

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2020



PASO ROBLES

JOINT UNIFIED SCHOOL DISTRICT
THE DISTRICT OF EXCELLENCE

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
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JUNE 30, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Paso Robles Joint Unified School District
Paso Robles, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paso Robles Joint Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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 Paso Robles Joint Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021 on our consideration of Paso Robles Joint Unified 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 Paso Robles Joint Unified 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 Paso Robles Joint Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
March 19, 2021

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

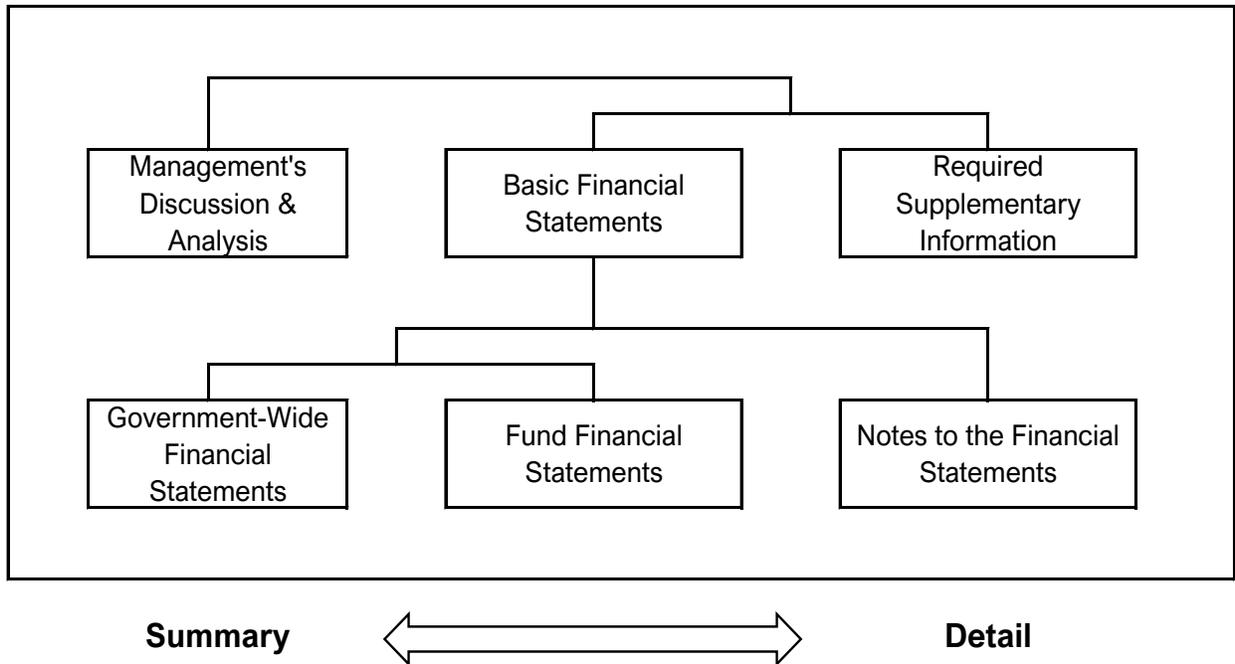
Our discussion and analysis of Paso Robles Joint Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this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

FINANCIAL HIGHLIGHTS

- The District's combined net position was \$(6,896,797) at June 30, 2020. This was an increase of \$937,502 from the prior year.
- Overall revenues were \$87,834,829 which exceeded expenses of \$86,897,327.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. 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 financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

Government-Wide Statements

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

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

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was \$(6,896,797) at June 30, 2020, as reflected in the table below. Of this amount, \$(80,893,148) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
ASSETS						
Current and other assets	\$ 45,512,713	\$ 51,303,050	\$ (5,790,337)	\$ 7,689	\$ 13,325	\$ (5,636)
Capital assets	107,039,707	97,092,626	9,947,081	-	-	-
Total Assets	152,552,420	148,395,676	4,156,744	7,689	13,325	(5,636)
DEFERRED OUTFLOWS OF RESOURCES	21,930,984	24,889,294	(2,958,310)	-	-	-
LIABILITIES						
Current liabilities	11,425,657	10,495,743	929,914	209	13,325	(13,116)
Long-term liabilities	164,151,898	167,723,695	(3,571,797)	-	-	-
Total Liabilities	175,577,555	178,219,438	(2,641,883)	209	13,325	(13,116)
DEFERRED INFLOWS OF RESOURCES	5,810,126	2,899,831	2,910,295	-	-	-
NET POSITION						
Net investment in capital assets	66,422,233	67,277,449	(855,216)	-	-	-
Restricted	7,574,118	7,862,874	(288,756)	-	-	-
Unrestricted	(80,900,628)	(82,974,622)	2,073,994	7,480	-	7,480
Total Net Position	\$ (6,904,277)	\$ (7,834,299)	\$ 930,022	\$ 7,480	\$ -	\$ 7,480

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
REVENUES						
Program revenues						
Charges for services	\$ 2,009,720	\$ 1,804,803	\$ 204,917	\$ 57,219	\$ 32,466	\$ 24,753
Operating grants and contributions	9,125,219	10,915,088	(1,789,869)	980	4,389	(3,409)
General revenues						
Property taxes	53,353,139	50,844,377	2,508,762	-	-	-
Unrestricted federal and state aid	21,596,188	21,699,820	(103,632)	-	-	-
Other	1,691,744	2,590,144	(898,400)	620	77,446	(76,826)
Total Revenues	87,776,010	87,854,232	(78,222)	58,819	114,301	(55,482)
EXPENSES						
Instruction	47,584,466	51,590,338	(4,005,872)	-	-	-
Instruction-related services	8,586,391	8,813,151	(226,760)	-	-	-
Pupil services	10,784,538	10,701,988	82,550	-	-	-
General administration	4,853,914	5,014,935	(161,021)	-	-	-
Plant services	9,390,597	9,315,240	75,357	-	-	-
Ancillary and community services	1,658,470	1,798,023	(139,553)	-	-	-
Debt service	2,607,955	2,723,748	(115,793)	-	-	-
Other outgo	1,236,955	816,548	420,407	-	-	-
Enterprise services	142,702	132,906	9,796	51,339	130,578	(79,239)
Total Expenses	86,845,988	90,906,877	(4,060,889)	51,339	130,578	(79,239)
Transfers & special items	-	(16,277)	16,277	-	16,277	(16,277)
Change in net position	930,022	(3,068,922)	3,998,944	7,480	-	7,480
Net Position - Beginning	(7,834,299)	(4,765,377)	(3,068,922)	-	-	-
Net Position - Ending	\$ (6,904,277)	\$ (7,834,299)	\$ 930,022	\$ 7,480	\$ -	\$ 7,480

The cost of all our governmental activities this year was \$86,845,988 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$53,353,139 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, unrestricted federal and state aid, and other general revenues.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District’s governmental functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2020	2019
Instruction	\$ 43,283,404	\$ 45,190,765
Instruction-related services	7,115,866	7,328,403
Pupil services	7,488,822	7,836,617
General administration	4,517,228	4,709,208
Plant services	9,155,211	8,943,121
Ancillary and community services	1,205,377	1,246,464
Debt service	2,607,955	2,723,748
Transfers to other agencies	195,984	81,046
Enterprise services	141,202	127,614
Total Expenses	\$ 75,711,049	\$ 78,186,986

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$37,722,520, which is less than last year’s ending fund balance of \$44,752,865. The District’s General Fund had \$6,386,276 more in operating revenues than expenditures for the year ended June 30, 2020. The District’s Building Fund had \$13,905,942 less in operating revenues than expenditures for the year ended June 30, 2020. The District’s Bond Interest and Redemption Fund had \$585,452 more in operating revenues than expenditures for the year ended June 30, 2020.

