

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
REGULAR MEETING: THURSDAY, JANUARY 5, 2023**

Mission Statement

Pacific Grove Unified School District, in partnership with the community and with a focus on equity, will challenge every student by providing a quality instructional program in a positive, safe and stimulating environment. The District will meet the diverse needs of all students by ensuring exceptional learning opportunities to acquire and apply the knowledge and skills that develop the insight and character necessary for a productive and rewarding life.

DATE: January 5, 2023

TIME: 5:30 p.m. Closed Session
6:30 p.m. Open Session

LOCATION: IN PERSON
Pacific Grove Unified School District Office
435 Hillcrest Avenue
Pacific Grove, CA 93950

Trustees
*Carolyn Swanson, President
Jennifer McNary, Vice President
Dr. Elliott Hazen
Laura Ottmar
Brian Swanson
Rey Avila, Student Representative*

VIRTUAL ZOOM MEETING

Join Zoom Meeting

<https://pgusd.zoom.us/j/84835205562?pwd=akpQNTJyWlFZM0ZyemJhZ0R0Q1Z3UT09>

Meeting ID: 848 3520 5562

Passcode: 038331

One tap mobile +13017158592,,87820869443#,,, *585985# US (Washington DC)
+13092053325,,87820869443#,,, *585985# US

Dial by your location +1 301 715 8592 US (Washington DC) +1 309 205 3325 US

+1 312 626 6799 US (Chicago) +1 346 248 7799 US (Houston) +1 386 347 5053 US

+1 564 217 2000 US +1 646 931 3860 US +1 669 444 9171 US +1 669 900 6833 US

(San Jose) +1 719 359 4580 US +1 929 205 6099 US (New York) +1 253 215 8782 US

(Tacoma) Find your local number: <https://pgusd.zoom.us/j/84835205562?pwd=akpQNTJyWlFZM0ZyemJhZ0R0Q1Z3UT09>

The Board of Education welcomes you to its meetings, which are regularly scheduled for the first and third Thursdays of the month. Regular Board Meetings shall be adjourned by 10:00 pm, unless extended to a specific time determined by a majority of the Board. This meeting may be extended no more than once and may be adjourned to a later date. Individuals who require special accommodation, including but not limited to an American Sign Language interpreter, accessible seating or documentation in accessible formats, should contact the Superintendent at least two days before the meeting date.

Any writings or documents that are public records and are provided to a majority of the Governing Board regarding an open session item on this agenda will be made available for public inspection in the District Office located at 435 Hillcrest Avenue, Pacific Grove during normal business hours.

AGENDA AND ORDER OF BUSINESS

I. OPENING BUSINESS

A. Call to Order

B. Roll Call

C. Adoption of Agenda

- Board Questions/Comments:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
REGULAR MEETING: THURSDAY, JANUARY 5, 2023**

II. CLOSED SESSION

A. Identify Closed Session Topics

The Board of Education will meet in Closed Session to consider matters appropriate for Closed Session in accordance with Education and Government Code.

1. Negotiations - Collective Bargaining Session planning and preparation with the PGTA for 2021-22 and 2022-2023 [Government Code § 3549.1 (d)] Executive session between the public school employer and its designated representatives, Buck Roggeman, Joshua Jorn, and Ralph Gómez Porras, for the purpose of giving direction and updates.
2. Negotiations - Collective Bargaining Session planning and preparation with the CSEA for 2021-22 and 2022-2023 [Government Code § 3549.1 (d)] Executive session between the public school employer and its designated representatives, Billie Mankey, Joshua Jorn and Ralph Gómez Porras for the purpose of giving direction and updates.
3. Conference with Legal Counsel Regarding Pending Litigation.
Significant exposure to litigation pursuant to subdivision (d)(2) and/or (3) of Government Code section 54956.9: There is one potential case based on a letter received by our legal counsel dated August 27, 2022, regarding the status of CTE teachers.
4. Public Employee Discipline/Dismissal/Release/Complaint [Government Code § 54957]
5. Superintendent Goals review

B. Public comment on Closed Session Topics

C. Adjourn to Closed Session

III. RECONVENE IN OPEN SESSION

A. Report action taken in Closed Session:

1. Negotiations - Collective Bargaining Session planning and preparation with the PGTA for 2021-22 and 2022-2023 [Government Code § 3549.1 (d)]
2. Negotiations - Collective Bargaining Session planning and preparation with the CSEA for 2021-22 and 2022-2023 [Government Code § 3549.1 (d)]
3. Conference with Legal Counsel Regarding Pending Litigation.
Significant exposure to litigation pursuant to subdivision (d)(2) and/or (3) of Government Code section 54956.9: There is one potential case based on a letter received by our legal counsel dated August 27, 2022, regarding the status of CTE teachers.
4. Public Employee Discipline/Dismissal/Release/Complaint [Government Code § 54957]
5. Superintendent Goals review

B. Pledge of Allegiance

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
REGULAR MEETING: THURSDAY, JANUARY 5, 2023**

IV. COMMUNICATIONS

- A. Written Communication
- B. Board Member Comments
- C. Superintendent Report
- D. PGUSD Staff Comments (Non-Agenda Items)

V. INDIVIDUALS DESIRING TO ADDRESS THE BOARD

Public comment on any item of interest to the public that is within the Board's jurisdiction will be heard. The Board will also take public comment on each specific action item prior to Board action on each item. The Board will allow a reasonable amount of time for public comment on each agenda item not to exceed 3 minutes per speaker and no more than 20 minutes per agenda item, pursuant to Board Policy 9323. Speakers will be called sequentially until there is no speaker coming forward on the agenda item or the amount of time allocated for the agenda item has elapsed, whichever comes first. This meeting of the Board of Education is a business meeting of the Board, conducted in public. Please note that the Brown Act limits the Board's ability to respond to public comment. The Board may choose to direct items to the Administration for action or place an item on a future agenda.

VI. CONSENT AGENDA

*Items listed under the Consent Agenda are considered to be routine and/or may have been discussed at a previous Board meeting. **There is no discussion of these items prior to the Board vote unless a member of the Board requests specific items be discussed and/or removed from the Consent Agenda.** Each item on the Consent Agenda approved by the Board of Trustees shall be deemed to have been considered in full and adopted as recommended.*

- A. Certificated Assignment Order #9 7
Recommendation: (Billie Mankey, Director II of Human Resources) The District Administration recommends the Board review and approve the Certificated Assignment Order #9.
- B. Classified Assignment Order #9 9
Recommendation: (Billie Mankey, Director II of Human Resources) The District Administration recommends the Board review and approve the Classified Assignment Order #9.
- C. Acceptance of Donations 11
Recommendation: (Joshua Jorn, Assistant Superintendent for Business Services) The Administration recommends that the Board approve acceptance of donations referenced below.
- D. Cash Receipts No. #9 12
Recommendation: (Joshua Jorn, Assistant Superintendent for Business Services) As Assistant Superintendent for Business Services, I have reviewed the receipt and deposit of the identified Cash Receipts for consistency with District policies and procedures and certify that the actions have been appropriately conducted. I recommend Board approval of the Cash Receipts.
- E. Revolving Cash Report No. #2 14
Recommendation: (Joshua Jorn, Assistant Superintendent) As Assistant Superintendent for Business Services, I have reviewed the Revolving Cash payments for consistency with District budget policy and accounting practices and certify their consistency and recommend approval of the payments by the Board.

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
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- F. Contract for Services with Screenagers 16
Recommendation: (Sean Roach, Pacific Grove Middle School Principal) The District Administration recommends the Board review and approve the contract for services with Screenagers and Pacific Grove Middle School (PGMS).

- G. Measure D Project Reprioritization 22
Recommendation: (Jon Anderson, Director of Facilities and Transportation) The District Administration recommends that the Board review and approve the Measure D Reprioritization Plan for Series B.

- Board Comments/Questions:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

VII. ACTION/DISCUSSION

- A. 2021-2022 District Financial Audit Report and Measures D and A Financial & Performance Audit Report 31
Recommendation: (Joshua Jorn Assistant Superintendent for Business Services) The District Administration recommends that the Board review and accept the 2021-2022 Financial Audit report as presented.

- Board Comments/Questions:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

- B. District Update on Response to COVID-19 177
Recommendation: (Ralph Gómez Porras, Superintendent) The District Administration will update the Board, staff and community on current District response and protocols to COVID-19.

- Board Comments/Questions:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

- C. Review of Board Policy 9320 Regarding Board Meeting Schedule 178
Recommendation: (Ralph Gómez Porras, Superintendent) The Board directed Administration to bring a review of Board Policy 9320 regarding the Board meeting schedule, and in particular, the number of Board meetings per month and the months of the year in which they are conducted.

- Board Comments/Questions:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

- D. Board Calendar/Future Meetings 184
Recommendation: (Ralph Gómez Porras, Superintendent) The Administration recommends that the Board review and possibly modify meeting dates on the attached calendar and determine, given information from the Administration, whether additional Board dates or modifications need to be established.

- Board Comments/Questions:
- Public Comment:
- Move: _____ Second: _____ Vote: _____

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
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VIII. INFORMATION/DISCUSSION

- A. Managing California School Board Association Policy Updates 187
Recommendation: (Ralph Gómez Porras, Superintendent) The District Administration recommends the Board receive information regarding California School Board Association policy updates and provide direction to Administration.
- Board Questions/Comments:
 - Public Comment:
 - Direction: _____
- B. Review of Legal Fees for July 2022 through October 2022 188
Recommendation: (Joshua Jorn, Assistant Superintendent for Business Services) The District Administration recommends that the Board review legal fees expended from July 1, 2022 through October 31, 2022.
- Board Questions/Comments:
 - Public Comment:
 - Direction: _____
- C. Review of District Enrollment Projections for 2023-2024 190
Recommendation: (Joshua Jorn, Assistant Superintendent for Business Services) The Administration recommends that the Board review the attached Enrollment projections for 2023-2024.
- Board Questions/Comments:
 - Public Comment:
 - Direction: _____
- D. Annual California Uniform Public Construction Cost Accounting (CUPCCA) List of Prequalified Contractors 193
Recommendation: (Jon Anderson, Director of Facilities, Transportation and Grounds) The District Administration recommends that the Board review the attached Annual California Uniform Public Construction Cost Accounting (CUPCCA) List of Prequalified Contractors per Board Policy 3311.1.
- Board Questions/Comments:
 - Public Comment:
 - Direction: _____
- E. Board Discussion of California School Board Association Annual Education Conference and Trade Show 204
Recommendation: (Ralph Gómez Porras, Superintendent) The Board will share and reflect on their experience at the California School Board Association Annual Education Conference and Trade Show.
- Board Questions/Comments:
 - Public Comment:
 - Direction: _____

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
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F. Future Agenda Items

205

Recommendation: (Ralph Gómez Porras, Superintendent) The Administration recommends that the Board review the list of future agenda items and direct Administration to add items to the list and/or schedule items for a particular agenda.

- Added March 17, 2022: Board Self Evaluation (TBA)
- Added April 21, 2022: Discuss “PG Promise” of funding CTE certification process (TBA)
- Added May 19, 2022: Teacher of the Year Recognition (TBA)
- Added June 2, 2022: Discuss CSBA Sample School Safety Resolution
- Added June 16, 2022: Discuss proposal of skatepark in Pacific Grove (Feb 2023)
- Added October 6, 2022: Discuss housing on PGUSD property (TBA)
- Added November 17, 2022: California Healthy Kids Survey Presentation (TBA)
- Added November 17, 2022: Board agenda, format, discussion (Feb 2023)

- Board Questions/Comments:
- Public Comment:
- Direction: _____

IX. ADJOURNMENT

Next regular Board meeting: January 19, 2023

- ☒ Student Learning and Achievement
- ☒ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☐ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Certificated Assignment Order #9

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Billie Mankey, Director II, Human Resources

Page 1 of 2

RECOMMENDATION:

The District Administration recommends the Board review and approve the Certificated Assignment Order #9

BACKGROUND:

Under Board Policies #4200 and #4211, the Human Resource Office is directed by the Superintendent and the Board of Education to employ the most highly qualified person available for each position. Recruitment and selection procedures include dissemination of vacancy announcements to newspapers, trade journals, the internet through the Pacific Grove Unified School District website, Monterey County Office of Education website and other recruitment websites in California. The recommendation to hire a selected candidate is made after weighing the information obtained by the complete application package, the interview process, and confidential reference checks. No inquiry is made with regard to the age, sex, race, color, religion, national origin, disability or sexual orientation.

INFORMATION:

Persons listed in the Certificated Assignment Order are being recommended to the Board of Education for employment in the District. No individual is recommended to the Board of Education for employment prior to receipt of the criminal background summary.

FISCAL IMPACT:

Funding has been approved and allocated for these items.

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
CERTIFICATED PERSONNEL ASSIGNMENT ORDER NO. 9
January 5, 2023**

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ADDITIONAL TEMPORARY ASSIGNMENT:

Larry Haggquist, 2022-23 PAR (Peer Assistance and Review) Mentor, paid per special assignment timesheet, \$1,500 per semester for a total of \$3,000 annual

Jennifer Smallwood, FGE, Afterschool Homework Club, 30 min./3 days per week, per timesheet at the PGTA hourly instructional rate, effective October 24, 2022 through May 31, 2023 only

- ☒ Student Learning and Achievement
- ☒ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☐ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Classified Assignment Order #9

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Billie Mankey, Director II, Human Resources

Page 1 of 2

RECOMMENDATION:

The District Administration recommends the Board review and approve the Classified Assignment Order #9

BACKGROUND:

Under Board Policies #4200 and #4211, the Human Resource Office is directed by the Superintendent and the Board of Education to employ the most highly qualified person available for each position. Recruitment and selection procedures include dissemination of vacancy announcements to newspapers, trade journals, the internet through the Pacific Grove Unified School District website, Monterey County Office of Education website and other recruitment websites in California. The recommendation to hire a selected candidate is made after weighing the information obtained by the complete application package, the interview process, and confidential reference checks. No inquiry is made with regard to the age, sex, race, color, religion, national origin, disability or sexual orientation.

INFORMATION:

Persons listed in the Classified Assignment Order are being recommended to the Board of Education for employment in the District. No individual is recommended to the Board of Education for employment prior to receipt of the criminal background summary.

