          | In accordance with Education Code Section 33126(b)(6), the school accountability report cards shall include, but is not limited to, assessments of the availability of sufficient textbooks and other instructional materials, as determined pursuant to Section 60119, for each pupil, including English Learners, in the core curriculum areas of reading/language arts, mathematics, science, and history/social science. |
| <b><u>Condition:</u></b>         | The disclosures regarding the sufficiency of textbooks and other instructional materials for history/social science were not completed in the school accountability report card published by the District in 2021-22.  |
| <b><u>Questioned Cost:</u></b>   | None. This noncompliance has no fiscal impact.   |
| <b><u>Context:</u></b>           | At the September 8, 2021 meeting, the Board approved the resolution regarding the sufficiency of textbooks and instructional materials for 2021-22. The resolution stated there were sufficient textbooks and instructional materials provided to each student in mathematics, science, history/social science and English/language arts.  |
| <b><u>Effect:</u></b>            | The disclosures regarding the sufficiency of textbooks and other instructional materials in the school accountability report card published by the District in 2021-22 were not consistent with the information in the resolution adopted by the District's Board pursuant to Education Code Section 60119 for history/social science.   |
| <b><u>Cause:</u></b>             | The District did not reconcile the information presented in the school accountability report card to the information in the Board resolution.  |
| <b><u>Recommendation:</u></b>    | The District should evaluate current procedures to ensure that future school accountability report card disclosures regarding the sufficiency of textbooks and instructional materials are consistent with the information in the resolution adopted by the District's Board pursuant to Education Code Section 60119.   |
| <b><u>District Response:</u></b> | The District will verify the School Accountability Report Card is reviewed by more than one person prior to presentation to ensure accurate information is presented to the public.  |



**KASHIA ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

There were no matters reported in the prior year audit.