CURRENT YEAR BUDGET 2019-2020

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2019-2020 the District had invested \$107,039,707 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2020	2019	Net Change
CAPITAL ASSETS			
Land	\$ 8,938,214	\$ 8,938,214	\$ -
Construction in progress	20,136,272	7,334,210	12,802,062
Land improvements	19,085,285	19,060,742	24,543
Buildings & improvements	109,773,026	109,672,049	100,977
Furniture & equipment	7,149,646	7,029,893	119,753
Accumulated depreciation	(58,042,736)	(54,942,482)	(3,100,254)
Total Capital Assets	\$ 107,039,707	\$ 97,092,626	\$ 9,947,081

Long-Term Liabilities

At year-end, the District had \$164,151,898 in long-term liabilities, a decrease of 2% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2020	2019	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 61,464,427	\$ 63,821,908	\$ (2,357,481)
Lease-purchase agreement	4,170,273	4,181,251	(10,978)
Capital leases	111,713	223,426	(111,713)
Flex lease	262,982	386,255	(123,273)
Compensated absences	247,870	283,466	(35,596)
Total OPEB liability	21,610,313	21,192,660	417,653
Net pension liability	79,303,257	80,861,647	(1,558,390)
Less: current portion of long-term liabilities	(3,018,937)	(3,226,918)	207,981
Total Long-term Liabilities	\$ 164,151,898	\$ 167,723,695	\$ (3,571,797)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

According to the UCLA Anderson Forecast, the U.S. economy is in a "depression-like crisis" and it will take at least three years before its GDP and unemployment rate return to the levels it saw before the COVID-19 pandemic struck. Between February 2020 and April 2020, California lost 2.56 million nonfarm payroll jobs, a 15% drop that is nearly double the job loss during the Great Recession in 2008 and 2009.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom and the State Legislature provided resources and support beyond the Proposition 98 requirement in 2020–21, giving one-time federal resources and pension rate relief and promising more than the minimum guarantee in 2021–22.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2020. The amount of the liability is material to the financial position of the District. In response to the ongoing pandemic, the 2020-21 State Budget reduced employer contribution rates in 2020-21 and 2021-22. This will reduce the CalSTRS employer rate from 18.4% to approximately 16.15% in 2020-21 and from 18.2% to 16.0% in 2021-22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020-21 of 22.68% to 20.7% and 2021-22 estimated rate of 24.6% to 23.0%. Despite this reduction in the planned rate increases, the projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with \$1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, \$355 million in Governor's Emergency Education Relief (GEER) Funds, and \$4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and \$540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). CARES Act funds will be apportioned in 2020-21, however, ESSER and GEER are to be used on eligible expenditures beginning March 13, 2020 through September 30, 2022, GF is to be used on eligible expenditures beginning March 1, 2020 through June 30, 2021, and CRF is to be used on eligible expenditures beginning March 1, 2020 through December 30, 2020. On December 27, 2020, the President signed the Consolidated Appropriations Act which extended the CRF spending deadline to December 30, 2021.

All of these factors were considered in preparing the District's budget for the 2020-21 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, 800 Niblick Road, Paso Robles, CA 93446.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 39,450,270	\$ 630	\$ 39,450,900
Accounts receivable	6,036,938	7,059	6,043,997
Inventory	25,505	-	25,505
Capital assets, not depreciated	29,074,486	-	29,074,486
Capital assets, net of accumulated depreciation	77,965,221	-	77,965,221
Total Assets	152,552,420	7,689	152,560,109
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	20,794,232	-	20,794,232
Deferred outflows related to OPEB	1,136,752	-	1,136,752
Total Deferred Outflows of Resources	21,930,984	-	21,930,984
LIABILITIES			
Deficit cash	133,631	-	133,631
Accrued liabilities	7,991,204	209	7,991,413
Unearned revenue	281,885	-	281,885
Long-term liabilities, current portion	3,018,937	-	3,018,937
Long-term liabilities, non-current portion	164,151,898	-	164,151,898
Total Liabilities	175,577,555	209	175,577,764
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	5,810,126	-	5,810,126
Total Deferred Inflows of Resources	5,810,126	-	5,810,126
NET POSITION			
Net investment in capital assets	66,422,233	-	66,422,233
Restricted:			
Capital projects	411,775	-	411,775
Debt service	5,419,467	-	5,419,467
Educational programs	1,736,645	-	1,736,645
Food service	6,231	-	6,231
Unrestricted	(80,900,628)	7,480	(80,893,148)
Total Net Position	\$ (6,904,277)	\$ 7,480	\$ (6,896,797)

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 47,584,466	\$ 357,336	\$ 3,943,726	\$ (43,283,404)		
Instruction-related services						
Instructional supervision and administration	2,217,213	59,062	435,519	(1,722,632)		
Instructional library, media, and technology	1,019,940	1,516	45,970	(972,454)		
School site administration	5,349,238	928	927,530	(4,420,780)		
Pupil services						
Home-to-school transportation	2,057,880	128	78,530	(1,979,222)		
Food services	2,352,473	288,096	1,551,009	(513,368)		
All other pupil services	6,374,185	136,571	1,241,382	(4,996,232)		
General administration						
Centralized data processing	1,149,329	-	-	(1,149,329)		
All other general administration	3,704,585	37,388	299,298	(3,367,899)		
Plant services	9,390,597	36,943	198,443	(9,155,211)		
Ancillary services	1,049,464	49,858	3,168	(996,438)		
Community services	609,006	238,106	161,961	(208,939)		
Enterprise activities	142,702	-	1,500	(141,202)		
Interest on long-term debt	2,607,955	-	-	(2,607,955)		
Other outgo	1,236,955	803,788	237,183	(195,984)		
Total Governmental Activities	\$ 86,845,988	\$ 2,009,720	\$ 9,125,219	(75,711,049)		
BUSINESS-TYPE ACTIVITIES						
Enterprise activities	\$ 51,339	\$ 57,219	\$ 980	\$ 6,860		
Total Business-Type Activities	51,339	57,219	980	6,860		
Total School District	\$ 86,897,327	\$ 2,066,939	\$ 9,126,199			\$ (75,704,189)
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes				46,621,290	-	46,621,290
Property taxes, levied for debt service				5,355,946	-	5,355,946
Property taxes, levied for other specific purposes				1,375,903	-	1,375,903
Federal and state aid not restricted for specific purposes				21,596,188	-	21,596,188
Interest and investment earnings				774,344	(135)	774,209
Interagency revenues				202,534	-	202,534
Miscellaneous				714,866	755	715,621
Subtotal, General Revenue				76,641,071	620	76,641,691
CHANGE IN NET POSITION				930,022	7,480	937,502
Net Position - Beginning				(7,834,299)	-	(7,834,299)
Net Position - Ending				\$ (6,904,277)	\$ 7,480	\$ (6,896,797)

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,552,977	\$ 23,033,564	\$ 6,227,451	\$ 450,294	\$ 39,264,286
Accounts receivable	5,628,427	-	-	402,323	6,030,750
Stores inventory	-	-	-	25,505	25,505
Total Assets	\$ 15,181,404	\$ 23,033,564	\$ 6,227,451	\$ 878,122	\$ 45,320,541
LIABILITIES					
Deficit cash	\$ -	\$ -	\$ -	\$ 133,631	\$ 133,631
Accrued liabilities	4,288,752	2,837,567	-	56,186	7,182,505
Unearned revenue	260,361	-	-	21,524	281,885
Total Liabilities	4,549,113	2,837,567	-	211,341	7,598,021
FUND BALANCES					
Nonspendable	5,500	-	-	27,495	32,995
Restricted	1,516,080	20,195,997	6,227,451	639,286	28,578,814
Assigned	983,302	-	-	-	983,302
Unassigned	8,127,409	-	-	-	8,127,409
Total Fund Balances	10,632,291	20,195,997	6,227,451	666,781	37,722,520
Total Liabilities and Fund Balances	\$ 15,181,404	\$ 23,033,564	\$ 6,227,451	\$ 878,122	\$ 45,320,541

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds \$ 37,722,520

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

Capital assets:

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

Capital assets	\$ 165,082,443	
Accumulated depreciation	<u>(58,042,736)</u>	107,039,707

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(808,699)

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:

Total general obligation bonds	\$ 61,464,427	
Lease-purchase agreement	4,170,273	
Capital leases	111,713	
Flex lease	262,982	
Compensated absences	247,870	
Total OPEB liability	21,610,313	
Net pension liability	<u>79,303,257</u>	(167,170,835)

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	\$ 20,794,232	
Deferred inflows of resources related to pensions	<u>(5,810,126)</u>	14,984,106

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	<u>\$ 1,136,752</u>	1,136,752
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Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

192,172

Total Net Position - Governmental Activities	<u>\$ (6,904,277)</u>
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The accompanying notes are an integral part of these financial statements.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 65,796,559	\$ -	\$ -	\$ -	\$ 65,796,559
Federal sources	3,602,533	-	-	1,611,032	5,213,565
Other state sources	7,912,715	-	32,114	247,464	8,192,293
Other local sources	4,321,109	585,658	5,404,211	1,445,647	11,756,625
Total Revenues	81,632,916	585,658	5,436,325	3,304,143	90,959,042
EXPENDITURES					
Current					
Instruction	45,757,471	-	-	-	45,757,471
Instruction-related services					
Instructional supervision and administration	2,133,784	-	-	41,007	2,174,791
Instructional library, media, and technology	895,933	-	-	-	895,933
School site administration	5,070,807	-	-	-	5,070,807
Pupil services					
Home-to-school transportation	1,655,400	-	-	-	1,655,400
Food services	10,408	-	-	2,131,863	2,142,271
All other pupil services	6,042,259	-	-	-	6,042,259
General administration					
Centralized data processing	1,034,656	-	-	-	1,034,656
All other general administration	3,400,091	-	-	46,070	3,446,161
Plant services	6,658,117	481	-	225,193	6,883,791
Facilities acquisition and maintenance	182,685	14,491,119	-	3,522	14,677,326
Ancillary services	1,042,418	-	-	-	1,042,418
Community services	164	-	-	537,448	537,612
Enterprise activities	125,492	-	-	-	125,492
Transfers to other agencies	1,236,955	-	-	-	1,236,955
Debt service					
Principal	-	-	2,820,000	245,964	3,065,964
Interest and other	-	-	2,030,873	167,625	2,198,498
Total Expenditures	75,246,640	14,491,600	4,850,873	3,398,692	97,987,805
Excess (Deficiency) of Revenues Over Expenditures	6,386,276	(13,905,942)	585,452	(94,549)	(7,028,763)
Other Financing Sources (Uses)					
Transfers in	144	-	-	224,252	224,396
Transfers out	(225,834)	-	-	(144)	(225,978)
Net Financing Sources (Uses)	(225,690)	-	-	224,108	(1,582)
NET CHANGE IN FUND BALANCE	6,160,586	(13,905,942)	585,452	129,559	(7,030,345)
Fund Balance - Beginning	4,471,705	34,101,939	5,641,999	537,222	44,752,865
Fund Balance - Ending	\$ 10,632,291	\$ 20,195,997	\$ 6,227,451	\$ 666,781	\$ 37,722,520