FISCAL IMPACT:

Funding has been approved and allocated for these items.

**PACIFIC GROVE UNIFIED SCHOOL DISTRICT
CLASSIFIED PERSONNEL ASSIGNMENT ORDER NO. 9
January 5, 2023**

Page 2 of 2

2022-23 AFTER SCHOOL ENRICHMENT PROGRAM

ASE Winter 2023 Session ~ 6 weeks

January 9 ~ March 6, 2023

Paid per timesheet at \$30 per hour

Instructor	Course	Total hours	Start	End	Classes per Session
Kari Galer	Golf (Monday at RD) Grade 5	6	January 9	March 6	6
David Peelo	Chess (Tuesday at RD) Grades 2 - 5	6	January 10	February 21	6
Alison Bogan	Yoga (Tuesday at RD) Grades 3 -5	6	January 10	February 21	6
Kari Galer	Gardening Club (Wednesday at RD) Grades 3 - 5	6	January 11	February 22	6
Edwin Marticorena	Spanish (Wednesday at FG) Grade 3	6	January 11	February 22	6
Jennifer Smallwood	Knitting (Thursday at FG) Grades 4 & 5	6	January 12	February 23	6

PROMOTIONAL ASSIGNMENT:

Carey O'Sullivan, from RDE Clerk III, Range 33, Step B, 6 hours/day, 190-day work calendar to Range 39, Step A, 8 hours/day, 10.75-month work calendar, effective upon successful recruitment of previous position. Prior cross training will occur per time sheet at the promotional rate starting the week of December 19th, 2022.

- ☒ Student Learning and Achievement
- ☐ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☒ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Acceptance of Donations

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn, Assistant Superintendent for Business Services

RECOMMENDATION:

The Administration recommends that the Board approve acceptance of donations referenced below.

INFORMATION:

During the past months the following donations were received:

Forest Grove Elementary School

None

Robert H. Down Elementary School

None

Pacific Grove Middle School

None

Pacific Grove High School

None

Pacific Grove Community High School

None

Pacific Grove Adult School /Lighthouse Preschool & Preschool Plus Co-op

None

Pacific Grove Unified School District

None

- ☐ Student Learning and Achievement
- ☐ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☒ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Cash Receipts Report No. #9

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn, Assistant Superintendent for Business Services

RECOMMENDATION:

As Assistant Superintendent for Business Services, I have reviewed the receipt and deposit of the identified Cash Receipts for consistency with District policies and procedures and certify that the actions have been appropriately conducted. I recommend Board approval of the Cash Receipts.

BACKGROUND:

The attached listing identifies Cash Receipts received by the District during the period of from December 5, 2022 to December 12, 2022.

INFORMATION:

The receipt and deposit of the identified funds were conducted consistent with District policies and procedures within the appropriate revenue accounts.

PGUSD 2022-23 BOARD REPORT # 9 Cash Receipts

December 5, 2022 - December 12, 2022

Date	Num	Name	Account	Amount
Dec 5 - 12, 22				
12/05/2022	21461	Robert Down Elementary	Birthday Books	20.00
12/05/2022	21462	STATE OF CALIFORNIA	CAFETERIA	114,778.81
12/05/2022	21463	RETIREE INSURANCE	RETIREE INSURANCE	88.24
12/05/2022	21464	RETIREE INSURANCE	RETIREE INSURANCE	2,478.76
12/05/2022	21465	PG PRIDE	WALK WITH PRIDE	2,472.00
12/06/2022	21466	Fran Castorina	INS PAYMENT	548.78
12/06/2022	21467	RETIREE INSURANCE	RETIREE INSURANCE	127.00
12/06/2022	21468	RETIREE INSURANCE	RETIREE INSURANCE	810.00
12/06/2022	21469	ADULT EDUCATION	ADULT EDUCATION	36,344.96
12/06/2022	21470	ADULT EDUCATION	ADULT EDUCATION	1,905.64
12/07/2022	21471	RETIREE INSURANCE	RETIREE INSURANCE	432.00
12/07/2022	21472	RETIREE INSURANCE	RETIREE INSURANCE	80.00
12/07/2022	21473	Robert Down Elementary	MISC	414.04
12/07/2022	21474	PGHS	MISC	105.00
12/07/2022	21475	Robert Down Elementary	DRAMA PERFORMANCE	110.00
12/07/2022	21476	American Fidelity	REIMBURSEMENT	1,650.00
12/08/2022	21477	RETIREE INSURANCE	RETIREE INSURANCE	72.00
12/08/2022	21478	MONTEREY BAY CHARTER SCH...	RENT	20,754.00
12/08/2022	21479	STATE OF CALIFORNIA	CAFETERIA	41,791.51
12/08/2022	21480	RETIREE INSURANCE	RETIREE INSURANCE	153.00
12/09/2022	21481	ADULT EDUCATION	ADULT EDUCATION	1,729.90
12/09/2022	21482	ADULT EDUCATION	ADULT EDUCATION	1,290.00
12/09/2022	21483	RETIREE INSURANCE	RETIREE INSURANCE	203.00
12/12/2022	21484	CAFETERIA	CAFETERIA	44.00
12/12/2022	21485	RETIREE INSURANCE	RETIREE INSURANCE	1,527.00
12/12/2022	21486	RETIREE INSURANCE	RETIREE INSURANCE	127.00
Dec 5 - 12, 22				<u>230,056.64</u>

- ☐ Student Learning and Achievement
- ☐ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☒ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Revolving Cash Report No. #2

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn, Assistant Superintendent for Business Services

RECOMMENDATION:

As Assistant Superintendent for Business Services, I have reviewed the Revolving Cash payments for consistency with District budget policy and accounting practices and certify their consistency and recommend approval of the payments by the Board.

BACKGROUND:

The attached listing identifies payments made from the Revolving Cash Fund during the period of November 8, 2022 to December 12, 2022.

INFORMATION:

Prior to the approval of the identified payments, appropriate District procedures were followed and authorizations obtained.

PGUSD
2022-23 BOARD REPORT # 2 REVOLVING CASH

November 8, 2022 - December 12, 2022

Date	Num	Name	Account	Amount
Nov 7 - Dec 12, 22				
11/15/2022		ANALYSIS CHARGE	BANK FEE	-344.22
11/30/2022		ANALYSIS CHARGE	BANK FEE	-348.84
				<hr/>
Nov 7 - Dec 12, 22				-693.06
				<hr/> <hr/>

- ☒ Student Learning and Achievement
- ☐ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☐ Fiscal Solvency, Accountability and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Contract for Services with Screenagers

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Sean Roach, Pacific Grove Middle School Principal

RECOMMENDATION:

The District Administration recommends the Board review and approve the contract for services with Screenagers and Pacific Grove Middle School (PGMS).

BACKGROUND:

Prior to the pandemic, PGMS along with Screenagers and Smart and Social founder, Josh Ochs, provided students and families important information on applications (both good and bad). Parents learned about applications that needed to be watch out for and methods for students to put their best self forward on social media. We intend to work with Josh Ochs again beginning in January 2023, and intend to conduct a fourth quarter assembly to view and discuss Screenagers.

INFORMATION:

PGMS has a quarterly school wide focus. Our 4th quarter focus this year is on Digital Citizenship, and the documentaries Screenagers, Next Chapter and Screenagers 3 will help support our goal of digital citizenship and safety. With a summer filled with technology, we feel that it is important to educate our students about some of the dangers as well as some of the amazing opportunities that technology provides.

FISCAL IMPACT:

The \$1,400 contract will be paid out of the PGMS CalHope Grant.

PACIFIC GROVE UNIFIED SCHOOL DISTRICT INDEPENDENT CONSULTANT AGREEMENT

CONSULTANT Screenagers

SITE/DEPARTMENT Pacific Grove Middle School (PGMS)

SUBMITTED BY Sean Roach

FUNDING SOURCE PGMS CalHope Grant

AGREEMENT TOTAL AMOUNT \$1,400

The District employee providing the attached Independent Consultant Agreement to the person or entity who will be providing special services to the District should first do the following:

1. Provide only the Pacific Grove Unified School District's approved Independent Consultant Agreement. The Independent Consultant Agreement should be completed in lieu of signing any vendor contract for services.
2. Review the insurance requirements for the person or entity and revise the insurance provisions of the agreement accordingly.
3. Review the forms under Section 20 and determine which of those documents should be attached to the agreement.

This Independent Consultant Agreement for Special Services ("Agreement") is made between the Pacific Grove Unified School District ("District") and Screenagers ("Consultant") (together, "Parties").

WHEREAS, the District is authorized by Section 53060 of the California Government Code to contract with and employ any persons for the furnishing of special services and advice in financial, economic, accounting, engineering, legal, transportation, administrative matters or other specialized services, if those persons are specially trained and experienced and competent to perform the special services required; and

WHEREAS, the District is in need of those services and/or advice; and

WHEREAS, the Consultant is specially trained and experienced and competent to perform the services required by the District, and those services are needed on a limited basis;

NOW, THEREFORE, the Parties agree as follows:

1. **Services and/Scope of work.** The Consultant shall furnish to the District the following services herein by this reference ("Services" or "Work"): Consultant shall serve as a N/A. Consultant shall use their specialized experience and skills to organize, maintain to serve in this capacity. Services shall include but not be limited to: Movie License.
2. **Term.** Consultant shall commence providing services under this Agreement on 1/5/2023, and will diligently perform as required and complete performance by 1/5/2023.
3. **Compensation.** District agrees to pay \$1,400 to Consultant for Services satisfactorily rendered pursuant to this Agreement. This is not to exceed \$1,400 during the term of this Agreement. District shall pay Consultant according to the following terms and conditions:
 - 3.1. Payment for the Services shall be made for all undisputed amounts in installment payments within thirty (30) days after the Consultant submits an invoice to the District for Services actually completed.

4. **Expenses.** District shall not be liable to Consultant for any costs or expenses paid or incurred by Consultant in performing Services for District.
5. **Independent Consultant.** Consultant, in the performance of this Agreement, shall be and act as an Independent Consultant. Consultant understands and agrees that he/she shall not be considered an officer, employee, agent, partner, or joint venture of the District, and is not entitled to benefits of any kind or nature normally provided employees of the District and/or to which District's employees are normally entitled, including, but not limited to, State Unemployment Compensation or Worker's Compensation. Consultant shall assume full responsibility for payment of all federal, state and local taxes or contributions, including unemployment insurance, Social Security and income taxes with respect to Consultant. In the performance of the Services herein contemplated, Consultant is an independent Consultant or business entity, with the sole authority for controlling and directing the performance of the details of the Services, District being interested only in the results obtained.
6. **Performance of Services.**
 - 6.1. **Standard of Care.** Consultant represents that Consultant has the qualifications and ability to perform the Services in a professional manner, without the advice, control or supervision of the District. Consultant's Services will be performed, findings obtained, reports and recommendations prepared in accordance with generally and currently accepted principles and practices of his/her profession for services to California school districts.
 - 6.2. **District Approval.** The Services completed herein must meet the approval of the District and shall be subject to the District's general right of inspection and supervision to secure the satisfactory completion thereof.
 - 6.3. **Licenses.** Consultant's represents that s/he possesses all required licenses to perform the Services provided in this Agreement.
7. **Termination.**
 - 7.1. **Without Cause by District.** District may, at any time, with or without reason, terminate this Agreement and compensate Consultant only for services satisfactorily rendered to the date of termination. Written notice by District shall be sufficient to stop further performance of services by Consultant. Notice shall be deemed given when received by the Consultant or no later than three days after the day of mailing, whichever is sooner.
 - 7.2. **Without Cause by Consultant.** Consultant may, upon thirty (30) days' notice, with or without reason, terminate this Agreement. Upon this termination, District shall only be obligated to compensate Consultant for services satisfactorily rendered to the date of termination. Written notice by Consultant shall be sufficient to stop further performance of services to District. Consultant acknowledges that this thirty (30) day notice period is acceptable so that the District can attempt to procure the Services from another source.
 - 7.3. **With Cause by District.** District may terminate this Agreement upon giving of written notice of intention to terminate for cause. Cause shall include:
 - 7.3.1. Material violation of this Agreement by the Consultant; or
 - 7.3.2. Any act by Consultant exposing the District to liability to others for personal injury or property damage.

Written notice by District shall contain the reasons for such intention to terminate and unless within three (3) calendar days after that notice the condition or violation shall cease, or satisfactory arrangements for the correction thereof be made, this Agreement shall upon the expiration of the three (3) calendar days cease and terminate. In the event of this termination, the District may secure the required services from another Consultant. If the expense, fees, and/or costs to the District exceeds the cost of providing the services pursuant to this Agreement, the Consultant shall immediately pay the excess expense, fees, and/or costs to the District upon the receipt of the

District's notice of these expense, fees, and/or costs. The foregoing provisions are in addition to and not a limitation of any other rights or remedies available to District.

8. **Compliance.** Consultant shall, at all times while providing the Services, comply with all federal, state, local and District laws, statutes, codes, ordinances, rules, regulations, policies, and requirements, as well as all state executive orders and all public health orders regarding student health and safety, including but not limited to, policies and procedures related to social distancing, the use of personal protective equipment ("PPE") such as face coverings and gloves, and the sanitization of facilities to help prevent the spread of COVID-19 and other contagious diseases.
9. **District's Evaluation of Consultant.** The District may evaluate the Consultant's performance. In no event shall an evaluation of Consultant be considered a prerequisite to the District exercising its rights under paragraph 7 above.
10. **Limitation of District Liability.** Other than as provided in this Agreement, District's financial obligations under this Agreement shall be limited to the payment of the compensation provided in this Agreement. Notwithstanding any other provision of this Agreement, in no event shall District be liable to Consultant, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits or revenue, arising out of or in connection with this Agreement for the services performed in connection with this Agreement.
11. **Indemnity.** Consultant shall defend, indemnify, and hold harmless District and its agents, representatives, officers, consultants, employees, Board of Trustees, members of the Board of Trustees (collectively, the "District Parties"), from and against any and all claims, demands, liabilities, damages, losses, suits and actions, and expenses (including, but not limited to attorney fees and costs including fees of consultants) of any kind, nature and description (collectively, the "Claims") directly or indirectly arising out of, connected with, or resulting from any act, error, omission, negligence, or willful misconduct of Consultant, its agents, subcontractors, employees, material or equipment suppliers, invitees, or licensees (collectively, the "Consultant Parties") in the performance of or failure to perform Consultant's or Consultant Parties' obligations under this Agreement, including, but not limited to Consultant's or Consultant Parties' use of District sites, performance of the Services, breach of any of the representations or warranties contained in this Agreement, or for injury to or death of persons or damage to property or delay or damage to the District or the District Parties. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity, which would otherwise exist as to a party, person, or entity described in this paragraph. The indemnification provided for in this Section includes, without limitation to the foregoing, claims that may be made against District by any taxing authority asserting that an employer-employee relationship exists by reason of this Agreement, and any claims made against District alleging civil rights violations by Consultant or Consultant Parties under the California Fair Employment and Housing Act ("FEHA").
12. **Confidentiality.** The Consultant and all Consultant's agents, personnel, employee(s), and/or Sub-consultant(s) shall maintain the confidentiality of all information received in the course of performing the Services. This requirement to maintain confidentiality shall extend beyond the termination of this Agreement.
13. **Notice.** Any notice required or permitted to be given under this Agreement shall be deemed to have been given, served, and received if given in writing and either personally delivered or deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service, or facsimile transmission, addressed as follows:

District

Consultant

Pacific Grove Unified School District
435 Hillcrest Avenue
Pacific Grove, CA 93950
ATTENTION: Joshua Jorn
Assistant Superintendent/CBO

Name: Screenagers
Address: 121 San Anselmo Ave
City/State/Zip: San Anselmo, Ca 94979
Business Phone: 415-450-9885
Email (Optional): www.screenagersmovie.com

Any notice personally given or sent by facsimile transmission shall be effective upon receipt. Any notice sent by overnight delivery service shall be effective the business day next following delivery thereof to the overnight delivery service. Any notice given by mail shall be effective three (3) days after deposit in the United States mail.

14. **Integration/Entire Agreement of Parties.** This Agreement constitutes the entire agreement between the Parties and supersedes all prior discussions, negotiations, and agreements, whether oral or written. This Agreement may be amended or modified only by a written instrument executed by both Parties.
15. **California Law.** This Agreement shall be governed by and the rights, duties and obligations of the Parties shall be determined and enforced in accordance with the laws of the State of California. The Parties further agree that any action or proceeding brought to enforce the terms and conditions of this Agreement shall be maintained in Monterey County, California.
16. **Waiver.** The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.
17. **Severability.** If any term, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect, and shall not be affected, impaired or invalidated in any way.
18. **Attorney Fees/Costs.** Should litigation be necessary to enforce any terms or provisions of this Agreement, then each party shall bear its own litigation and collection expenses, witness fees, court costs and attorney's fees.
19. **Counterparts.** This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document.
20. **Incorporation of Recitals and Exhibits.** The Recitals and each exhibit attached hereto are hereby incorporated herein by reference.
21. **Non-Assignability.** Consultant may not, without the written permission of the District, use other consultants within Consultant's own firm, or outside experts to perform the services for the District.
22. **Fingerprinting.** When the Consultant is working directly with students, the Consultant shall not commence Services under this Agreement until the Consultant has submitted and the District has approved the following document:
 - ☐ DOJ Clearance Previously Received
 - ☐ Fingerprinting/Criminal Background Check-Consultant himself/herself
 - ☐ Fingerprinting done by the organization independently (declare under perjury)- Consultant's Employee(s)
 - ☒ N/A (no direct contact with students)
23. **W-9.** Consultant has provided a completed:
 - ☒ W-9 Form

24. Type of Business Entity:

- ☒ Corporation, State
- ☐ Individual
- ☐ Partnership
- ☐ Limited Liability Company
- ☐ Sole Proprietorship
- ☐ Limited Partnership
- ☐ Other: _____

**Federal Code of Regulations sections 6041 and 6209 require non-corporate recipients of \$600.00 or more to furnish their taxpayer identification number to the payer. The regulations also provide that a penalty may be imposed for failure to furnish the taxpayer identification number. In order to comply with these regulations, the District requires your federal tax identification number or Social Security number, whichever is applicable.*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date indicated below.

Pacific Grove Unified School District

Site representative or Assistant Superintendent
(Signed AFTER Board approval)

Consultant

(Can sign BEFORE Board's approval)

Signature: _____

Name: Sean Roach

Title: Pacific Grove Middle School Principal

Date: _____ 12/13/2023 _____

Signature: _____

Name: _____

Date: _____

Human Resources

(Signed AFTER Board approval)

☐ Contracted work was not assigned using District's normal employment recruitment process.

Signature _____ Date _____

Director of Human Resources

- ☐ Student Learning and Achievement
- ☒ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☒ Fiscal Solvency, Accountability, and Integrity

- ☒ Consent
- ☐ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Measure D Project Reprioritization

DATE: December 15, 2022

PERSON(S) RESPONSIBLE: Jon Anderson, Director of Facilities and Transportation

RECOMMENDATION:

The District Administration recommends that the Board review and approve the Measure D Reprioritization Plan for Series B.

BACKGROUND:

The Director of Maintenance, Operations, and Transportation has reviewed the scope of work associated with Measure D projects, Series B and is proposing that the board to consider making building envelope projects a priority. There are several buildings with significant wood rot and compromised roof systems within the District. Further delays could result in additional unforeseen costs.

A sound building envelope is critical to prevent water intrusion and associated damages that may result from a compromised building envelope.

INFORMATION:

Measure D Reprioritization Plan as presented

FISCAL IMPACT:

Deficits from cost overruns in Measure D, Series A will be covered by surplus as presented in Measure D, Series B

Presentation Brief:

A short presentation will be made to provide important details surround the proposed projects.

MEASURE D REPRIORITIZATION PLAN					
BOARD APPROVED 2022 - 2023 SERIES B			REPRIORITIZED 2022 - 2023 SERIES B		
SITE	PROJECT	COST	SITE	PROJECT	COST
ROBERT DOWN	HVAC (Reduced Scope)	\$281,750	ROBERT DOWN	Library HVAC Energy Recovery Ventilation	\$60,000
	Intercom and Bell System (Complete)	\$75,000		Roof Coating C1-C3 (Moved from Series C)	\$22,000
	Slurry Seal and Stripe (Postpone)	\$66,700		Roof & Gutter Replacement Main Building (Moved from Series C)	\$555,000
	Ottertorium Modernization	\$100,000		Ottertorium Modernization	\$100,000
RHD TOTALS		\$523,450	RHD TOTALS	VCT Flooring Replacement (From Series A)	\$90,000
					\$827,000
SITE	PROJECT	COST	SITE	PROJECT	COST
FOREST GROVE			FOREST GROVE	Roof & Gutter Replacement Wings A, G & K1-K2 (Moved from Series C)	\$500,000
	Exterior Painting (Reduced Scope)	\$201,250		Exterior Painting A, G & K1-K2	\$201,250
	Playground Slurry Seal & Stripe	\$112,700		Playground Slurry Seal & Stripe	\$112,700
	Playground Structures	\$25,000		Playground Structures (Swingset)	\$25,000
FGE TOTALS		\$338,950	FGE TOTALS		\$838,950
SITE	PROJECT	COST	SITE	PROJECT	COST
PG MIDDLE SCHOOL	Flooring (Postpone)	\$300,000	PG MIDDLE SCHOOL	PAC Stage & Production Improvements (From Series A)	\$100,000
				Wood Shop Gutter (From Series A)	\$15,800
PGMS TOTALS		\$300,000	PGMS TOTALS		\$115,800
SITE	PROJECT	COST	SITE	PROJECT	COST
PG HIGH SCHOOL	Exterior Painting (Reduced Scope)	\$264,500	PG HIGH SCHOOL	Exterior Painting A-F, I & Multipurpose Only	\$264,500
	JV & Varsity Backstop & Bleachers (Partially Complete)	\$172,500		JV & Varsity Backstop & Bleachers (Complete remaining scope)	\$115,000
	O-Wing Portables (postpone)	\$1,625,000		Band Room Flooring (Series D)	\$95,000
	Roofing & Gutters (Reduced Scope)	\$1,750,000		Roofing & Gutters A-F, I & Multipurpose Only	\$1,300,000
	Electrical Room Ground Water Sealing (Postpone)	\$75,000			
	Library Basement Ground Water Sealing (Postpone)	\$75,000			
PGHS TOTALS		\$3,962,000	PGHS TOTALS		\$1,774,500
SITE	PROJECT	COST	SITE	PROJECT	COST
DAVID AVE SCHOOL	Playground Slurry Seal & Stripe	\$56,350	DAVID AVE SCHOOL	Playground Slurry Seal & Stripe	\$56,350
RHD TOTALS		\$56,350	RHD TOTALS		\$56,350
SITE	PROJECT	COST	SITE	PROJECT	COST
DISTRICT OFFICE	Bond Admin Assistant FTE	\$100,000	DISTRICT OFFICE	Bond Admin Assistant FTE	\$125,000
	Exterior Painting (Reduced Scope)	\$46,000		Exterior Pressure Washing & Paint Metal Only	\$10,000
DO TOTALS		\$146,000	DO TOTALS		\$135,000
SITE	PROJECT	COST	SITE	PROJECT	COST
ALL SITES	Emergency Repair		ALL SITES	Emergency Repair	
	Contingency	\$150,000		Contingency	\$150,000
	Technology Infrastructure & Wiring	\$50,000		Technology Infrastructure & Wiring	\$50,000
	In-House Maintenance Projects	\$75,000		In-House Maintenance Projects	\$75,000
	Student Restroom Partition Repairs	\$50,000		Student Restroom Partition Repairs	\$50,000
ALL SITES TOTALS		\$325,000	ALL SITES TOTALS	Architect and Inspection Fees	\$400,000
					\$725,000
BOND FEES		\$220,000	BOND FEES		\$220,000
MEASURE D, SERIES B TOTALS BOARD APPROVED		\$5,871,750	MEASURED, SERIES B TOTALS REPRIORITIZED		\$4,692,600
SURPLUS/DEFICIT		\$0	SURPLUS/DEFICIT		\$1,179,150

Measure D Reprioritization

PROCEEDING WITH PURPOSE

Building Envelope

- ▶ The building envelope consists of those parts of a structure which separate the outdoor environment from the indoor environment.
- ▶ Roof, Doors, Windows, Wall Assemblies and Foundation/Flooring
- ▶ Most importantly the building envelope
 - ▶ Controls water and water vapor
 - ▶ Controls airflow
 - ▶ Severs to insulate



Forest Grove Elementary



Current Plan

- ▶ Exterior Painting \$201,250
- ▶ Playground Slurry & Stripe \$112,700
- ▶ Playground Structure \$25,000

Total \$338,950

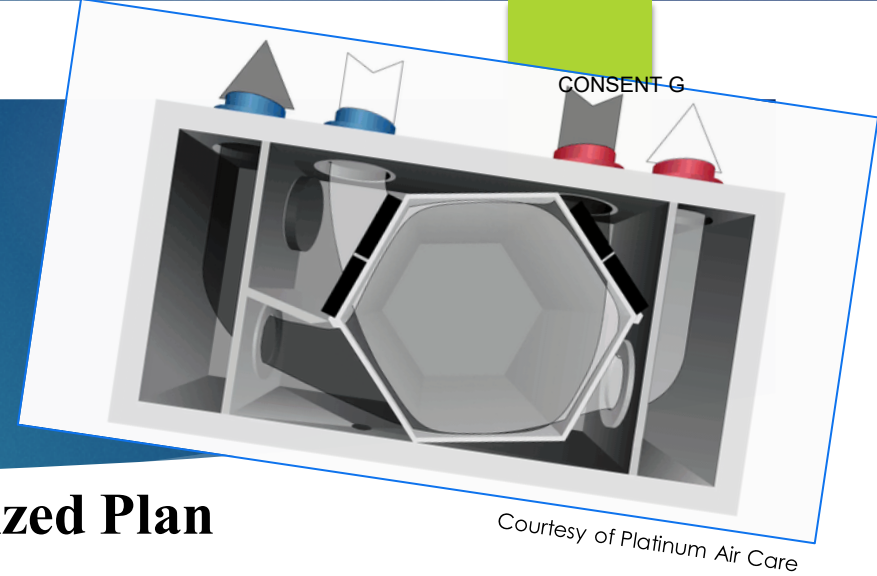


Reprioritized Plan

- Roof & Gutter A, G & K1, K2 \$500,00
- Exterior Painting \$201,250
- Playground Slurry & Stripe \$112,700
- Playground Structure \$25,000 (Swing Set)

Total \$838,950

Robert H. Down



Current Plan

- ▶ HVAC \$281,750 (Reduce Scope)
- ▶ Intercom & Bell System \$75,000 (Complete)
- ▶ Playground Slurry & Stripe \$66,700 (Postpone)
- ▶ Ottertorium Modernization \$100,000

Total \$523,450



Reprioritized Plan

- ▶ HVAC \$60,000 (Library Heat Recovery Ventilation)
- ▶ Roof Coating C1-C3 \$22,000 (Moved from Series C)
- ▶ Roof & Gutter Main Building \$555,000 (Moved from Series C)
- ▶ Ottertorium Modernization \$100,000
- ▶ VCT Flooring (From Series A) \$90,000

Total \$827,000

Pacific Grove Middle School



Current Plan

- Flooring \$300,000
(Postpone)

Total \$300,000

Reprioritized Plan

- PAC Stage \$100,000 (From Series A)
- Wood Shop Gutter \$15,800 (From Series A)