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Governmental Funds \$ (7,030,345)

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

Capital outlay:

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

Expenditures for capital outlay:	\$	13,047,335	
Depreciation expense:		(3,100,254)	9,947,081

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 3,065,964

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 53,062

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (623,473)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 35,596

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 230,535

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (4,958,403)

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2020**

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 160,954

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 49,051

Change in Net Position of Governmental Activities		\$ 930,022
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**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Cafeteria Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets		
Cash and investments	\$ 630	\$ 185,984
Accounts receivable	7,059	6,188
Total current assets	<u>7,689</u>	<u>192,172</u>
Total Assets	<u>7,689</u>	<u>192,172</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	<u>209</u>	<u>-</u>
Total current liabilities	<u>209</u>	<u>-</u>
Total Liabilities	<u>209</u>	<u>-</u>
NET POSITION		
Restricted	-	192,172
Unrestricted	<u>7,480</u>	<u>-</u>
Total Net Position	<u>\$ 7,480</u>	<u>\$ 192,172</u>

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities	Governmental Activities
	Cafeteria Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 57,219	\$ 46,475
Other local revenues	1,735	14,535
Total operating revenues	<u>58,954</u>	<u>61,010</u>
OPERATING EXPENSES		
Salaries and benefits	834	-
Supplies and materials	36,700	16,900
Professional services	13,805	-
Total operating expenses	<u>51,339</u>	<u>16,900</u>
Operating income/(loss)	<u>7,615</u>	<u>44,110</u>
NON-OPERATING REVENUES/(EXPENSES)		
Interest income (expense)	(135)	3,359
Transfers in	-	1,582
Total non-operating revenues/(expenses)	<u>(135)</u>	<u>4,941</u>
CHANGE IN NET POSITION	7,480	49,051
Net Position - Beginning	-	143,121
Net Position - Ending	<u>\$ 7,480</u>	<u>\$ 192,172</u>

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities	Governmental Activities
	Cafeteria Enterprise Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from user charges	\$ 65,220	\$ 54,822
Cash payments for payroll, insurance, and operating costs	(55,315)	(17,900)
Net cash provided by (used for) operating activities	<u>9,905</u>	<u>36,922</u>
Cash flows from non-capital financing activities		
Interfund transfers in (out)	-	1,582
Net cash provided by (used for) non-capital financing activities	<u>-</u>	<u>1,582</u>
Cash flows from investing activities		
Interest received (paid)	(135)	3,359
Net cash provided by (used for) investing activities	<u>(135)</u>	<u>3,359</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>9,770</u>	<u>41,863</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	(9,140)	144,121
End of year	<u>\$ 630</u>	<u>\$ 185,984</u>
Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	\$ 7,615	\$ 44,110
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	(4,075)	(6,188)
(Increase) decrease in stores inventory	10,341	-
Increase (decrease) in accrued liabilities	(3,976)	(1,000)
Net cash provided by (used for) operating activities	<u>\$ 9,905</u>	<u>\$ 36,922</u>

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Agency Fund</u> <u>Student Body</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 337,181
Total Assets	<u>\$ 337,181</u>
LIABILITIES	
Due to student groups	\$ 337,181
Total Liabilities	<u>\$ 337,181</u>

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Paso Robles Joint Unified School District (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 operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

The District has a blended component unit, the Paso Robles Joint Unified School District Educational Facilities Corporation (the “Corporation”). The activity of the Corporation is included in these financial statements. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District’s operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

C. Basis of Presentation

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

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

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

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

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

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

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Tax Override Fund: This fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Proprietary Funds

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Cafeteria Enterprise Fund: The cafeteria program may be accounted for using an enterprise fund rather than a special revenue fund even though its primary source of financing comes from federal and state child nutrition program revenues rather than through the price paid for meals by the students.

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds (continued)

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

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

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

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

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

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school 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 for school districts 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 the 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 potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time 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.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District’s cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	5 to 50 years
Furniture and Equipment	2 to 15 years
Vehicles	8 years

Interfund Balances

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2018
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Deferred Outflows/Deferred 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.

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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Fund Balance

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

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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

F. Interfund Activity

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

G. Estimates

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard’s primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard’s primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately. The District has implemented GASB Statement No. 95.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>
Investment in county treasury*	\$ 39,123,165	\$ 185,984	\$ 39,309,149	\$ 630	\$ -
Cash on hand and in banks	-	-	-	-	337,181
Cash in revolving fund	7,490	-	7,490	-	-
Total	\$ 39,130,655	\$ 185,984	\$ 39,316,639	\$ 630	\$ 337,181

*Presented net of deficit cash.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices

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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Luis Obispo County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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 Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$39,746,956 and an amortized book value of \$39,309,779. The average weighted maturity for this pool is 205 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were not rated.

F. 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 California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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, 2020, the District's bank balance was not exposed to custodial credit risk.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 San Luis Obispo County Treasury 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.

The District's fair value measurements at June 30, 2020 were as follows:

	Uncategorized
Investment in county treasury	\$ 39,746,956
Total	\$ 39,746,956

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities	Business-Type Activities
Federal Government					
Categorical aid	\$ 1,604,792	\$ 180,287	\$ -	\$ 1,785,079	\$ -
State Government					
Apportionment	2,040,118	-	-	2,040,118	-
Categorical aid	357,599	14,979	-	372,578	-
Lottery	337,619	-	-	337,619	-
Local Government					
Other local sources	1,288,299	207,057	6,188	1,501,544	7,059
Total	\$ 5,628,427	\$ 402,323	\$ 6,188	\$ 6,036,938	\$ 7,059

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,938,214	\$ -	\$ -	\$ 8,938,214
Construction in progress	7,334,210	15,287,098	2,485,036	20,136,272
Total Capital Assets not Being Depreciated	16,272,424	15,287,098	2,485,036	29,074,486
Capital assets being depreciated				
Land improvements	19,060,742	24,543	-	19,085,285
Buildings & improvements	109,672,049	100,977	-	109,773,026
Furniture & equipment	7,029,893	119,753	-	7,149,646
Total Capital Assets Being Depreciated	135,762,684	245,273	-	136,007,957
Less Accumulated Depreciation				
Land improvements	10,583,561	543,035	-	11,126,596
Buildings & improvements	38,277,678	2,333,008	-	40,610,686
Furniture & equipment	6,081,243	224,211	-	6,305,454
Total Accumulated Depreciation	54,942,482	3,100,254	-	58,042,736
Governmental Activities				
Capital Assets, net	\$ 97,092,626	\$ 12,432,117	\$ 2,485,036	\$ 107,039,707

Depreciation expense for the year ended June 30, 2020 was allocated to various governmental functions as follows:

Instruction	\$ 2,014,731
Instructional supervision and administration	7,755
Instructional library, media, and technology	77,537
School site administration	85,291
Home-to-school transportation	248,119
Food services	62,029
All other pupil services	217,105
Centralized data processing	15,508
All other general administration	93,045
Plant services	279,134
Total	\$ 3,100,254

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Interfund Transfers Out	Interfund Transfers In			
	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	\$ -	\$ 224,252	\$ 1,582	\$ 225,834
Non-Major Governmental Funds	144	-	-	144
Total	\$ 144	\$ 224,252	\$ 1,582	\$ 225,978

Transfer from the General Fund to the Cafeteria Fund to cover operating expenses.	\$ 224,252
Transfer from the General Fund to the Internal Service Fund for contribution to cover deductibles.	1,582
Transfer from the Child Development Fund to the General Fund to correct negative fund balance.	144
Total	\$ 225,978

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities	Business-Type Activities
Payroll	\$ 2,979,088	\$ -	\$ 47,056	\$ -	\$ 3,026,144	\$ -
Construction	-	2,837,567	-	-	2,837,567	-
Vendors payable	1,309,664	-	9,130	-	1,318,794	209
Unmatured interest	-	-	-	808,699	808,699	-
Total	\$ 4,288,752	\$ 2,837,567	\$ 56,186	\$ 808,699	\$ 7,991,204	\$ 209