Total \$115,800



Pacific Grove High School

Current Plan

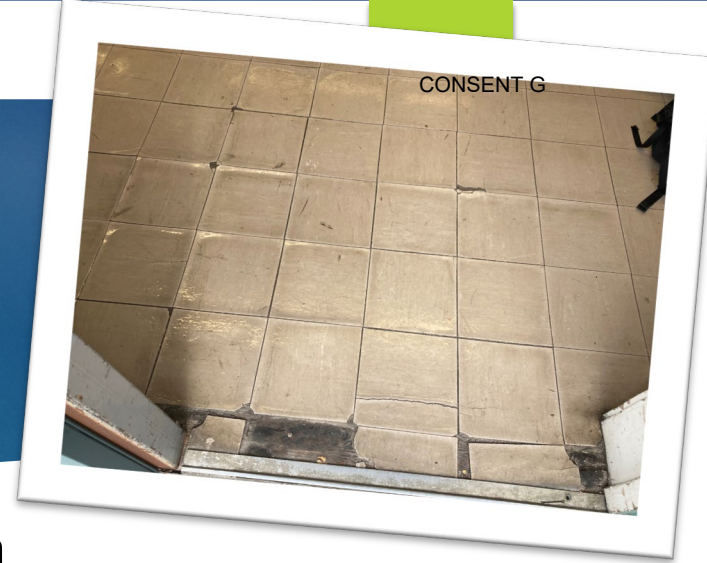
- ▶ Exterior painting \$264,500(Reduce Scope)
- ▶ JV & Varsity Backstop & Bleachers \$172,500 (Partially Complete)
- ▶ O-Wing Portables \$1,625,000 (Postpone)
- ▶ Electrical Room Ground Water Sealing \$75,000 (Postpone)
- ▶ Library Basement Ground Water Sealing \$75,000 (Postpone)
- ▶ Roof & Gutter \$1,750,000

Total \$3,962,000

PGUSD



Regular Meeting of January 5, 2023



Reprioritized Plan

- Exterior painting \$264,500(Reduce Scope)
- JV & Varsity Backstop & Bleachers \$115,000 (Complete remaining Scope)
- Band Room Flooring \$95,000 (Moved From Series D)
- Roof & Gutter A-F, I & Multipurpose Only \$1,300,000

Total \$1,774,500

District Office

Current Plan

- ▶ Exterior painting
\$100,00(Reduced
Scope)

Total \$100,000



Reprioritized Plan

- ▶ Exterior painting
\$10,00(Power wash
& paint metal only)

Total \$10,000

- ☐ Student Learning and Achievement
☐ Health and Safety of Students and Schools
☒ Credibility and Communication
☒ Fiscal Solvency, Accountability and Integrity

- ☐ Consent
☒ Action/Discussion
☐ Information/Discussion
☐ Public Hearing

SUBJECT: 2021-2022 District Financial Audit Report and Measures D and A Financial & Performance Audit Report

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn Assistant Superintendent for Business Services

RECOMMENDATION:

The District Administration recommends that the Board review and accept the 2021-2022 Financial Audit report as presented.

BACKGROUND:

Under state law, each public school district is required to have an annual audit performed by an independent audit firm. Results of the audit are presented to the Board for acceptance and submission to the County Office of Education and the California State Controller Office for review.

INFORMATION:

The District's audit was performed by Eide Bailly LLP. Electronic copies have been distributed to the Board members and are available to the public upon request, or the report can be viewed on the District website. A representative from the audit firm will present the 2021-2022 final audit at the Board meeting.

Attached are the following reports:

1. 2021-2022 Financial Audit

- a. Auditor's Opinion (page 2) – The most important part of the audit report is the auditor's opinion of the District's financial statements. In the second paragraph of page 2, the Auditor issues an unqualified opinion where the auditor states,

“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pacific Grove Unified School District, as of June 30, 2022....”

An **unqualified option** is the cleanest opinion an auditor can express, and means that the auditors found nothing in the District financial statements that was a “material error/finding”.

The same opinion is stated on page 99 under the “Summary of Auditor’s Results” which states “***unmodified***” for the Financial Statements, Federal Awards, and State Compliance.

- b. Federal Awards and Questioned Cost findings (page 102) - None reported
- c. Summary Schedule of Prior Year Audit Findings (page 105) - None reported

2. Financial Statement Findings (pages 100-101)

Misstatement of fair market value of District Cash in County Bond, Interest and Redemption Fund which resulted in a ***net decrease of \$151,741*** in the Districts investments in accounts.

The Monterey County Office of Education and County Treasury released an incorrect apportionment to the District and thereby caused interest and fair market value errors. The District will update year end closing tasks to include the adjustment of fair market value.

3. State Compliance Findings and Questioned Costs (pages 103-104)

10000 - Attendance Accounting: During the audit it was determined that Pacific Grove High School attendance reporting was not being printed and reconciled, and therefore the District had missing daily attendance reports.

The District will discuss the procedures with site staff and verify the daily attendance reports are being completed and reconciled to follow District procedures.

10000- Attendance Accounting and Reporting: The District's Annual Period Report of Attendance was determined to have miscalculated Special Day Class ADA all grade levels.

District will revise the ADA at P-2 Annual and has already worked with CDE on the error.

4. 2021-2022 Measures A and D Financial and Performance Audit

- a. An ***unqualified opinion*** has been issued, just like the District Financial Audit, on the Measures A and D Financial and Performance Audits. It is the cleanest opinion an auditor can express where the auditor found that, on page 2,

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measures A and D) of Pacific Grove Unified School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.”

- b. Schedule of Findings and Questioned Costs (page 19)– None reported

- d. Summary of Schedule of Prior Audit Findings (page 20) – None reported

Page 18 of the Independent Auditor's Report on Performance concludes with,

"The results of our tests indicated that, in all significant respects, the Pacific Grove Unified School District has properly accounted for the expenditures held in the Building Fund (Measures A and D) and that such expenditures were made for authorized Bond projects."

5. Communication with Governance Letter relating to the District's Financial Audit

It explains Eide Bailly's responsibility in relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and their Compliance Audit under the Uniform Guidance.

6. Communication with Governance Letter relating to the District's Bond Audit

It explains Eide Bailly's responsibility in relation to the Financial Statement Audit of the District's Building Fund (Measures A & D) under Generally Accepted Auditing Standards and Government Auditing Standards and the Performance Audit under Government Auditing Standards.

FISCAL IMPACT:

None.



Financial Statements
June 30, 2022

Pacific Grove Unified School District

Pacific Grove Unified School District

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Independent Auditor's Report

To the Governing Board
Pacific Grove Unified School District
Pacific Grove, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the Pacific Grove Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pacific Grove Unified School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 on our consideration of Pacific Grove 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 Pacific Grove 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 Pacific Grove Unified School District's internal control over financial reporting and compliance.



Fresno, California
November 23, 2022



www.pgusd.org

PACIFIC GROVE UNIFIED SCHOOL DISTRICT

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This section of Pacific Grove Unified School District's (2021-2022) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information as of June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Pacific Grove Unified School District (the "District") using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the two categories of funds which are governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are custodial funds. Custodial funds focus reporting on net position and changes in net position.

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

The Primary unit of the government is the Pacific Grove Unified School District.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(15,696,280) for the fiscal year ended June 30, 2022, and \$(20,114,121) million for the fiscal year ended June 30, 2021, an increase of \$4,417,841. Of this amount, \$9,459,326 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

Table 1

	Governmental Activities	
	2022	2021 as Restated
Assets		
Current and other assets	\$ 26,378,358	\$ 26,101,486
Capital assets	50,349,796	51,738,788
Total assets	76,728,154	77,840,274
Deferred outflows of resources	12,948,524	14,189,845
Liabilities		
Current liabilities	1,924,089	4,091,440
Long-term liabilities	81,404,364	103,029,979
Total liabilities	83,328,453	107,121,419
Deferred inflows of resources	22,044,505	5,022,821
Net Position		
Net investment in capital assets	10,957,766	11,596,688
Restricted	9,459,326	7,286,851
Unrestricted (deficit)	(36,113,372)	(38,997,660)
Total net position	\$ (15,696,280)	\$ (20,114,121)

The \$(15,696,280) in net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement and rearranges it slightly so you can see our total revenues for the year.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	\$ 8,566	\$ 3,435
Operating grants and contributions	8,208,213	9,245,852
General revenues		
Federal and State aid not restricted	3,325,159	3,323,611
Property taxes	35,901,550	34,725,394
Other general revenues	2,418,061	969,132
Total revenues	49,861,549	48,267,424
Expenses		
Instruction-related	29,072,417	33,009,459
Pupil services	5,044,498	4,591,248
Administration	3,813,039	4,191,573
Plant services	4,983,610	4,296,971
All other services	2,530,144	2,362,992
Total expenses	45,443,708	48,452,243
Change in net position	\$ 4,417,841	\$ (184,819)

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$45,443,708, as compared to \$48,452,243 million in the prior year. The amount that our taxpayers financed for these activities through local taxes was \$35,901,550 million because the cost was paid by those who benefited from the programs of \$8,566 or by other governments and organizations who subsidized certain programs with grants and contributions of \$8,208,213. We paid for the remaining "public benefit" portion of our governmental activities with \$3,325,159 million in unrestricted Federal and State funds and \$2,418,061 million in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, pupil services, administration, plant services, and all other services. As discussed above, 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 provided by that function.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 29,072,417	\$ 33,009,459	\$ (23,835,726)	\$ (26,646,384)
Pupil services	5,044,498	4,591,248	(2,946,855)	(2,974,350)
Administration	3,813,039	4,191,573	(3,580,444)	(3,983,082)
Plant services	4,983,610	4,296,971	(4,666,760)	(4,102,301)
All other services	2,530,144	2,362,992	(2,197,144)	(1,496,839)
Total	<u>\$ 45,443,708</u>	<u>\$ 48,452,243</u>	<u>\$ (37,226,929)</u>	<u>\$ (39,202,956)</u>

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$24,454,269 while the prior year reported \$22,010,046, which is an increase of \$2,444,223 (Table 4).

Table 4

Governmental Funds	Balances and Activity			
	July 1, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 6,846,508	\$ 41,773,263	\$ 40,193,779	\$ 8,425,992
Student Activities	631,201	286,873	326,752	591,322
Adult Education	2,210,657	2,436,808	2,293,375	2,354,090
Child Development	130,483	491,236	597,389	24,330
Cafeteria	317,146	1,289,980	1,072,445	534,681
Deferred Maintenance	150,140	91,318	67,585	173,873
Building	6,808,838	1,972,475	2,269,583	6,511,730
Special Reserve Fund for Capital Outlay Projects	348,608	256,549	119,342	485,815
Bond Interest and Redemption	4,566,465	5,064,044	4,278,073	5,352,436
Total	<u>\$ 22,010,046</u>	<u>\$ 53,662,546</u>	<u>\$ 51,218,323</u>	<u>\$ 24,454,269</u>

The Fund balance in General Fund increased by \$1,579,484 over the prior year. The Building Fund decreased \$297,108 from prior year due to proceeds from the sale of bonds and ongoing bond projects. The Bond Interest and Redemption Fund showed an increase of \$785,971 due to taxes received being greater than payments on bonds for the current year. The District's non-major funds showed an overall increase of \$375,876.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 17, 2022, as the 2021-2022 Second Interim Report. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District projected a decrease in General Fund balance of \$1,326,889. However, revenues were \$894,236 more than expected and expenditures and transfers out were \$2,012,137 less than projected, resulting in an actual increase to the fund of \$1,579,484.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$50,349,796 in a broad range of capital assets (net of depreciation and amortization), including land, buildings, and furniture and equipment. At June 30, 2021, the District's capital assets were \$51,738,788. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of \$1,388,992 from prior year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as Restated
Land and construction in progress	\$ 217,496	\$ 961,392
Buildings and improvements	49,304,192	50,319,957
Equipment	826,468	436,083
Leased assets	1,640	21,356
Total	<u>\$ 50,349,796</u>	<u>\$ 51,738,788</u>

We present more detailed information about our capital assets in the Notes to Financial Statements.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

Long-Term Liabilities

At the end of this year, the District had \$81,404,364 in liabilities outstanding versus \$103,029,979 last year, an decrease of \$21,625,615. The long-term liabilities of the District include the following:

Table 6

	Governmental Activities	
	2022	2021 as Restated
Long-Term Liabilities		
General obligation bonds	\$ 43,390,000	\$ 44,143,000
Unamortized premiums/(discounts)	3,742,202	3,993,052
Financed purchases	114,344	225,191
Leases	1,716	21,973
Compensated absences	336,956	226,405
Total OPEB liability	8,705,143	9,523,741
Aggregate net pension liability	25,114,003	44,896,617
Total	<u>\$ 81,404,364</u>	<u>\$ 103,029,979</u>

The District's S&P bond rating as of the most recent bond issuance was "AA".

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

Switch to VOIP Phone System

Implemented 8x8 VOIP phone system replacing most POTS lines.

Switch to Emergency Notification System at Forest Grove and High School

Singlewire Informacast replaces the speaker system but is also an emergency notification system. We will continue to determine additional uses for this system.

Fencing and Pathway

The most significant post covid project was the installation of fencing and a pathway from the Adult School main building to the preschool building. A safe corridor was needed for faculty, staff, students, and visitors to pass between buildings.

Window Blinds

Window blinds were added to the Forest Grove Elementary buildings for both safety and to provide a means to filter out sunshine when needed.

Pacific Grove Unified School District
Management's Discussion and Analysis
June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 year, the District Board and management used the following key assumptions in our revenue and expenditure forecasts:

1. Property tax revenues are budgeted to increase by 8.03% based on the District's best estimates of the current property tax receipts.
2. District will remain in basic aid status.
3. Federal income is expected to remain flat, except the new ESSER funds.
4. The District will continue to carry over any unspent CARES, ESSER or AB 86 funds.
5. CalPERS and CalSTRS contribution rates are budgeted as recommended by the actuary and set by the CalPERS Board correspondingly.
6. 2022-2023 Adopted Budget has not incorporated any salary increases as negotiations with the bargaining groups were still ongoing at that time.

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 Joshua Jorn, Assistant Superintendent, Business Services, at Pacific Grove Unified School District, 435 Hillcrest, Pacific Grove, California, 93950, 831-646-6509 or e-mail at josh.jorn@pgusd.org.

Pacific Grove Unified School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Deposits and investments	\$ 24,146,585
Receivables	2,180,033
Prepaid expense	37,746
Stores inventories	13,994
Capital assets not depreciated	217,496
Capital assets, net of accumulated depreciation	50,130,660
Right-to-use leased assets, net of accumulated amortization	1,640
Total assets	<u>76,728,154</u>
Deferred Outflows of Resources	
Deferred charge on refunding	1,344,502
Deferred outflows of resources related to OPEB	1,333,871
Deferred outflows of resources related to pensions	10,270,151
Total deferred outflows of resources	<u>12,948,524</u>
Liabilities	
Overdrafts	22,126
Accounts payable	1,565,634
Unearned revenue	336,329
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,908,060
Long-term liabilities other than OPEB and pensions due in more than one year	43,677,158
Net other postemployment benefits liability (OPEB)	8,705,143
Aggregate net pension liabilities	25,114,003
Total liabilities	<u>83,328,453</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,845,364
Deferred inflows of resources related to pensions	18,199,141
Total deferred inflows of resources	<u>22,044,505</u>
Net Position	
Net investment in capital assets	10,957,766
Restricted for	
Debt service	5,352,436
Educational programs	2,999,522
Child nutrition	516,046
Student activities	591,322
Unrestricted (deficit)	<u>(36,113,372)</u>
Total net position	<u>\$ (15,696,280)</u>

Pacific Grove Unified School District

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position Governmental Activities
Governmental Activities				
Instruction	\$ 24,454,725	\$ -	\$ 4,398,003	\$ (20,056,722)
Instruction-related activities				
Supervision of instruction	693,329	-	104,721	(588,608)
Instructional library, media, and technology	374,858	-	33,466	(341,392)
School site administration	3,549,505	-	700,501	(2,849,004)
Pupil services				
Home-to-school transportation	683,018	-	19,997	(663,021)
Food services	1,332,609	8,321	1,208,817	(115,471)
All other pupil services	3,028,871	-	860,508	(2,168,363)
Administration				
Data processing	550,354	-	2,164	(548,190)
All other administration	3,262,685	245	230,186	(3,032,254)
Plant services	4,983,610	-	316,850	(4,666,760)
Ancillary services	614,891	-	280,704	(334,187)
Community services	380,410	-	3,033	(377,377)
Enterprise services	(233,975)	-	-	233,975
Interest on long-term liabilities	1,618,508	-	-	(1,618,508)
Other outgo	150,310	-	49,263	(101,047)
Total governmental activities	<u>\$ 45,443,708</u>	<u>\$ 8,566</u>	<u>\$ 8,208,213</u>	<u>(37,226,929)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				30,697,162
Property taxes, levied for debt service				5,204,302
Taxes levied for other specific purposes				86
Federal and State aid not restricted to specific purposes				3,325,159
Interest and investment earnings				(148,230)
Miscellaneous				<u>2,566,291</u>
Subtotal, general revenues and subventions				<u>41,644,770</u>
Change in Net Position				4,417,841
Net Position - Beginning, as Restated				<u>(20,114,121)</u>
Net Position - Ending				<u>\$ (15,696,280)</u>

Pacific Grove Unified School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 8,517,654	\$ 6,532,271	\$ 5,352,436	\$ 3,744,224	\$ 24,146,585
Receivables	1,927,211	5,465	-	247,357	2,180,033
Due from other funds	112,089	-	-	365,540	477,629
Prepaid expenditures	2,352	30,753	-	4,641	37,746
Stores inventories	-	-	-	13,994	13,994
Total assets	\$ 10,559,306	\$ 6,568,489	\$ 5,352,436	\$ 4,375,756	\$ 26,855,987
Liabilities					
Overdrafts	\$ -	\$ -	\$ -	\$ 22,126	\$ 22,126
Accounts payable	1,434,315	56,759	-	74,560	1,565,634
Due to other funds	365,540	-	-	112,089	477,629
Unearned revenue	333,459	-	-	2,870	336,329
Total liabilities	2,133,314	56,759	-	211,645	2,401,718
Fund Balances					
Nonspendable	7,352	30,753	-	18,635	56,740
Restricted	2,514,965	6,480,977	5,352,436	1,591,925	15,940,303
Assigned	586,521	-	-	2,553,551	3,140,072
Unassigned	5,317,154	-	-	-	5,317,154
Total fund balances	8,425,992	6,511,730	5,352,436	4,164,111	24,454,269
Total liabilities and fund balances	\$ 10,559,306	\$ 6,568,489	\$ 5,352,436	\$ 4,375,756	\$ 26,855,987

Pacific Grove Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2022

Total Fund Balance - Governmental Funds		\$ 24,454,269
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 83,806,907	
Accumulated depreciation is	<u>(33,458,751)</u>	
Net capital assets		50,348,156
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	59,145	
Accumulated amortization is	<u>(57,505)</u>	
Net right-to-use leased assets		1,640
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	1,344,502	
Other postemployment benefits (OPEB)	1,333,871	
Net pension liability	<u>10,270,151</u>	
Total deferred outflows of resources		12,948,524
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(3,845,364)	
Net pension liability	<u>(18,199,141)</u>	
Total deferred inflows of resources		(22,044,505)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(25,114,003)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(8,705,143)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(47,132,202)	
Financed purchases	(114,344)	
Leases	(1,716)	
Compensated absences (vacations)	<u>(336,956)</u>	
Total long-term liabilities		<u>(47,585,218)</u>
Total net position - governmental activities		<u>\$ (15,696,280)</u>

Pacific Grove Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 33,281,976	\$ -	\$ -	\$ 282,347	\$ 33,564,323
Federal sources	1,359,880	-	-	1,270,464	2,630,344
Other State sources	4,418,218	-	16,327	1,793,667	6,228,212
Other local sources	2,713,189	(153,525)	5,047,717	1,423,093	9,030,474
Total revenues	41,773,263	(153,525)	5,064,044	4,769,571	51,453,353
Expenditures					
Current					
Instruction	24,206,351	-	-	1,414,113	25,620,464
Instruction-related activities					
Supervision of instruction	784,695	-	-	-	784,695
Instructional library, media, and technology	379,200	-	-	23,279	402,479
School site administration	2,908,702	-	-	763,349	3,672,051
Pupil services					
Home-to-school transportation	367,248	-	-	-	367,248
Food services	36,135	-	-	1,042,891	1,079,026
All other pupil services	3,440,392	-	-	-	3,440,392
Administration					
Data processing	568,569	-	-	-	568,569
All other administration	3,245,207	-	-	119,858	3,365,065
Plant services	3,950,868	444,110	-	246,155	4,641,133
Ancillary services	303,851	-	-	326,752	630,603
Community services	3,033	-	-	394,880	397,913
Other outgo	150,310	-	-	-	150,310
Enterprise services	(233,975)	-	-	-	(233,975)
Facility acquisition and construction	-	1,700,002	-	28,576	1,728,578

Pacific Grove Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Expenditures					
Debt service					
Principal	-	-	2,879,000	110,847	2,989,847
Interest and other	-	125,471	1,399,073	6,188	1,530,732
Total expenditures	40,110,586	2,269,583	4,278,073	4,476,888	51,135,130
Excess (Deficiency) of Revenues Over Expenditures	1,662,677	(2,423,108)	785,971	292,683	318,223
Other Financing Sources (Uses)					
Transfers in	-	-	-	83,193	83,193
Proceeds from bond issuance	-	2,126,000	-	-	2,126,000
Transfers out	(83,193)	-	-	-	(83,193)
Net Financing Sources (Uses)	(83,193)	2,126,000	-	83,193	2,126,000
Net Change in Fund Balances	1,579,484	(297,108)	785,971	375,876	2,444,223
Fund Balance - Beginning	6,846,508	6,808,838	4,566,465	3,788,235	22,010,046
Fund Balance - Ending	\$ 8,425,992	\$ 6,511,730	\$ 5,352,436	\$ 4,164,111	\$ 24,454,269

Pacific Grove Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 2,444,223

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.

This is the amount by which depreciation and amortization expenses exceeds capital outlays in the period.

Depreciation and amortization expenses	\$ (2,731,961)
Capital outlays	<u>1,342,969</u>

Net expense adjustment	(1,388,992)
------------------------	-------------

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.

(110,551)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

2,619,783

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.

(193,800)

Proceeds received from general obligation bonds or certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

(2,126,000)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	250,850
Deferred charge on refunding amortization	(87,776)

Pacific Grove Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	2,879,000
Financed purchases	110,847
Leases	<u>20,257</u>
Change in net position of governmental activities	<u>\$ 4,417,841</u>

Pacific Grove Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 40,197</u>
Net Position	
Restricted for cafeteria plan	<u>\$ 40,197</u>

Pacific Grove Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2022

	<u>Custodial Funds</u>
Additions	
Interest	<u>\$ 5</u>
Deductions	
Bank fees	<u> 1</u>
Net Increase in Fiduciary Net Position	4
Net Position - Beginning	<u>40,193</u>
Net Position - Ending	<u><u>\$ 40,197</u></u>

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Pacific Grove Unified School District (the District) was organized in 1895 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates two elementary schools, one middle school, one high school, one adult education center, one continuation high school, and three child care centers.

A reporting entity is comprised of the primary government 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, boards, and agencies that are not legally separate from the District. For Pacific Grove Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Postemployment Benefits Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been consolidated with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$6,152.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Building Fund The Building 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.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is 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).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are for the Pacific Grove Unified School District 125 Cafeteria Flexible Spending account.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. 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 the 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. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position 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 result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

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 pools are determined by the program sponsor.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. 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, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position, except for the net residual amounts due between governmental activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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 liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources related for pension related items, and for OPEB related items.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or Assistant Superintendent of Business Services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$9,459,326 of restricted net position.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

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.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

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 of Monterey bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles**Implementation of GASB Statement No. 87**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard is included in Notes 5 and 11.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement 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. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Pacific Grove Unified School District
Notes to Financial Statements
June 30, 2022

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities, net of overdraft	\$ 24,124,459
Fiduciary funds	<u>40,197</u>
Total deposits and investments	<u><u>\$ 24,164,656</u></u>

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

Cash on hand and in banks	\$ 486,504
Cash in revolving	5,000
Investments, net of overdraft	<u>23,673,152</u>
Total deposits and investments	<u><u>\$ 24,164,656</u></u>

The Child Development Fund ended the year with deficit Cash in County balances of \$22,126.

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; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts 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.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$23,524,305 in the Monterey County Treasury Investment Pool that has an average weighted maturity of 482 days.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Segmented Time Distribution

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

Investment Type	Reported Amount	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Corporate Bond	\$ 11,912	\$ -	\$ -	\$ -	\$ 11,912
Certificates of Deposit	136,935	136,935	-	-	-
County Pool	23,524,305	-	23,524,305	-	-
Total	<u>\$ 23,673,152</u>	<u>\$ 136,935</u>	<u>\$ 23,524,305</u>	<u>\$ -</u>	<u>\$ 11,912</u>

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. Presented below is the minimum rating required by the California *Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End		
			A-	AA-	Unrated
Corporate Bond	\$ 11,912	N/A	\$ -	\$ 11,912	\$ -
Certificate of Deposit	136,935	N/A	-	-	136,935
County Pool	23,524,305	N/A	-	-	23,524,305
Total	<u>\$ 23,673,152</u>		<u>\$ -</u>	<u>\$ 11,912</u>	<u>\$ 23,661,240</u>

N/A - Not applicable

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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, \$324,116 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in Corporate Bonds of \$11,912, the District has a custodial credit risk exposure of \$11,912 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably 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.

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

Investment Type	Reported Amount	Fair Value Measurements Using *		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Corporate Bond	\$ 11,912	\$ 11,912	\$ -	\$ -
Certificate of Deposit	136,935	136,935	-	-
Total	<u>\$ 148,847</u>	<u>\$ 148,847</u>	<u>\$ -</u>	<u>\$ -</u>

Pacific Grove Unified School District

Notes to Financial Statements

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* Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Monterey County Investment Pool is currently not rated, nor is it required to be rated.

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

Note 4 - Receivables

Receivables at June 30, 2022, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 1,057,733	\$ -	\$ 161,257	\$ 1,218,990
State Government				
Other State	658,337	-	12,884	671,221
Local Sources and Interest	211,141	5,465	73,216	289,822
	<u>211,141</u>	<u>5,465</u>	<u>73,216</u>	<u>289,822</u>
Total	<u>\$ 1,927,211</u>	<u>\$ 5,465</u>	<u>\$ 247,357</u>	<u>\$ 2,180,033</u>

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 217,496	\$ -	\$ -	\$ 217,496
Construction in progress	743,896	1,204,931	(1,948,827)	-
Total capital assets not being depreciated	961,392	1,204,931	(1,948,827)	217,496
Capital assets being depreciated				
Buildings and improvements	78,593,379	1,412,244	-	80,005,623
Furniture and equipment	2,909,167	674,621	-	3,583,788
Total capital assets being depreciated	81,502,546	2,086,865	-	83,589,411
Total capital assets	82,463,938	3,291,796	(1,948,827)	83,806,907
Accumulated depreciation				
Buildings and improvements	(28,273,422)	(2,428,009)	-	(30,701,431)
Furniture and equipment	(2,473,084)	(284,236)	-	(2,757,320)
Total accumulated depreciation	(30,746,506)	(2,712,245)	-	(33,458,751)
Net depreciable capital assets	50,756,040	(625,380)	-	50,130,660
Right-to-use leased assets being amortized				
Furniture and equipment	59,145	-	-	59,145
Accumulated amortization				
Furniture and equipment	(37,789)	(19,716)	-	(57,505)
Net right-to-use leased assets	21,356	(19,716)	-	1,640
Governmental activities capital assets and right- to-use leased assets, net	\$ 51,738,788	\$ 559,835	\$ (1,948,827)	\$ 50,349,796

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,383,245
School site administration	108,490
Home-to-school transportation	325,469
Food services	271,225
Data processing	27,122
All other administration	73,961
Plant services	<u>542,449</u>
Total depreciation and amortization expenses - governmental activities	<u><u>\$ 2,731,961</u></u>

Note 6 - Interfund Transactions**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

<u>Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Fund		
General	\$ 112,089	\$ 365,540
Non-Major Governmental Funds		
Adult Education	188,975	62,101
Child Development	82,579	20,434
Cafeteria	614	29,554
Deferred Maintenance	<u>93,372</u>	<u>-</u>
Total	<u><u>\$ 477,629</u></u>	<u><u>\$ 477,629</u></u>

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

The General Fund owes the Adult Education Non-Major Governmental Fund for a transfer of LCFF apportionment.	\$ 188,975
The General Fund owes the Deferred Maintenance Non-Major Governmental Fund for a transfer of LCFF apportionment.	93,372
The General Fund owes the Child Development Non-Major Governmental Fund to supplement operations.	82,579
The General Fund owes the Cafeteria Non-Major Governmental Fund to supplement operations.	614
The Adult Education Non-Major Governmental Fund owes the General Fund for indirect costs.	62,101
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	29,554
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	20,434
Total	\$ 477,629