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2020 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 188,454	\$ -	\$ 188,454
State categorical sources	62,469	21,524	83,993
Local sources	9,438	-	9,438
Total	\$ 260,361	\$ 21,524	\$ 281,885

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2020 consisted of the following:

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 61,154,467	\$ 623,473	\$ 2,820,000	\$ 58,957,940	\$ 2,590,000
Unamortized premium	2,667,441	-	160,954	2,506,487	160,954
Total general obligation bonds	63,821,908	623,473	2,980,954	61,464,427	2,750,954
Direct placement					
lease-purchase agreement	4,181,251	-	10,978	4,170,273	27,604
Capital leases	223,426	-	111,713	111,713	111,713
Flex lease	386,255	-	123,273	262,982	128,666
Compensated absences	283,466	-	35,596	247,870	-
Total OPEB liability	21,192,660	417,653	-	21,610,313	-
Net pension liability	80,861,647	-	1,558,390	79,303,257	-
Total	\$ 170,950,613	\$ 1,041,126	\$ 4,820,904	\$ 167,170,835	\$ 3,018,937

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for lease-purchase agreement are made in the Capital Facilities Fund.
- Payments for capital lease obligations are made in the Capital Facilities Fund.
- Payments for the flex lease are made in the Capital Facilities Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to \$247,870. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Direct Placement Lease-Purchase Agreement

In March 2017, the District entered into a direct placement lease-purchase agreement to finance the Proposition 39 California Clean Energy services contract with OpTerra Energy Services, Inc. Principal and interest payments are due annually through July 2036. The interest rate on the agreement is 3.19%. The annual requirements of the lease-purchase agreement as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 27,604	\$ 133,032	\$ 160,636
2022	45,500	132,151	177,651
2023	64,739	130,700	195,439
2024	100,367	128,635	229,002
2025	123,461	125,433	248,894
2026 - 2030	948,772	553,512	1,502,284
2031 - 2035	1,824,042	352,444	2,176,486
2036 - 2037	1,035,788	50,350	1,086,138
Total	\$ 4,170,273	\$ 1,606,257	\$ 5,776,530

C. General Obligation Bonds

The outstanding general obligation bonded debt at June 30, 2020 is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 01, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Bonds Outstanding June 30, 2020</u>
8/1/2007	9/1/2031	4.00 - 6.87%	\$11,999,871	\$ 1,997,191	\$ 138,651	\$ -	\$ 2,135,842
6/3/2010	9/1/2045	6.47 - 6.75%	8,000,127	11,202,276	484,822	-	11,687,098
1/26/2016	9/1/2028	2.00 - 4.00%	8,705,000	7,955,000	-	525,000	7,430,000
5/23/2018	9/1/2048	3.25 - 5.00%	40,000,000	40,000,000	-	2,295,000	37,705,000
				\$ 61,154,467	\$ 623,473	\$ 2,820,000	\$ 58,957,940

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

Future payments on the 2007 bond at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026 - 2030	307,978	1,037,022	1,345,000
2031 - 2032	581,893	2,253,107	2,835,000
Accretion	1,245,971	(1,245,971)	-
Total	\$ 2,135,842	\$ 2,044,158	\$ 4,180,000

Future payments on the 2010 bond at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 283,800	\$ 283,800
2022	-	283,800	283,800
2023	-	283,800	283,800
2024	-	283,800	283,800
2025	-	283,800	283,800
2026 - 2030	-	1,419,000	1,419,000
2031 - 2035	883,650	5,520,350	6,404,000
2036 - 2040	3,471,227	7,798,473	11,269,700
2041 - 2045	2,200,000	72,600	2,272,600
2046	1,445,250	13,554,750	15,000,000
Accretion	3,686,971	(3,686,971)	-
Total	\$ 11,687,098	\$ 26,097,202	\$ 37,784,300

The current interest portion of the bonds qualify as “Build America” bonds. Federal subsidies are expected to pay for up to 35 percent of required bond interest payments.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

Future payments on the 2016 Refunding General Obligation Bonds at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 570,000	\$ 276,700	\$ 846,700
2022	625,000	258,775	883,775
2023	680,000	235,800	915,800
2024	740,000	207,400	947,400
2025	810,000	176,400	986,400
2026 - 2029	4,005,000	336,700	4,341,700
Total	\$ 7,430,000	\$ 1,491,775	\$ 8,921,775

In May 2018, the District issued \$40,000,000 in General Obligation bonds. The bonds were the first issuance under the District's Election of 2016. Future payments on the Election of 2016 bond at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,020,000	\$ 1,435,138	\$ 3,455,138
2022	65,000	1,383,013	1,448,013
2023	115,000	1,378,513	1,493,513
2024	165,000	1,371,513	1,536,513
2025	225,000	1,361,763	1,586,763
2026 - 2030	2,115,000	6,551,813	8,666,813
2031 - 2035	4,225,000	5,846,038	10,071,038
2036 - 2040	6,880,000	4,827,931	11,707,931
2041 - 2045	10,345,000	3,235,425	13,580,425
2046 - 2049	11,550,000	871,688	12,421,688
Total	\$ 37,705,000	\$ 28,262,835	\$ 65,967,835

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Capital Leases

The District has entered into agreements to lease various facilities and equipment that are reported as capital lease obligations. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Lease Payment</u>
2021	\$ 130,658
Total minimum lease payments	130,658
Less amount representing interest	(18,945)
Present value of minimum lease payments	<u>\$ 111,713</u>

E. Flex Lease

On May 10, 2007, the District's Educational Facilities Corporation entered into an assignment agreement in the amount of \$1,525,064 with an effective interest rate of 4.30 percent. Principal and interest payments are due each November 1 and May 1 through May 1, 2022. At June 30, 2020, future minimum payments were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 128,666	\$ 9,940	\$ 138,606
2022	134,316	4,347	138,663
Total	<u>\$ 262,982</u>	<u>\$ 14,287</u>	<u>\$ 277,269</u>

F. Other Postemployment Benefits

The District's beginning total OPEB liability was \$21,192,660 and increased by \$417,653 during the year ended June 30, 2020. The ending total OPEB liability at June 30, 2020 was \$21,610,313. See Note 10 for additional information regarding the total OPEB liability.

G. Net Pension Liability

The District's beginning net pension liability was \$80,861,647 and decreased by \$1,558,390 during the year ended June 30, 2020. The ending net pension liability at June 30, 2020 was \$79,303,257. See Note 11 for additional information regarding the net pension liability.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2020:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 5,500	\$ -	\$ -	\$ 1,990	\$ 7,490
Stores inventory	-	-	-	25,505	25,505
Total non-spendable	5,500	-	-	27,495	32,995
Restricted					
Educational programs	1,516,080	-	-	220,565	1,736,645
Capital projects	-	20,195,997	-	411,775	20,607,772
Debt service	-	-	6,227,451	715	6,228,166
Food service	-	-	-	6,231	6,231
Total restricted	1,516,080	20,195,997	6,227,451	639,286	28,578,814
Assigned					
LCAP	712,000	-	-	-	712,000
Deferred maintenance	6,879	-	-	-	6,879
Pupil transportation	158,767	-	-	-	158,767
Other assignments	105,656	-	-	-	105,656
Total assigned	983,302	-	-	-	983,302
Unassigned	8,127,409	-	-	-	8,127,409
Total Fund Balance	\$ 10,632,291	\$ 20,195,997	\$ 6,227,451	\$ 666,781	\$ 37,722,520

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Paso Robles Joint Unified School District’s defined benefit OPEB plan, Paso Robles Joint Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Certificated, Certificated Management, Classified Management and Confidential employees who have attained age 57 and have completed at least 15 years of service with the District are eligible to retire and receive District-paid medical and prescription drug coverage for retiree and dependents. Retirees hired on or after July 1, 2010 will be subject to the active employee cap, currently \$10,931 per year, frozen in the year of retirement. Retirees hired before July 1, 2010 and retiring after June 30, 2016 will be limited to the cost of Plan #2 specified in Attachment C of the PRPE contract. District-paid benefits end at 65.

Classified retirees follow the same rules as Certificated retirees, except that the active employee cap now applies to all retirees except those hired before March 11, 1997 and retiring before June 30, 2016. The cap is currently \$10,931 per year and is frozen in the year of retirement. Bus drivers are subject to a pro-rated cap based on their hours worked, and must pay for the cost of dependent coverage, if elected.