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2022, consist of the following:

The General Fund transferred to the Child Development Non-Major Governmental Fund to supplement operations.	\$ 82,579
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to supplement operations.	614
Total	\$ 83,193

Note 7 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2022, consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Permits and licenses	\$ 552	\$ 30,753	\$ 4,641	\$ 35,946
Membership dues	1,800	-	-	1,800
Total	\$ 2,352	\$ 30,753	\$ 4,641	\$ 37,746

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 8 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 384,110	\$ 56,759	\$ 29,708	\$ 470,577
Salaries and benefits	1,050,205	-	44,852	1,095,057
Total	<u>\$ 1,434,315</u>	<u>\$ 56,759</u>	<u>\$ 74,560</u>	<u>\$ 1,565,634</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 121,527	\$ -	\$ 121,527
State categorical aid	211,932	2,870	214,802
Total	<u>\$ 333,459</u>	<u>\$ 2,870</u>	<u>\$ 336,329</u>

Note 10 - Tax and Revenue Anticipation Notes (TRANS)

On August 17, 2021, the District issued \$6,510,000 of Tax and Revenue Anticipation Notes bearing interest at 2%. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 30, 2022. By June 30, 2022, the District had placed 100% of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes is as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
8/17/2021	2.00%	6/30/2022	<u>\$ -</u>	<u>\$ 6,510,000</u>	<u>\$ 6,510,000</u>	<u>\$ -</u>

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 11 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 44,143,000	\$ 2,126,000	\$ (2,879,000)	\$ 43,390,000	\$ 3,792,000
Unamortized debt premiums	3,993,052	-	(250,850)	3,742,202	-
Financed purchases	225,191	-	(110,847)	114,344	114,344
Leases	21,973	-	(20,257)	1,716	1,716
Compensated absences	226,405	110,551	-	336,956	-
Total	<u>\$ 48,609,621</u>	<u>\$ 2,236,551</u>	<u>\$ (3,260,954)</u>	<u>\$ 47,585,218</u>	<u>\$ 3,908,060</u>

Payments on the bonds are made from the Bond Interest and Redemption Fund with local tax revenues. The premiums will be amortized over the life of the related debt. Payments on the financed purchases are made from the Special Reserve Fund for Capital Outlay Projects. Payments on leases are made from the General Fund. Payments for compensated absences will be made by the fund for which the employee worked.

General Obligation Bonds

On December 6, 2011, the District issued \$4,690,000 of 2011 General Obligation Refunding Bonds. The Bonds were issued to refund all of the outstanding principal of the District's General Obligation Bonds, 1999 Election, Series B, Series C, and Series D. Interest on the Bonds is payable each February 1 and August 1 commencing February 1, 2012. The 2011 Bonds maturing on and after August 1, 2022 were subject to an advanced refunding during the 2017-18 fiscal year with proceeds from the District's 2017 General Obligation Refunding Bonds.

On June 30, 2015, the District issued \$4,925,000 and \$3,380,000 of 2015 Series A and B General Obligation Refunding Bonds. The Series A Refunding Bonds were issued to refund a portion of the 2005 and 2007 Refunding Bonds. The Series B Refunding Bonds were issued to refund a portion of the 2006 Series A Refunding Bonds. Interest on the Bonds is payable each February 1 and August 1 commencing August 1, 2015.

On July 14, 2016, the District issued \$16,125,000 of 2016 General Obligation Refunding Bonds. The Bonds were issued to refund certain maturities of the District's outstanding General Obligation Bonds, Election of 2006, Series A, Series B, and Series C, and to pay the costs of issuance. Interest on the Bonds is payable each February 1 and August 1 commencing August 1, 2017.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

On December 12, 2017, the District issued \$10,130,000 of 2017 General Obligation Refunding Bonds. The Bonds were issued to refund certain maturities of the District's outstanding General Obligation Bonds, Election of 2006, Series D, to refund certain maturities of the District's outstanding 2011 General Obligation Refunding Bonds, and to pay the costs of issuance. Interest on the Bonds is payable each February 1 and August 1 commencing February 1, 2018.

On April 27, 2021, the District issued \$6,000,000 of 2020 Election, Series A General Obligation Bonds (Bank Qualified). The Bonds represent a portion of the \$30,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on March 3, 2020. The Bonds were issued for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the first series of bonds to be issued under the 2020 Authorization.

On July 12, 2011, the District issued \$7,780,000 of Taxable General Obligation Bonds, 2006, Series E (Direct-Pay Qualified School Construction Bonds). The Bonds represent a portion of the \$42,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on June 6, 2006. The Bonds were issued to repair and renovate schools, and build new classrooms and educational facilities in the District. Interest on the Bonds is payable each February 1 and August 1 commencing February 1, 2012. As the issuance is a Qualified School Construction Bond the interest payments are to be paid for with Federal interest subsidies.

On December 15, 2016, the District issued \$2,103,000 of 2014 Election, Series B General Obligation Ed Tech Bonds (Bank Qualified). The Bonds represent a portion of the \$18,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on November 4, 2014. The Bonds were issued to increase student access to computers; maintain and upgrade educational software; keep pace with 21st century technological innovations; and significantly reduce borrowing costs.

On April 16, 2020, the District issued \$2,108,000 of 2014 Election, Series C General Obligation Ed Tech Bonds (Bank Qualified). The Bonds represent a portion of the \$18,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on November 4, 2014. The Bonds were issued to increase student access to computers; maintain and upgrade educational software; keep pace with 21st century technological innovations; and significantly reduce borrowing costs.

On April 28, 2022, the District issued \$2,126,000 of 2014 Election, Series D General Obligation Ed Tech Bonds (Bank Qualified). The Bonds represent a portion of the \$18,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on November 4, 2014. The Bonds were issued to increase student access to computers; maintain and upgrade educational software; keep pace with 21st century technological innovations; and significantly reduce borrowing costs.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
12/6/2011	8/1/2021	2.0 - 4.25	\$ 4,690,000	\$ 190,000	\$ -	\$ (190,000)	\$ -
6/30/2015	8/1/2030	2.0 - 5.0	4,925,000	3,400,000	-	(300,000)	3,100,000
6/30/2015	8/1/2031	2.0 - 5.0	3,380,000	2,455,000	-	(190,000)	2,265,000
7/14/2016	8/1/2039	2.0 - 4.0	16,125,000	15,760,000	-	(30,000)	15,730,000
12/12/2017	8/1/2037	3.0 - 4.0	10,130,000	9,755,000	-	(310,000)	9,445,000
4/27/2021	8/1/2032	2.0 - 3.0	6,000,000	6,000,000	-	-	6,000,000
Notes from direct borrowings and direct placements							
7/12/2011	8/1/2026	5.01	7,780,000	5,082,000	-	(675,000)	4,407,000
12/15/2016	8/1/2021	2.29	2,103,000	129,000	-	(129,000)	-
4/16/2020	8/1/2022	1.17	2,108,000	1,372,000	-	(1,055,000)	317,000
4/28/2022	8/1/2024	1.94	2,126,000	-	2,126,000	-	2,126,000
Total				<u>\$ 44,143,000</u>	<u>\$ 2,126,000</u>	<u>\$ (2,879,000)</u>	<u>\$ 43,390,000</u>

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 3,792,000	\$ 1,588,552	\$ 5,380,552
2024	4,165,000	1,457,783	5,622,783
2025	3,261,000	1,311,062	4,572,062
2026	3,045,000	1,173,604	4,218,604
2027	3,017,000	1,040,036	4,057,036
2028-2032	13,225,000	3,631,168	16,856,168
2033-2037	10,405,000	1,412,124	11,817,124
2038-2040	2,480,000	122,716	2,602,716
Total	<u>\$ 43,390,000</u>	<u>\$ 11,737,045</u>	<u>\$ 55,127,045</u>

Financed Purchases

The District has entered into agreements to finance the purchase of five portables. The District's liability on the agreement is summarized below:

Year Ending June 30,	Principal	Interest	Total
2023	<u>\$ 114,344</u>	<u>\$ 2,691</u>	<u>\$ 117,035</u>

Pacific Grove Unified School District
Notes to Financial Statements
June 30, 2022

Leases

The District has entered into agreements to lease various equipment. The District's liability on lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Copiers	\$ 21,973	\$ -	\$ (20,257)	\$ 1,716

Copier Lease

The District entered an agreement to lease copiers for three years, beginning July, 2019. Under the terms of the lease, the District paid the monthly payments of \$1,720.24, which amounted to total principal and interest costs of \$61,920. The annual interest rate charged on the lease is 3%. At June 30, 2022, the District has recognized a right-to-use asset of \$59,145 and a lease liability of \$1,716 related to this agreement. During the fiscal year, the District recorded \$19,716 in amortization expense and \$383 in interest expense for the right-to-use of the copiers. The District also pays for each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,716	\$ 4	\$ 1,720

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$336,956.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 12 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 8,509,530	\$ 1,333,871	\$ 3,845,364	\$ 459,431
Medicare Premium Payment (MPP) Program	195,613	-	-	(29,423)
Total	<u>\$ 8,705,143</u>	<u>\$ 1,333,871</u>	<u>\$ 3,845,364</u>	<u>\$ 430,008</u>

The details of the plan are as follows:

District Plan**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	130
Active employees	<u>282</u>
Total	<u>412</u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Pacific Grove Unified School District
Notes to Financial Statements
June 30, 2022

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Pacific Grove Teachers Association (PGTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PGTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$236,208 in benefits including \$74,200 for an implicit rate subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of \$8,509,530 was measured as of June 30, 2021 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of the same date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 9,298,705
Service cost	832,192
Interest	209,898
Differences between expected and actual experience	(1,224,204)
Changes of assumptions or other inputs	(259,070)
Benefit payments	(347,991)
Net change in total OPEB liability	(789,175)
Balance, June 30, 2021	\$ 8,509,530

Changes in Benefit Terms - There were no changes in the benefit terms since the previous measurement.

Changes of Assumptions - The inflation rate changed from 2.63% to 2.50%. The discount rate changed from 2.20% to 2.16%.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (1.16%)	\$ 9,332,876
Current discount rate (2.16%)	8,509,530
1% increase (3.16%)	7,781,980

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3%)	\$ 7,841,198
Current healthcare cost trend rate (4%)	8,509,530
1% increase (5%)	9,319,761

Pacific Grove Unified School District
Notes to Financial Statements
June 30, 2022

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 342,777 *	\$ -
Differences between expected and actual experience	-	3,489,663
Changes of assumptions	991,094	355,701
	<u>1,333,871</u>	<u>3,845,364</u>
Total	<u>\$ 1,333,871</u>	<u>\$ 3,845,364</u>

* Includes implicit subsidy payments of \$99,673.

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 151,291	\$ (627,381)
2024	151,291	(627,381)
2025	151,291	(627,381)
2026	151,291	(600,493)
2027	151,291	(588,970)
Thereafter	234,639	(773,758)
Total	<u>\$ 991,094</u>	<u>\$ (3,845,364)</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

Pacific Grove Unified School District

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A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of \$195,613 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0490% and 0.0531%, resulting in a net decrease in the proportionate share of 0.0041%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(29,423).

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Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Pacific Grove Unified School District

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 215,619
Current discount rate (2.16%)	195,613
1% increase (3.16%)	178,519

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 177,887
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	195,613
1% increase (5.50% Part A and 6.40% Part B)	215,935

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Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Stores inventories	-	-	-	13,994	13,994
Prepaid expenditures	2,352	30,753	-	4,641	37,746
Total nonspendable	7,352	30,753	-	18,635	56,740
Restricted					
Legally restricted programs	2,514,965	-	-	484,557	2,999,522
Student activities	-	-	-	591,322	591,322
Food service	-	-	-	516,046	516,046
Capital projects	-	6,480,977	-	-	6,480,977
Debt services	-	-	5,352,436	-	5,352,436
Total restricted	2,514,965	6,480,977	5,352,436	1,591,925	15,940,303
Assigned					
Deferred maintenance	422,076	-	-	173,873	595,949
CalSTRS/CalPERS reserve	131,892	-	-	-	131,892
Lottery unrestricted/PG&E	26,401	-	-	-	26,401
Postemployment benefits	6,152	-	-	-	6,152
Adult education	-	-	-	1,880,759	1,880,759
Preschool donations	-	-	-	13,104	13,104
Capital outlay projects	-	-	-	485,815	485,815
Total assigned	586,521	-	-	2,553,551	3,140,072
Unassigned					
Reserve for economic uncertainties	1,205,813	-	-	-	1,205,813
Remaining unassigned	4,111,341	-	-	-	4,111,341
Total unassigned	5,317,154	-	-	-	5,317,154
Total	\$ 8,425,992	\$ 6,511,730	\$ 5,352,436	\$ 4,164,111	\$ 24,454,269

Pacific Grove Unified School District

Notes to Financial Statements

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Note 14 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with NorCal ReLiEF for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Monterey Educational Risk Management Authority (MERMA), an insurance purchasing pool. The intent of MERMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in MERMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in MERMA.

Employee Medical Benefits

The District has contracted with the Monterey County Schools Insurance Group (MCSIG) to provide employee health benefits. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 15 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 14,847,537	\$ 7,803,467	\$ 14,196,206	\$ 1,017,061
CalPERS	10,266,466	2,466,684	4,002,935	1,348,658
Total	<u>\$ 25,114,003</u>	<u>\$ 10,270,151</u>	<u>\$ 18,199,141</u>	<u>\$ 2,365,719</u>

Pacific Grove Unified School District

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The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$3,115,465.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 14,847,537
State's proportionate share of the net pension liability	<u>7,470,705</u>
Total	<u><u>\$ 22,318,242</u></u>

The net pension liability was measured as of June 30, 2021. 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0326% and 0.0305%, resulting in a net increase in the proportionate share of 0.0021%.