C. Contributions

For fiscal year 2019-2020, the District contributed \$2,390,818 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	104
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>601</u>
Total number of participants**	<u>705</u>

*Information not provided

**As of the July 1, 2018 valuation date

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Paso Robles Joint Unified School District’s total OPEB liability of \$21,610,313 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement date.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Salary increases	3.00%
Discount rate	2.45%
Healthcare cost trend rates	5.80%

Non-economic assumptions:

Mortality:

Pre-retirement	RP-2014 Employee Mortality Table
Post-retirement	RP-2014 Health Annuitant Mortality Table

The actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

The discount rate was based on a required blend between discount and municipal bond rates. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

G. Changes in Total OPEB Liability

	<u>June 30, 2020</u>
Total OPEB Liability	
Service cost	\$ 1,328,289
Interest on total OPEB liability	667,778
Changes of assumptions	812,404
Benefits payments	<u>(2,390,818)</u>
Net change in total OPEB liability	417,653
Total OPEB liability - beginning	<u>21,192,660</u>
Total OPEB liability - ending	<u>\$ 21,610,313</u>
Covered-employee payroll	\$ 44,363,242
District's total OPEB liability as a percentage of covered-employee payroll	48.71%

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Paso Robles Joint Unified School District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45 percent) or one percentage point higher (3.45 percent) than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(1.45%)	(2.45%)	(3.45%)
Total OPEB liability	\$ 22,851,707	\$ 21,610,313	\$ 20,425,119

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Paso Robles Joint Unified School District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.80 percent) or one percentage point higher (6.80 percent) than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend Rate	1% Increase
	(4.80%)	(5.80%)	(6.80%)
Total OPEB liability	\$ 19,714,729	\$ 21,610,313	\$ 23,773,532

J. OPEB Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2020, the Paso Robles Joint Unified School District recognized OPEB expense of \$2,160,283. At June 30, 2020, the Paso Robles Joint Unified School District reported deferred outflows of resources related to OPEB as follows:

	Deferred Outflows of Resources
Changes in assumptions	\$ 1,136,752
Total	\$ 1,136,752

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2021	\$ 164,216
2022	164,216
2023	164,216
2024	164,216
2025	164,216
Thereafter	315,672
Total	\$ 1,136,752

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 52,031,820	\$ 13,867,376	\$ 4,795,732	\$ 7,015,609
PERS Pension	27,271,437	6,926,856	1,014,394	5,460,233
Total	\$ 79,303,257	\$ 20,794,232	\$ 5,810,126	\$ 12,475,842

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. 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 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 2.0 percent of final compensation for each year 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 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. 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 percent of final compensation for each year 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 percent at age 65 or older.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2020, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2020 was 8.13% of annual payroll reduced to 17.10% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$4,959,373 for the year ended June 30, 2020.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$3,959,688 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$ 52,031,820
State's proportionate share of the net pension liability associated with the District	<u>28,387,060</u>
Total	<u>\$ 80,418,880</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. 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 school districts, actuarially determined. At June 30, 2019, the District’s proportion was 0.058 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2018.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$7,015,609. In addition, the District recognized pension expense and revenue of \$776,656 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,004,282
Differences between expected and actual experience	131,353	1,466,196
Changes in assumptions	6,580,888	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,195,762	1,325,254
District contributions subsequent to the measurement date	4,959,373	-
Total	<u>\$ 13,867,376</u>	<u>\$ 4,795,732</u>

The \$4,959,373 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 2,449,250	\$ 789,370
2022	2,449,248	2,180,845
2023	1,976,376	809,016
2024	1,945,524	260,964
2025	87,605	382,666
2026	-	372,871
Total	<u>\$ 8,908,003</u>	<u>\$ 4,795,732</u>

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 77,479,687	\$ 52,031,820	\$ 30,930,692

Pension Plan Fiduciary Net Position

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2020 was 20.733% of annual payroll reduced to 19.721% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$2,558,066 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$27,271,437 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. 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 school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.094 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2018.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$5,460,233. At June 30, 2020, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 252,948
Differences between expected and actual experience	1,981,001	-
Changes in assumptions	1,298,205	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,089,584	761,446
District contributions subsequent to the measurement date	2,558,066	-
Total	<u>\$ 6,926,856</u>	<u>\$ 1,014,394</u>

The \$2,558,066 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 2,690,890	\$ 512,255
2022	1,326,730	(236,175)
2023	319,246	160,732
2024	31,924	577,582
Total	<u>\$ 4,368,790</u>	<u>\$ 1,014,394</u>

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	\$ 39,309,983	\$ 27,271,437	\$ 17,284,631

Pension Plan Fiduciary Net Position

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

C. Construction Commitments

On October 8, 2019, the Board of Trustees approved and entered into an agreement with Wysong Construction for the Marie Bauer Early Childhood Center.

On January 25, 2020, the Board of Trustees approved and entered into an agreement with Newton Construction for the Glen Speck Academy of Arts.

On June 9, 2020, the Board of Trustees approved and entered into an agreement with Klassen Construction for HVAC and roofing at Butler Elementary and Peterson Elementary.

These are capital projects funded through Measure M.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in three joint ventures under joint powers authorities (JPAs), the Self Insured Schools of California III, the Schools Insurance Program for Employees, and the Self Insured Schools of California II. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2020, total deferred outflows related to pensions was \$20,794,232 and total deferred inflows related to pensions was \$5,810,126.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources can be found at Note 10. At June 30, 2020, total deferred outflows related to other postemployment benefits was \$1,136,752.

NOTE 15 – SUBSEQUENT EVENTS

In August 2020 the District issued \$30,000,000 of Election of 2016, Series B General Obligation Bonds. The bonds bear interest rates from 2.25% to 4.00% with maturities through August 1, 2045. The bonds were sold to repair, acquire, upgrade, equip and construct school classrooms and facilities and install new HVAC systems.

REQUIRED SUPPLEMENTARY INFORMATION

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 65,902,887	\$ 65,328,704	\$ 65,796,559	\$ 467,855
Federal sources	3,743,022	4,007,466	3,852,133	(155,333)
Other state sources	5,558,700	6,559,849	6,918,108	358,259
Other local sources	3,291,825	3,440,872	4,057,172	616,300
Total Revenues	78,496,434	79,336,891	80,623,972	1,287,081
EXPENDITURES				
Certificated salaries	31,535,426	31,167,958	30,174,088	993,870
Classified salaries	13,314,636	13,133,437	12,590,064	543,373
Employee benefits	22,485,751	21,877,373	20,559,977	1,317,396
Books and supplies	2,993,212	4,380,558	2,712,869	1,667,689
Services and other operating expenditures	6,621,896	8,716,614	6,843,175	1,873,439
Capital outlay	118,887	212,036	166,887	45,149
Other outgo				
Excluding transfers of indirect costs	1,100,000	1,100,000	1,236,955	(136,955)
Transfers of indirect costs	(25,538)	(25,538)	(25,225)	(313)
Total Expenditures	78,144,270	80,562,438	74,258,790	6,303,648
Excess (Deficiency) of Revenues Over Expenditures	352,164	(1,225,547)	6,365,182	7,590,729
Other Financing Sources (Uses)				
Transfers in	-	144	144	-
Transfers out	(349,546)	(350,129)	(225,834)	124,295
Net Financing Sources (Uses)	(349,546)	(349,985)	(225,690)	124,295
NET CHANGE IN FUND BALANCE	2,618	(1,575,532)	6,139,492	7,715,024
Fund Balance - Beginning	3,573,174	3,748,990	3,748,990	-
Fund Balance - Ending	\$ 3,575,792	\$ 2,173,458	\$ 9,888,482	\$ 7,715,024

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Pupil Transportation Fund, and Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Additional on-behalf payments of \$994,607 were included in revenues and expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- Medi-Cal Billing and MAA revenues of \$249,600 were reclassified from federal sources to local sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability			
Service cost	\$ 1,328,289	\$ 1,240,050	\$ 1,203,932
Interest on total OPEB liability	667,778	710,508	715,322
Changes of assumptions	812,404	553,706	-
Benefits payments	<u>(2,390,818)</u>	<u>(1,861,228)</u>	<u>(2,239,880)</u>
Net change in total OPEB liability	417,653	643,036	(320,626)
Total OPEB liability - beginning	<u>21,192,660</u>	<u>20,549,624</u>	<u>20,870,250</u>
Total OPEB liability - ending	<u>\$ 21,610,313</u>	<u>\$ 21,192,660</u>	<u>\$ 20,549,624</u>
Covered-employee payroll	\$ 44,363,242	\$ 44,313,729	\$ 47,115,900
District's total OPEB liability as a percentage of covered-employee payroll	48.71%	47.82%	43.62%