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For the year ended June 30, 2022, the District recognized pension expense of \$1,017,061. In addition, the District recognized pension expense and revenue of \$255,601 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,115,465	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,547,069	871,335
Differences between projected and actual earnings on pension plan investments	-	11,744,783
Differences between expected and actual experience in the measurement of the total pension liability	37,194	1,580,088
Changes of assumptions	2,103,739	-
	<u>\$ 7,803,467</u>	<u>\$ 14,196,206</u>
Total		

The 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 subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (2,982,470)
2024	(2,727,987)
2025	(2,795,685)
2026	(3,238,641)
	<u>\$ (11,744,783)</u>
Total	

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The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 964,195
2024	1,211,815
2025	130,178
2026	(36,851)
2027	(82,765)
Thereafter	50,007
Total	<u>\$ 2,236,579</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 30,224,271
Current discount rate (7.10%)	14,847,537
1% increase (8.10%)	2,085,141

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California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

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Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$1,870,037.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$10,266,466. The net pension liability was measured as of June 30, 2021. 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. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0505% and 0.0501%, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2022, the District recognized pension expense of \$1,348,658. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,870,037	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	290,167	38,769
Differences between projected and actual earnings on pension plan investments	-	3,939,964
Differences between expected and actual experience in the measurement of the total pension liability	306,480	24,202
Changes of assumptions	-	-
Total	<u>\$ 2,466,684</u>	<u>\$ 4,002,935</u>

The 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 subsequent fiscal year.

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The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (988,140)
2024	(908,684)
2025	(947,361)
2026	(1,095,779)
	<u></u>
Total	<u>\$ (3,939,964)</u>

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 411,861
2024	94,235
2025	25,411
2026	2,169
	<u></u>
Total	<u>\$ 533,676</u>

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Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

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June 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 17,310,703
Current discount rate (7.15%)	10,266,466
1% increase (8.15%)	4,418,238

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,098,255 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

Pacific Grove Unified School District
Notes to Financial Statements
June 30, 2022

Note 16 - Commitments and Contingencies

Sick Leave

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; the certificated, management, and classified employees do gain a vested right to accumulated sick leave. In addition, certificated, management, and confidential employees are paid an incentive amount for any sick leave balance at year-end and at termination of employment, subject to a contracted sick leave incentive program. Therefore, the value of accumulated sick leave incentive payments are recognized in the District's financial statements.

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, 2022.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Playground replacement	\$ 305,914	November, 2022
Roof encapsulation	136,607	August, 2022
Bleacher replacement - PGHS	<u>75,927</u>	November, 2022
Total	<u><u>\$ 518,448</u></u>	

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 17 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Monterey County Schools' Insurance Group (MCSIG), NorCal ReLiEF, the Monterey Educational Risk Management Authority (MERMA) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed one member to the governing board of MCSIG.

During the year ended June 30, 2022, the District made payment of \$583,167 to MCSIG for medical, dental, vision, and life insurance.

The District has appointed one member to the governing board of NorCal ReLiEF.

During the year ended June 30, 2022, the District made payment of \$239,453 to NorCal ReLiEF for liability and property insurance.

The District has appointed one member to the governing board of MERMA.

During the year ended June 30, 2022, the District made payment of \$794,229 to MERMA for workers' compensation insurance.

Note 18 - Subsequent Events**Tax and Revenue Anticipation Notes**

The District issued \$6,315,000 of Tax and Revenue Anticipation Notes dated July 12, 2022. The notes mature on June 30, 2023, and yield 4% interest. The notes were sold to supplement cash flow. Repayment requirements are that 100% percentage of principal and interest be deposited with the Fiscal Agent by April 30, 2023.

Pacific Grove Unified School District

Notes to Financial Statements

June 30, 2022

Note 19 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements

Net Position - Beginning	\$ (20,113,504)
Right-to-use intangible asset, net of amortization	21,356
Lease liability	<u>(21,973)</u>
Net Position - Beginning, as Restated	<u><u>\$ (20,114,121)</u></u>



Required Supplementary Information
June 30, 2022

Pacific Grove Unified School District

Pacific Grove Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 32,982,775	\$ 33,104,444	\$ 33,281,976	\$ 177,532
Federal sources	841,767	2,702,852	1,359,880	(1,342,972)
Other State sources	2,415,436	3,152,370	4,418,218	1,265,848
Other local sources	1,484,018	1,919,361	2,713,189	793,828
Total revenues ¹	37,723,996	40,879,027	41,773,263	894,236
Expenditures				
Current				
Certificated salaries	17,715,125	19,735,133	18,965,556	769,577
Classified salaries	6,554,260	7,049,920	7,412,730	(362,810)
Employee benefits	8,449,648	8,779,058	9,121,301	(342,243)
Books and supplies	1,019,423	2,564,349	1,315,380	1,248,969
Services and operating expenditures	2,667,686	3,968,014	3,203,199	764,815
Other outgo	100,382	4,887	30,454	(25,567)
Capital outlay	15,000	62,645	61,966	679
Total expenditures ¹	36,521,524	42,164,006	40,110,586	2,053,420
Excess of Revenues Over Expenditures	1,202,472	(1,284,979)	1,662,677	2,947,656
Other Financing Uses				
Transfers out	(118,574)	(41,910)	(83,193)	(41,283)
Net Change in Fund Balances	1,083,898	(1,326,889)	1,579,484	2,906,373
Fund Balance - Beginning	6,846,508	6,846,508	6,846,508	-
Fund Balance - Ending	\$ 7,930,406	\$ 5,519,619	\$ 8,425,992	\$ 2,906,373

¹ Due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Pacific Grove Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 832,192	\$ 654,488	\$ 732,709	\$ 749,355	\$ 729,299
Interest	209,898	271,615	388,268	374,476	323,758
Difference between expected and actual experience	(1,335,987)	(79,139)	(3,431,279)	-	-
Changes of assumptions	(259,070)	1,120,109	196,109	(280,400)	-
Benefit payments	(236,208)	(282,253)	(356,353)	(477,910)	(459,529)
Net change in total OPEB liability	(789,175)	1,684,820	(2,470,546)	365,521	593,528
Total OPEB Liability - Beginning	9,298,705	7,613,885	10,084,431	9,718,910	9,125,382
Total OPEB Liability - Ending	<u>\$ 8,509,530</u>	<u>\$ 9,298,705</u>	<u>\$ 7,613,885</u>	<u>\$ 10,084,431</u>	<u>\$ 9,718,910</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Pacific Grove Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0490%	0.0531%	0.0558%	0.0547%	0.0524%
Proportionate share of the net OPEB liability	\$ 195,613	\$ 225,036	\$ 207,788	\$ 209,268	\$ 220,432
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Pacific Grove Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019
CalSTRS				
Proportion of the net pension liability	0.0326%	0.0305%	0.0315%	0.0305%
Proportionate share of the net pension liability	\$ 14,847,537	\$ 29,533,108	\$ 28,487,151	\$ 27,994,732
State's proportionate share of the net pension liability	7,470,705	15,224,321	15,541,643	16,028,293
Total	<u>\$ 22,318,242</u>	<u>\$ 44,757,429</u>	<u>\$ 44,028,794</u>	<u>\$ 44,023,025</u>
Covered payroll	<u>\$ 18,014,774</u>	<u>\$ 17,165,082</u>	<u>\$ 17,164,484</u>	<u>\$ 16,273,839</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>82.42%</u>	<u>172.05%</u>	<u>165.97%</u>	<u>172.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS				
Proportion of the net pension liability	0.0505%	0.0501%	0.0486%	0.0453%
Proportionate share of the net pension liability	\$ 10,266,466	\$ 15,363,509	\$ 14,170,883	\$ 12,068,714
Covered payroll	<u>\$ 7,256,034</u>	<u>\$ 7,221,155</u>	<u>\$ 6,737,438</u>	<u>\$ 5,973,196</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>141.49%</u>	<u>212.76%</u>	<u>210.33%</u>	<u>202.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Note: In the future, as data becomes available, ten years of information will be presented.

See Notes to Required Supplementary Information
PGUSD

Pacific Grove Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0289%	0.0277%	0.0296%	0.0301%
Proportionate share of the net pension liability	\$ 26,764,572	\$ 22,436,743	\$ 19,898,672	\$ 17,586,270
State's proportionate share of the net pension liability	15,833,695	12,772,837	10,524,204	10,619,349
Total	<u>\$ 42,598,267</u>	<u>\$ 35,209,580</u>	<u>\$ 30,422,876</u>	<u>\$ 28,205,619</u>
Covered payroll	<u>\$ 15,413,665</u>	<u>\$ 14,180,214</u>	<u>\$ 13,253,423</u>	<u>\$ 13,630,242</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>173.64%</u>	<u>158.23%</u>	<u>150.14%</u>	<u>129.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.0436%	0.0439%	0.0434%	0.0440%
Proportionate share of the net pension liability	\$ 10,417,835	\$ 8,674,075	\$ 6,396,296	\$ 4,991,661
Covered payroll	<u>\$ 5,574,618</u>	<u>\$ 5,296,801</u>	<u>\$ 4,768,252</u>	<u>\$ 4,431,236</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>186.88%</u>	<u>163.76%</u>	<u>134.14%</u>	<u>112.65%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

See Notes to Required Supplementary Information
PGUSD

Pacific Grove Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019
CalSTRS				
Contractually required contribution	\$ 3,115,465	\$ 2,909,386	\$ 2,935,229	\$ 2,794,378
Less contributions in relation to the contractually required contribution	<u>3,115,465</u>	<u>2,909,386</u>	<u>2,935,229</u>	<u>2,794,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 18,412,914</u>	<u>\$ 18,014,774</u>	<u>\$ 17,165,082</u>	<u>\$ 17,164,484</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
CalPERS				
Contractually required contribution	\$ 1,870,037	\$ 1,501,999	\$ 1,424,084	\$ 1,216,916
Less contributions in relation to the contractually required contribution	<u>1,870,037</u>	<u>1,501,999</u>	<u>1,424,084</u>	<u>1,216,916</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,162,536</u>	<u>\$ 7,256,034</u>	<u>\$ 7,221,155</u>	<u>\$ 6,737,438</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Pacific Grove Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	\$ 2,348,315	\$ 1,939,039	\$ 1,521,537	\$ 1,176,904
Less contributions in relation to the contractually required contribution	<u>2,348,315</u>	<u>1,939,039</u>	<u>1,521,537</u>	<u>1,176,904</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,273,839</u>	<u>\$ 15,413,665</u>	<u>\$ 14,180,214</u>	<u>\$ 13,253,423</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS				
Contractually required contribution	\$ 927,697	\$ 774,203	\$ 627,512	\$ 561,271
Less contributions in relation to the contractually required contribution	<u>927,697</u>	<u>774,203</u>	<u>627,512</u>	<u>561,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,973,196</u>	<u>\$ 5,574,618</u>	<u>\$ 5,296,801</u>	<u>\$ 4,768,252</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The inflation rate changed from 2.63% to 2.50%. The discount rate changed from 2.20% to 2.16%.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2022

Pacific Grove Unified School District

Pacific Grove Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 378,471
Special Education Grants to States - Preschool Grants	84.173	13430	1,909
Special Education ARP IDEA Part B, Sec. 619, Preschool	84.173	15639	1,899
			<u>382,279</u>
Total Special Education Cluster			
COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	10
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	175,833
COVID-19, Expanded Learning Opportunities Grant ESSER II State Reserve	84.425D	15618	45,187
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	15559	420,503
COVID-19, Elementary and Secondary School Emergency Relief III Fund: Learning Loss	84.425U	10155	106,771
			<u>748,304</u>
Subtotal CFDA 24.425D			
Adult Education - Basic Grants to States, Basic	84.002	14508	29,904
Adult Education - Basic Grants to States, Secondary	84.002	13978	19,495
			<u>49,399</u>
Subtotal CFDA 84.002			
Title I Grants to Local Educational Agencies	84.010	14329	154,392
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	34,931
Student Support and Academic Enrichment Program	84.424	15396	12,602
Career and Technical Education - Basic Grants to States	84.048	14894	26,758
			<u>1,408,665</u>
Total U.S. Department of Education			
U.S. Department of Health and Human Services			
Passed Through California Department of Education:			
Child Development: ARP California State Preschool Program One-time Stipend	93.575	15640	10,800
			<u>10,800</u>
Total U.S. Department of Health and Human Services			
			<u>10,800</u>

Pacific Grove Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
COVID-19, Pandemic EBT Local Administrative Grant	10.649	15644	<u>614</u>
Child Nutrition Cluster			
National School Lunch Program - Summer Food Program	10.559	13004	1,173,088
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>37,177</u>
Total Child Nutrition Cluster			<u>1,210,265</u>
Total U.S. Department of Agriculture			<u>1,210,879</u>
Total Federal Financial Assistance			<u>\$ 2,630,344</u>

Pacific Grove Unified School District
Local Education Agency Organization Structure
June 30, 2022

Organization

The Pacific Grove Unified School District was organized in 1895 and consists of an area comprising approximately 12 square miles. The District operates two elementary schools, one middle school, one high school, one adult education center, one continuation high school, and three child care centers. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
John Paff	Member	2022
Brian Swanson	Member	2024
Cristy Dawson	President	2022
Dr. Frank Rivera III	Clerk	2022
Carolyn Swanson	Member	2024

Administration

Ralph Porras	Superintendent
Song Chin-Bendib	Assistant Superintendent, Business
Billie Mankey	Director, Human Resources
Ani Silva	Director, Curriculum/Special Projects
Clare Davies	Director, Student Services
Matthew Binder	Director, Education Technology
Stephanie Lip	Director, Nutrition

Pacific Grove Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Final Report		As Adjusted per Audit
	Second Period Report	Annual Report	Annual Report
Regular ADA			
Transitional kindergarten through third	431.04	418.62	429.56
Fourth through sixth	353.52	341.99	353.41
Seventh and eighth	240.36	238.39	239.27
Ninth through twelfth	532.71	518.97	518.42
Total ADA	<u>1,557.63</u>	<u>1,517.97</u>	<u>1,540.66</u>

Pacific Grove Unified School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	36,520	180	Complied
Grades 1 - 3	50,400			
Grade 1		54,800	180	Complied
Grade 2		54,800	180	Complied
Grade 3		54,800	180	Complied
Grades 4 - 8	54,000			
Grade 4		54,800	180	Complied
Grade 5		54,800	180	Complied
Grade 6		64,632	180	Complied
Grade 7		64,632	180	Complied
Grade 8		64,632	180	Complied
Grades 9 - 12	64,800			
Grade 9		65,997	180	Complied
Grade 10		65,997	180	Complied
Grade 11		65,997	180	Complied
Grade 12		65,997	180	Complied

Pacific Grove Unified School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

Year Ended June 30, 2022

Summarized below is the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

	Bond Interest and Redemption Fund
	<u> </u>
Fund Balance	
Balance, June 30, 2022, Unaudited Actuals	\$ 5,504,177
Decrease in	
Cash in county treasury - Fair market value	<u>(151,741)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 5,352,436</u></u>

Pacific Grove Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021	2020
General Fund ³				
Revenues	\$ 39,819,463	\$ 41,773,405	\$ 39,047,735	\$ 35,872,323
Expenditures	40,389,877	40,110,586	36,992,624	34,965,242
Other uses and transfers out	19,635	83,193	627,719	190,626
Total Expenditures and Other Uses	40,409,512	40,193,779	37,620,343	35,155,868
Increase (Decrease) in Fund Balance	(590,049)	1,579,626	1,427,392	716,455
Ending Fund Balance	\$ 7,829,791	\$ 8,419,840	\$ 6,840,214	\$ 5,412,822
Available Reserves ²	\$ 1,212,285	\$ 5,317,154	\$ 4,866,152	\$ 3,829,920
Available Reserves as a Percentage of Total Outgo	3.00%	13.23%	12.93%	10.89%
Long-Term Liabilities ⁴	Not Available	\$ 81,404,364	\$ 103,029,979	\$ 95,878,223
Average Daily Attendance at P-2	1,634	1,558	1,910	1,910

The General Fund balance has increased by \$3,007,018 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$590,049 (7%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$14,473,859 over the past two years mostly due to the current year reduction in the net pension obligation.