See accompanying note to required supplementary information.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.058%	0.059%	0.059%	0.057%	0.057%	0.052%
District's proportionate share of the net pension liability	\$ 52,031,820	\$ 54,680,918	\$ 54,298,189	\$ 46,221,373	\$ 38,266,246	\$ 30,558,899
State's proportionate share of the net pension liability associated with the District	28,387,060	31,307,537	32,122,611	26,313,003	20,238,626	18,452,783
Total	\$ 80,418,880	\$ 85,988,455	\$ 86,420,800	\$ 72,534,376	\$ 58,504,872	\$ 49,011,682
District's covered payroll	\$ 31,331,471	\$ 32,022,361	\$ 31,465,700	\$ 28,981,044	\$ 25,646,757	\$ 23,775,939
District's proportionate share of the net pension liability as a percentage of its covered payroll	166.1%	170.8%	172.6%	159.5%	149.2%	128.5%
Plan fiduciary net position as a percentage of the total pension liability	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.094%	0.098%	0.097%	0.097%	0.090%	0.089%
District's proportionate share of the net pension liability	\$ 27,271,437	\$ 26,180,729	\$ 23,184,632	\$ 19,171,151	\$ 13,224,095	\$ 10,087,174
District's covered payroll	\$ 12,982,258	\$ 12,960,792	\$ 12,338,616	\$ 11,681,877	\$ 9,936,479	\$ 9,366,623
District's proportionate share of the net pension liability as a percentage of its covered payroll	210.1%	202.0%	187.9%	164.1%	133.1%	107.7%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 4,959,373	\$ 5,045,331	\$ 4,553,822	\$ 3,958,385	\$ 3,109,666	\$ 2,277,432
Contributions in relation to the contractually required contribution*	(4,959,373)	(5,045,331)	(4,553,822)	(3,958,385)	(3,109,666)	(2,277,432)
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered payroll	\$ 29,628,400	\$ 31,331,471	\$ 32,022,361	\$ 31,465,700	\$ 28,981,044	\$ 25,646,757
Contributions as a percentage of covered payroll	16.74%	16.10%	14.22%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,558,066	\$ 2,334,251	\$ 2,008,883	\$ 1,713,587	\$ 1,383,952	\$ 1,169,623
Contributions in relation to the contractually required contribution*	(2,558,066)	(2,334,251)	(2,008,883)	(1,713,587)	(1,383,952)	(1,169,623)
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered payroll	\$ 12,980,560	\$ 12,982,258	\$ 12,960,792	\$ 12,338,616	\$ 11,681,877	\$ 9,936,479
Contributions as a percentage of covered payroll	19.71%	17.98%	15.50%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms.

Changes in Assumptions

The discount rate was changed from 3.13% to 2.45% since the previous measurement.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 1,100,000	\$ 1,236,955	\$ 136,955

SUPPLEMENTARY INFORMATION

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,325,453
Title I, Migrant Education	84.011	14838	144,991
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	164,469
Title III			
Title III, English Learner Student Program	84.365	14346	127,799
Title III, Immigrant Education Program	84.365	15146	111
Subtotal Title III			<u>127,910</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	50,003
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,548,435
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	89,165
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	68,180
Subtotal Special Education Cluster			<u>1,705,780</u>
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	59,717
Total U. S. Department of Education			<u><u>3,578,323</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	338,702
National School Lunch Program	10.555	13391	727,804
COVID-19 Emergency Acts Funding - Unanticipated School Closures	10.555	*	369,130
USDA Commodities	10.555	*	89,299
Meal Supplements	10.555	*	50,868
Subtotal Child Nutrition Cluster			<u>1,575,803</u>
Total U. S. Department of Agriculture			<u><u>1,575,803</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant	93.596	13609	35,229
Total U. S. Department of Health & Human Services			<u>35,229</u>
Total Federal Expenditures			<u><u>\$ 5,189,355</u></u>

* - Pass-Through Entity Identifying Number not available or not applicable

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2020**

	Second Period Report	Annual Report
	Certificate No. AD4EB297	Certificate No. F7F15BF4
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,883.33	1,883.33
Extended Year Special Education	0.70	0.70
Total TK/K through Third	1,884.03	1,884.03
Fourth through Sixth		
Regular ADA	1,373.80	1,373.80
Extended Year Special Education	0.46	0.46
Total Fourth through Sixth	1,374.26	1,374.26
Seventh through Eighth		
Regular ADA	997.76	997.76
Extended Year Special Education	0.19	0.19
Total Seventh through Eighth	997.95	997.95
Ninth through Twelfth		
Regular ADA	2,212.51	2,212.51
Extended Year Special Education	0.54	0.54
Special Education - Nonpublic Schools	2.31	2.31
Extended Year Special Education - Nonpublic Schools	0.33	0.33
Total Ninth through Twelfth	2,215.69	2,215.69
TOTAL SCHOOL DISTRICT	6,471.93	6,471.93

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2020**

Grade Level	Minutes Requirement	2019-20 Planned Instructional Minutes	2019-20 Planned Number of Days	2019-20 Actual Instructional Minutes	2019-20 Actual Number of Days	Instructional Minutes Closed due to COVID-19	Number of Days Certified Closed due to COVID-19*	Status
Kindergarten	36,000	53,040	180	37,820	129	15,220	51	Complied
Grade 1	50,400	53,040	180	37,820	129	15,220	51	Complied
Grade 2	50,400	53,040	180	37,820	129	15,220	51	Complied
Grade 3	50,400	53,040	180	37,820	129	15,220	51	Complied
Grade 4	54,000	55,740	180	39,735	129	16,005	51	Complied
Grade 5	54,000	55,740	180	39,735	129	16,005	51	Complied
Grade 6	54,000	59,664	180	42,536	129	17,128	51	Complied
Grade 7	54,000	59,664	180	42,536	129	17,128	51	Complied
Grade 8	54,000	59,664	180	42,536	129	17,128	51	Complied
Grade 9	64,800	66,062	180	47,441	129	18,621	51	Complied
Grade 10	64,800	66,062	180	47,441	129	18,621	51	Complied
Grade 11	64,800	66,062	180	47,441	129	18,621	51	Complied
Grade 12	64,800	66,062	180	47,441	129	18,621	51	Complied

*On January 19, 2021 the District certified that all schools were closed from March 16, 2020 to June 4, 2020 for a total of 51 instructional days due to COVID-19.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

	2021 (Budget)	2020	2019	2018
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 84,520,154	\$ 80,624,116	\$ 85,055,090	\$ 75,401,985
Expenditures And Other Financing Uses	83,565,379	74,484,624	82,106,185	78,274,815
Net change in Fund Balance	<u>\$ 954,775</u>	<u>\$ 6,139,492</u>	<u>\$ 2,948,905</u>	<u>\$ (2,872,830)</u>
Ending Fund Balance	<u>\$ 10,843,257</u>	<u>\$ 9,888,482</u>	<u>\$ 3,748,990</u>	<u>\$ 800,085</u>
Available Reserves*	<u>\$ 7,803,728</u>	<u>\$ 8,127,409</u>	<u>\$ 2,198,498</u>	<u>\$ 306,172</u>
Available Reserves As A Percentage Of Outgo	<u>9.34%</u>	<u>10.91%</u>	<u>2.68%</u>	<u>0.39%</u>
Long-term Liabilities	<u>\$ 164,151,898</u>	<u>\$ 167,170,835</u>	<u>\$ 170,950,613</u>	<u>\$ 167,892,064</u>
Average Daily Attendance At P-2	<u>6,469</u>	<u>6,472</u>	<u>6,474</u>	<u>6,483</u>

The General Fund ending fund balance has increased by \$9,088,397 over the past two years. The fiscal year 2020-21 budget projects a further increase of \$954,775. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2020-21 fiscal year. Total long-term obligations have decreased by \$721,229 over the past two years.

Average daily attendance has decreased by 11 ADA over the past two years. A decrease of 3 ADA is anticipated during the 2020-21 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Pupil Transportation Fund, and Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additional on-behalf payments of \$994,607 were included in revenues and expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Deferred Maintenance Fund	Pupil Transportation Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund
June 30, 2020, annual financial and budget report fund balance	\$ 9,888,482	\$ 6,879	\$ 158,767	\$ 578,163	\$ 20,283,284
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Understatement of accounts payable	-	-	-	-	(87,287)
Fund balance transfer (GASB 54)	743,809	(6,879)	(158,767)	(578,163)	-
Net adjustments and reclassifications	743,809	(6,879)	(158,767)	(578,163)	(87,287)
June 30, 2020, audited financial statement fund balance	\$ 10,632,291	\$ -	\$ -	\$ -	\$ 20,195,997

See accompanying note to supplementary information.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Tax Override Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 122,556	\$ 1,990	\$ 325,033	\$ 715	\$ 450,294
Accounts receivable	125,465	188,946	87,912	-	402,323
Stores inventory	-	25,505	-	-	25,505
Total Assets	\$ 248,021	\$ 216,441	\$ 412,945	\$ 715	\$ 878,122
LIABILITIES					
Deficit cash	\$ -	\$ 133,631	\$ -	\$ -	\$ 133,631
Accrued liabilities	5,932	49,084	1,170	-	56,186
Unearned revenue	21,524	-	-	-	21,524
Total Liabilities	27,456	182,715	1,170	-	211,341
FUND BALANCES					
Non-spendable	-	27,495	-	-	27,495
Restricted	220,565	6,231	411,775	715	639,286
Total Fund Balances	220,565	33,726	411,775	715	666,781
Total Liabilities and Fund Balance	\$ 248,021	\$ 216,441	\$ 412,945	\$ 715	\$ 878,122

See accompanying note to supplementary information.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Tax Override Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 35,229	\$ 1,575,803	\$ -	\$ -	\$ 1,611,032
Other state sources	128,423	119,041	-	-	247,464
Other local sources	403,051	426,309	616,273	14	1,445,647
Total Revenues	566,703	2,121,153	616,273	14	3,304,143
EXPENDITURES					
Current					
Instruction-related services					
Instructional supervision and administration	41,007	-	-	-	41,007
Pupil services					
Food services	-	2,131,863	-	-	2,131,863
General administration					
All other general administration	25,225	-	20,845	-	46,070
Plant services	25,021	200,172	-	-	225,193
Facilities acquisition and maintenance	-	6,092	(2,570)	-	3,522
Community services	537,448	-	-	-	537,448
Debt service					
Principal	-	-	245,964	-	245,964
Interest and other	-	-	167,625	-	167,625
Total Expenditures	628,701	2,338,127	431,864	-	3,398,692
Excess (Deficiency) of Revenues Over Expenditures	(61,998)	(216,974)	184,409	14	(94,549)
Other Financing Sources (Uses)					
Transfers in	-	224,252	-	-	224,252
Transfers out	(144)	-	-	-	(144)
Net Financing Sources (Uses)	(144)	224,252	-	-	224,108
NET CHANGE IN FUND BALANCE	(62,142)	7,278	184,409	14	129,559
Fund Balance - Beginning	282,707	26,448	227,366	701	537,222
Fund Balance - Ending	\$ 220,565	\$ 33,726	\$ 411,775	\$ 715	\$ 666,781

See accompanying note to supplementary information.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2020**

The Paso Robles Joint Unified School District was established in 1997 and consists of an area comprising approximately 650 square miles. The District operates six elementary schools, two middle schools, one high school, one continuation high school, one independent study high school, one independent study learning center, and an online school for grades 6-12. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Stephanie Ulibarri	President	2020
Chris Arend	Clerk	2022
Joel Peterson	Member	2020
Chris Bausch	Member	2020
Lance Gannon	Member	2022
Tim Gearhart	Member	2022
Joan Summers	Member	2020

DISTRICT ADMINISTRATORS

Dr. Curt Dubost
Superintendent

Jennifer Gaviola
Deputy Superintendent

Brad Pawlowski
Assistant Superintendent, Business Services

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2020 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2020.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 5,213,565
Title I, Migrant Education	84.011	(21,264)
Title III, Immigrant Education Program	84.365	<u>(2,946)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 5,189,355</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208.

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.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Governing Board
Paso Robles Joint Unified School District
Paso Robles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Paso Robles Joint Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Paso Robles Joint Unified School District's basic financial statements, and have issued our report thereon dated March 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Paso Robles Joint Unified School 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 Paso Robles Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Paso Robles Joint Unified School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Paso Robles Joint Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Christy White, Inc.

San Diego, California
March 19, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Paso Robles Joint Unified School District
Paso Robles, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Christy White, Inc.

San Diego, California
March 19, 2021

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Paso Robles Joint Unified School District
Paso Robles, California

Report on State Compliance

We have audited Paso Robles Joint Unified School District's compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of Paso Robles Joint Unified School District's state programs for the fiscal year ended June 30, 2020, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Paso Robles Joint Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Paso Robles Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Paso Robles Joint Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Paso Robles Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2020-001, #2020-002, #2020-003. Our opinion on state compliance is not modified with respect to these matters.

Paso Robles Joint Unified School District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Paso Robles Joint Unified School 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.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Paso Robles Joint Unified School District’s compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
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	Yes
After/Before School Education and Safety Program	Yes
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

(continued on next page)

Procedures Performed (continued)

Charter Schools

Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
March 19, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2020.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2020.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2020-001: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000)

Criteria: Education Code Section 8482.3 states that after school programs participating in the ASES program are required to submit student outcome data to the California Department of Education (CDE) which includes measurable student outcomes including attendance. As a result, ASES 2019-20 1st Half After School Base Attendance Report (covering the period of August to December 2019) was reviewed along with supporting documentation for each school site in order to determine whether the reported number of students served is supported by written records maintained.

Condition: Attendance reported for Bauer Speck and Virginia Peterson elementary schools did not reconcile to supporting excel attendance counts. Overall, students served is understated by 78 students served during the 1st Half Base Manage Grant reporting period.

Bauer Speck Elementary School

The attendance reported for Bauer Speck on the 1st Half Base Manage Grant attendance report submitted to the CDE was 5,900 while the supporting excel attendance count reported 5,976 students served. Attendance is understated by 76 students served.

Virginia Peterson Elementary School

The attendance reported for Virginia Peterson Elementary on the 1st Half Base Manage Grant attendance report was 6,263 while the supporting excel attendance count reported 6,265 students served. Attendance is understated by 2 students served.

Effect: Errors were made calculating number of students served at Bauer Speck and Virginia Peterson elementary schools. For the attendance report submitted to the CDE for the 1st Half: After School Base, the District reported a total number of 18,530 students. As a result of our audit procedures, the adjusted amount for the 1st Half: After School Base should be increased to a total of 18,608 students served.

Cause: Oversight of attendance information leading to reporting errors.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater.

Repeat Finding: Yes, this is a repeat finding. See Finding #2019-003.

Recommendation: We recommend that the District continue to provide oversight and training to staff responsible for reconciling attendance records including the importance of accurately reviewing attendance for discrepancies when comparing student early release forms. This will ensure that the records to support and compile ASES attendance reported to the CDE is accurate and can be relied upon for internal and external review.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2020-001: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000) (continued)

Corrective Action Plan: It was determined that there were mathematical errors in the conversion from Excel to Google Sheets. The District has developed procedures to investigate any discrepancies in this conversion going forward.

FINDING #2020-002 – UNDUPLICATED PUPIL COUNT (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) (who are not directly certified) on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Condition: 1 of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were designated as English Learner (“EL”) did not have proper documentation to support their EL designation.

Effect: The District is not in compliance with State requirements.

Cause: Clerical oversight.

Questioned Costs: To determine questioned costs, the error rate (1/60) was extrapolated over the entire impacted population, as the error rate related to EL determinations, only pupils eligible based on EL designation were considered. The total population of the area tested was 255. The extrapolated error rate disallowed an additional 3 students for a total of 4 students. The total questioned cost as calculated using the Unduplicated Pupil Count auditing finding template totaled \$2,241. See following page for calculation.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2020-002 – UNDUPLICATED PUPIL COUNT (40000) (continued)

Questioned Costs (continued):

1	Total Adjusted Enrollment from the UPP exhibit as of P-2	20,559
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	10,905
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	(4)
5	Revised Adjusted Enrollment	20,559
6	Revised Adjusted Unduplicated Pupil Count	10,901
7	UPP calculated as of P-2	0.5304
8	Revised UPP for audit finding	0.5302
10	Revised UPP adjusted for Concentration Cap	0.5302
11	Supplemental and Concentration Grant TK/K–3 ADA	1,885.88
12	Supplemental and Concentration Grant 4–6 ADA	1,377.93
13	Supplemental and Concentration Grant 7–8 ADA	1,000.60
14	Supplemental and Concentration Grant 9–12 ADA	2,215.93
15	Adjusted Base Grant per TK/K–3 ADA	\$8,503
16	Adjusted Base Grant per 4–6 ADA	\$7,818
17	Adjusted Base Grant per 7–8 ADA	\$8,050
18	Adjusted Base Grant per 9–12 ADA	\$9,572
19	Supplemental Grant Funding calculated as of P-2	\$5,948,329
20	Revised Supplemental Grant Funding for audit finding	\$5,946,088
21	Supplemental Grant Funding audit adjustment	(\$2,241)
22	Concentration Grant Funding calculated as of P-2	\$0
23	Revised Concentration Grant Funding for audit finding	\$0
24	Concentration Grant Funding audit adjustment	\$0
25	Total Supplemental and Concentration audit adjustment	(\$2,241)

Repeat Finding: Yes, this is a repeat finding. See Finding #2019-004.

Recommendation: We recommend that the District maintain properly documentation to support students designated as English Learner in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report.

Corrective Action Plan: A periodic review of the students reported in CALPADS will be shared with the district EL Coordinator to ensure all documentation has been completed for all students. Additionally, district staff will upload a monthly data file for all new English learners that enter the district to ensure they are entered into the student information management system.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2020-003: INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119(b), the governing board of a school district shall provide a 10 days' notice regarding the public hearing of sufficiency of instructional materials.

Condition: The District provided a three (3) day notice of the public hearing of sufficiency of instructional materials held on September 10, 2019.

Cause: Records from staff who left the District could not be located.

Effect: The District is not in compliance with California Education Code Section 60119(b).

Questioned Costs: Funding for this program has ended, thus there are no questioned costs related to instructional materials.

Repeat Finding: No.

Recommendation: We recommend a notice of public hearing regarding the sufficiency of instructional materials be posted a minimum of 10 days prior to the scheduled public hearing and at a minimum of three locations to ensure compliance. Additionally, we recommend maintaining evidence of such compliance for future audits.

Corrective Action Plan: Our Director of Curriculum and Instruction as well as his/her Program Assistant will plan to conduct the sufficiency of instructional materials assessment within the first five weeks of school. This timeline will ensure sufficient time for a ten-day posting (in three separate locations) prior to the scheduled public hearing date. The date of the notice of the public hearing will be noted in the abstract for this agenda item as well as the three locations of public posting. This process will provide the appropriate maintenance of evidence of compliance for future audits.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-001: RESERVE FOR ECONOMIC UNCERTAINTIES (30000)

Criteria: The criteria and standards for fiscal solvency codified in Title 5 of the *California Code of Regulations* states available reserves (the unrestricted amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund) for any of the current fiscal year or two subsequent fiscal years are not less than 3% for districts with 1,001 to 30,000 ADA.

Condition: The unaudited actuals show that the reserves for economic uncertainties are below the 3% minimum requirement for the 2018-19 fiscal year.

Cause: Lack of oversight in the District's budgeting process in past years.

Effect: The District is not in compliance with the State requirements of maintaining a 3% reserve for economic uncertainties.

Repeat Finding: Yes.

Recommendation: We recommend the District implement policies and procedures to ensure the budget and the minimum required reserves for economic uncertainties are monitored frequently.

Corrective Action Plan: The District continues to work closely with the San Luis Obispo County Office of Education (SLOCOE) who has assigned a Fiscal Advisor. The Fiscal Advisor works closely with the PRJUSD Superintendent and Business Division. The SLOCOE has also required a Fiscal Solvency Plan to be developed, which was completed in the fall of 2018, and approved by the Board of Trustees at its December 2018 meeting. In February 2019, the Board approved over \$2,100,000 in budget cuts for the 2019-20 fiscal year, which have been implemented. On December 10, 2019, the Board of Trustees again reduced expenditures valued at \$1,083,191 for the 2020-21 fiscal year. A Budget Advisory Committee continues to meet and provide input and advise the Superintendent and Cabinet for additional recommended reductions in the future.

As of the First Interim Financial Report, the District projects a budget for 19-20 fiscal year with an ending reserve of approximately 3.12%. After additional cuts, an ending balance for 20-21 fiscal year projects to be 2.82%. The Board of Trustees and Administration are committed to bringing the District back to fiscal stability and a minimum 3% reserve.

Current Status: Implemented.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-002: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

Condition: Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

Bauer Speck Elementary School

- Lack of documentation for donated books related to Scholastic book fair

Daniel Lewis Middle School

- 2 of 6 cash receipts did not have adequate supporting documentation to support cash collection
- Supporting documentation for 1 of 6 cash receipts did not trace accurately to amount deposited
- Check is written to “Cash” for cash-box startups

Paso Robles High School

- Lack of segregation of duties due to the ASB Bookkeeper being a signor on the account
- Although board-approved, an online fundraiser was held without any written policy put in place
- 1 of 10 cash disbursements did not have proper approval of a student representative

Effect: The potential for irregularities in accounting to go undetected.

Cause: Insufficient controls over student body activities.

Repeat Finding: Yes.

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections and proper reconciliation is being performed when issuing a check to a vendor. We recommend that all purchase requisitions have all required signatures on requisition forms prior to purchases of goods or services. The signatures of a site administrator, faculty advisor, and student representative must be obtained to authorize purchases. To ensure segregation of duties, we recommend removing the ASB Bookkeeper as an authorized signor on the ASB account. Additionally, all checks should be written to a specific payee and never to “Cash”. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented. We also recommend that a written policy be put into place for online fundraisers in order to ensure proper approval and procedures.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-002: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Corrective Action Plan:

Bauer Speck Elementary School

The District has taken steps to close the elementary school ASB accounts via Board of Trustees resolution.

Daniel Lewis Middle School

We will provide each clerk with a current copy of the Fiscal Crisis Management Assistance Team (FCMAT) ASB Desk Reference and review basic procedures with all employees responsible for each site's ASB funds and business functions.

Paso Robles High School

The District will review and implement cash disbursement best practices in the ASB Desk Reference and will remove the ASB bookkeeper as an authorized signer.

Current Status: Implemented.

FINDING #2019-003: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000)

Criteria: Education Code Section 8482.3 states that after school programs participating in the ASES program are required to submit student outcome data to the California Department of Education (CDE) which includes measurable student outcomes including attendance. As a result, ASES 2018-19 1st Half After School Base Attendance Report (covering the period of August to December 2018) was reviewed along with supporting documentation for each school site in order to determine whether the reported number of students served is supported by written records maintained.

Condition: Attendance reported for Virginia Peterson Elementary School did not reconcile to supporting excel attendance counts. The attendance reported for Virginia Peterson Elementary School on the 1st Half Base Grant Attendance Report submitted to the CDE was 5,559 while the supporting Excel attendance count showed 5,931 attendance days. In addition, 1 pupil each from Bauer Speck Elementary School and Winifred Pifer Elementary School did not have a signed early release form on file justifying their early departure.

Effect: Errors were made calculating number of students served at Virginia Peterson Elementary School. For the attendance report submitted to the CDE for the 1st Half: After School Base, the District reported a total number of 18,522 students. As a result, the adjusted amount for the 1st Half: After School Base should be increased to a total of 18,894 students served.

Cause: Oversight of attendance information leading to reporting errors.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-003: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000) (continued)

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend that the District continue to provide oversight and training to staff responsible for reconciling attendance records including the importance of accurately reviewing attendance for discrepancies when comparing student early release forms. This will ensure that the records to support and compile ASES attendance reported to the CDE is accurate and can be relied upon for internal and external review. Additionally, we recommend the District maintain signed early release forms for pupils who intend to leave the program early for approved reasons stated in the District's early release policy.

Corrective Action Plan:

Attendance finding - One week of Virginia Peterson's attendance totals were not inputted in the excel spreadsheet at the time the Semi Annual attendance was reported. The mistake was found and staff submitted the Revised Attendance Report to CDE on 9/18/19. The Program Coordinator and clerk check weekly totals using an Attendance Calculator to make sure attendance totals are always carried over.

Early Release - The staff communicates with all families regarding the early release policy the first week of school or when the family joins the program. We also have the information printed in the Parent Handbook and on the Early Release form which is at the sites and on the web site. The site leader turns in the early release forms weekly and the clerk inputs them in an excel worksheet. When attendance comes in weekly the clerk checks to make sure families who left early have an early release. If the family left early and did not have an early release the clerk communicates with the family and site leader to make sure there is an updated early release. The completed early release forms are kept at the site and at the ASES office.

Current Status: Not implemented, see Finding #2020-001.

FINDING #2019-004: UNDUPLICATED PUPIL COUNT (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) (who are not directly certified) on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Condition: 1 of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as FRPM was determined as 'paid' based on the household income information provided.

Effect: The District is not in compliance with State requirements.

Cause: Clerical oversight.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-004: UNDUPLICATED PUPIL COUNT (40000) (continued)

Questioned Costs: To determine questioned costs, the error rate (1/60) was extrapolated over the entire impacted population for all schools, as the error rate related to FRPM determinations, only pupils eligible based on FRPM designation were considered. The total population of the area tested was 677. The extrapolated error rate disallowed an additional 11 students for a total of 12 students. The total questioned cost as calculated using the Unduplicated Pupil Count auditing finding template totaled \$5,434.

UPP Audit Adjustment					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				20,493
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				10,774
3	Audit Adjustment - Number of Enrollment				
4	Audit Adjustment - Number of Unduplicated Pupil Count				(12)
5	Revised Adjusted Enrollment				20,493
6	Revised Adjusted Unduplicated Pupil Count				10,762
7	UPP calculated as of P-2				0.5257
8	Revised UPP for audit finding				0.5252
10	Revised UPP adjusted for Concentration Cap				0.5252
LCFF Target Supplemental Grant Funding Audit Adjustment		TK/K-3	4-6	7-8	9-12
9	Supplemental and Concentration Grant ADA	1,856.93	1,445.61	972.87	2,213.48
10	Adjusted Base Grant per ADA	\$8,235	\$7,571	\$7,796	\$9,269
11	Target Supplemental Grant Funding calculated as of P-2				\$5,713,074
12	Revised Target Supplemental Grant Funding for audit finding				\$5,707,640
13	Target Supplemental Grant Funding audit adjustment				(\$5,434)
LCFF Target Concentration Grant Funding Audit Adjustment					
14	Target Concentration Grant Funding calculated as of P-2				\$0
15	Revised Target Concentration Grant Funding for audit finding				\$0
16	Target Concentration Grant Funding audit adjustment				\$0
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target					
18	Total Target Supplemental and Concentration audit adjustment				(\$5,434)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap					
19	Statewide Gap Funding Rate as of P-2				1.0000000000
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				(\$5,434)

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-004: UNDUPLICATED PUPIL COUNT (40000) (continued)

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend that the District ensure that the students designated as FRPM in the CalPADS 1.18 Report be closely monitored and properly designated.

Corrective Action Plan: The District has received this finding for two consecutive years. This is due to turnover in both the Director of Food Services and the Student Information System Manager. As of this date, the district has filled both of these positions with permanent employees. These staff members will work together to cross reference applications and ensure they meet compliance with Education Code.

Current Status: Not implemented, see Finding #2020-002.