Average daily attendance has decreased by 352 over the past two years due to the effects of COVID-19. Growth of 76 ADA is anticipated during fiscal year 2022-2023.

¹ Budget 2023 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Special Reserve Retiree Benefits Fund as required by GASB Statement No. 54.

⁴ Long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB 87.

Pacific Grove Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets							
Deposits and investments	\$ 591,322	\$ 2,165,735	\$ -	\$ 406,510	\$ 97,469	\$ 483,188	\$ 3,744,224
Receivables	-	94,338	745	149,544	103	2,627	247,357
Due from other funds	-	188,975	82,579	614	93,372	-	365,540
Prepaid expenditures	-	-	-	4,641	-	-	4,641
Stores inventories	-	-	-	13,994	-	-	13,994
Total assets	<u>\$ 591,322</u>	<u>\$ 2,449,048</u>	<u>\$ 83,324</u>	<u>\$ 575,303</u>	<u>\$ 190,944</u>	<u>\$ 485,815</u>	<u>\$ 4,375,756</u>
Liabilities							
Overdrafts	\$ -	\$ -	\$ 22,126	\$ -	\$ -	\$ -	\$ 22,126
Accounts payable	-	32,857	13,564	11,068	17,071	-	74,560
Due to other funds	-	62,101	20,434	29,554	-	-	112,089
Unearned revenue	-	-	2,870	-	-	-	2,870
Total liabilities	<u>-</u>	<u>94,958</u>	<u>58,994</u>	<u>40,622</u>	<u>17,071</u>	<u>-</u>	<u>211,645</u>
Fund Balances							
Nonspendable	-	-	-	18,635	-	-	18,635
Restricted	591,322	473,331	11,226	516,046	-	-	1,591,925
Assigned	-	1,880,759	13,104	-	173,873	485,815	2,553,551
Total fund balances	<u>591,322</u>	<u>2,354,090</u>	<u>24,330</u>	<u>534,681</u>	<u>173,873</u>	<u>485,815</u>	<u>4,164,111</u>
Total liabilities and fund balances	<u>\$ 591,322</u>	<u>\$ 2,449,048</u>	<u>\$ 83,324</u>	<u>\$ 575,303</u>	<u>\$ 190,944</u>	<u>\$ 485,815</u>	<u>\$ 4,375,756</u>

Pacific Grove Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues							
Local Control Funding Formula	\$ -	\$ 188,975	\$ -	\$ -	\$ 93,372	\$ -	\$ 282,347
Federal sources	-	49,399	10,800	1,210,265	-	-	1,270,464
Other State sources	-	1,606,996	105,809	80,862	-	-	1,793,667
Other local sources	286,873	591,438	292,048	(1,761)	(2,054)	256,549	1,423,093
Total revenues	286,873	2,436,808	408,657	1,289,366	91,318	256,549	4,769,571
Expenditures							
Current							
Instruction	-	1,239,807	174,306	-	-	-	1,414,113
Instruction-related activities							
Instructional library, media, and technology	-	23,279	-	-	-	-	23,279
School site administration	-	763,349	-	-	-	-	763,349
Pupil services							
Food services	-	-	-	1,042,891	-	-	1,042,891
Administration							
All other administration	-	62,101	28,203	29,554	-	-	119,858
Plant services	-	187,339	-	-	56,509	2,307	246,155
Ancillary services	326,752	-	-	-	-	-	326,752
Community services	-	-	394,880	-	-	-	394,880
Facility acquisition and construction	-	17,500	-	-	11,076	-	28,576
Debt service							
Principal	-	-	-	-	-	110,847	110,847
Interest and other	-	-	-	-	-	6,188	6,188
Total expenditures	326,752	2,293,375	597,389	1,072,445	67,585	119,342	4,476,888
Excess (Deficiency) of Revenues Over Expenditures	(39,879)	143,433	(188,732)	216,921	23,733	137,207	292,683
Other Financing Sources							
Transfers in	-	-	82,579	614	-	-	83,193
Net Change in Fund Balances	(39,879)	143,433	(106,153)	217,535	23,733	137,207	375,876
Fund Balance - Beginning	631,201	2,210,657	130,483	317,146	150,140	348,608	3,788,235
Fund Balance - Ending	\$ 591,322	\$ 2,354,090	\$ 24,330	\$ 534,681	\$ 173,873	\$ 485,815	\$ 4,164,111

See Notes to Supplementary Information
PGUSD

Pacific Grove Unified School District

Notes to Supplementary Information

June 30, 2022

Note 1 - Purpose of Schedules**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Pacific Grove Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. The information 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.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had no food commodities remaining in inventory.

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.

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. 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 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Pacific Grove Unified School District

Notes to Supplementary Information

June 30, 2022

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 Unaudited Actual Financial Report to the audited financial statements.

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.

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2022

Pacific Grove Unified School District

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Governing Board
Pacific Grove Unified School District
Pacific Grove, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pacific Grove Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pacific Grove Unified School District's basic financial statements and have issued our report thereon dated November 23, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the Pacific Grove Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pacific Grove 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 Pacific Grove Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pacific Grove 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pacific Grove 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*.

Pacific Grove Unified School District's Response to Finding

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

We noted certain matters that we reported to management of Pacific Grove Unified School District in a separate letter dated November 23, 2022.

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.



Fresno, California
November 23, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Pacific Grove Unified School District
Pacific Grove, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pacific Grove Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pacific Grove Unified School District's major federal programs for the year ended June 30, 2022. Pacific Grove 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.

In our opinion, Pacific Grove Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
November 23, 2022

**Independent Auditor's Report on State Compliance; Report on Internal Control Over Compliance
Required by the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State
Compliance Reporting**

To the Governing Board
Pacific Grove Unified School District
Pacific Grove, California

Report on State Compliance

Qualified and Unmodified Opinions

We have audited Pacific Grove Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Qualified Opinion on Attendance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022, except as described in the accompanying schedule of findings and questioned costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Attendance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance described in Finding 2022-003.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on state compliance is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be both a material weakness and significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal

control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-02 to be a significant deficiency.

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

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

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes

	<u>Procedures Performed</u>
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Independent Study - Course Based	No (see below)
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	No (see below)
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

We did not perform procedures for Continuation Education because the ADA from the program was under the level that requires testing.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
November 23, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Pacific Grove Unified School District

Pacific Grove Unified School District

Summary of Auditor's Results

Year Ended June 30, 2022

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>
Child Nutrition Cluster	10.555, 10.559
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Unmodified
Unmodified for all programs except for the following program which was qualified	

<u>Name of Program</u>
Attendance

Pacific Grove Unified School District

Financial Statement Findings

Year Ended June 30, 2022

The following finding represents a significant deficiency related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

2022-001 30000 – Internal Control**Criteria or Specific Requirements**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our engagement, we identified a material misstatement of the fair market value measurement of the District Cash in County for the Bond, Interest, and Redemption Fund.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our audit of the fair market value measurement for the Bond, Interest, and Redemption Fund. Districts are required to report investments (including cash in county) at the fair market value as of June 30, 2022.

Effect

The condition resulted in the incorrect reporting of the fair market value of the cash in county balance as of June 30, 2022. Specifically, the Bond, Interest, and Redemption Fund had a reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of \$151,741.

Governmental Activities

The Governmental Activities had a reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of \$151,741.

Cause

A few factors contributed to the oversight. The fair market value adjustments are only performed once per year and can either increase the revenue or decrease the revenue account. The Bond, Interest, and Redemption fund is generally monitored and controlled by the County Office of Education. Additionally, the business office has experienced significant turnover during the fiscal year and has increased responsibilities and issues requiring attention regarding COVID-19 grants.

Repeat Finding

No

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

The District should create, or expand upon, a closing task list to include common areas and accounts that need review prior to finalizing the closing of the books such as fair market value adjustments.

Corrective Action Plan and Views of Responsible Officials

The District will update its year-end closing tasks to include the annual adjusting entries to the District's fair market value accounts and post the necessary adjustments to all funds before closing the books.

Pacific Grove Unified School District
Federal Awards Findings and Questioned Costs
Year Ended June 30, 2022

None reported.

Pacific Grove Unified School District
State Compliance Findings and Questioned Costs
Year Ended June 30, 2022

The following findings represent significant deficiencies that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance

Pacific Grove High School

2022-002 10000 - Attendance Accounting

Criteria or Specific Requirements

In accordance with California Education Code section 44809 and California Code of Regulations, Title 5, Section 401, the California Department of Education is required to approve the forms and procedures that constitute the Local Educational Agency's attendance accounting system. For online attendance accounting systems, approval is given to systems that provide for the site to print and review a missing daily attendance report of teachers who have not logged on to submit their attendance for the day.

Condition

During our audit of the attendance system for Pacific Grove High School, we discovered the site was not printing and reviewing the missing daily attendance reports.

Questioned Costs

There are no question costs associated with the finding.

Effect

There is potential for errors in the attendance system to go unnoticed since the site is not printing and reviewing to verify that all teachers have logged on to take attendance. However, there is no questioned cost associated with this finding due to the mitigating control of absence verification procedures performed by the attendance clerk.

Cause

The deficiency was caused by the site not having a process to print, review, and store the missing daily attendance reports.

Repeat Finding

No

Recommendation

In order to maintain good internal control over the online attendance process and to ensure the accuracy of attendance data, the missing daily attendance report should be printed daily to verify all teachers have taken attendance.

Corrective Action Plan and Views of Responsible Officials

The District will discuss with the appropriate site personnel and ensure the appropriate missing daily attendance reports are ran and followed up with accordingly.

2022-003 10000 - Attendance Accounting and Reporting**Criteria**

According to the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations and published by the Education Audit Appeals Panel, attendance reports must be amended for any change in ADA. [*Education Code* Sections 41341 (a)(1) and 14503 (a)]

Condition

During our audit of the District's Annual Period Report of Attendance, we determined the Special Day Class program was not reported for all grade levels.

Effect

The District will need to revise the Annual Period Report of School District Attendance by a net ADA of 22.69. There is no fiscal impact for the current year as the District is basic aid.

Cause

The differences appear to be due to data input errors when preparing the Annual Period report.

Recommendation

The District needs to revise the Annual Period Attendance Report of School District Attendance to reflect the audited ADA.

Corrective Action Plan

We will revise the P-Annual to reflect the correct ADA.

Pacific Grove Unified School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Financial and Performance Audits
Building Fund (Measures A and D)
June 30, 2021

Pacific Grove Unified School District

Pacific Grove Unified School District
Building Fund (Measures A and D)

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June 30, 2021

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Financial Audit
Building Fund (Measures A and D)
June 30, 2021
Pacific Grove Unified School District

Independent Auditor's Report

Governing Board and
Citizens Oversight Committee
Pacific Grove Unified School District
Pacific Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Pacific Grove Unified School District's (the District), Building Fund (Measures A and D), as of and for the year ended June 30, 2021, and the related notes to the 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 statement 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 an opinion 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 of 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 financial statements, whether due to error or fraud. 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 principles 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measures A and D) of Pacific Grove Unified School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measures A and D are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Pacific Grove Unified School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, on our consideration of Pacific Grove 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 Pacific Grove 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 Pacific Grove Unified School District's internal control over financial reporting and compliance.



Fresno, California
March 23, 2022

Pacific Grove Unified School District
Building Fund (Measures A and D)

Balance Sheet
June 30, 2021

	<u>Measure A</u>	<u>Measure D</u>	<u>Total</u>
Assets			
Deposits and investments	\$ 1,685,718	\$ 5,841,463	\$ 7,527,181
Accounts receivable	2,981	7,539	10,520
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,688,699</u>	<u>\$ 5,849,002</u>	<u>\$ 7,537,701</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 537	\$ 376,257	\$ 376,794
Due to other funds	-	352,069	352,069
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>537</u>	<u>728,326</u>	<u>728,863</u>
Fund Balance			
Restricted	<u>1,688,162</u>	<u>5,120,676</u>	<u>6,808,838</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,688,699</u>	<u>\$ 5,849,002</u>	<u>\$ 7,537,701</u>

Pacific Grove Unified School District
 Building Fund (Measures A and D)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2021

	<u>Measure A</u>	<u>Measure D</u>	<u>Total</u>
Revenues			
Local income	\$ 41,605	\$ 7,539	\$ 49,144
Expenditures			
Current			
Salaries and benefits	-	16,161	16,161
Books and supplies			
Materials	5,698	287	5,985
Noncapitalized equipment	47,049	-	47,049
Services and other operating expenditures			
Rentals, leases, repairs	(1,578)	-	(1,578)
Professional/Consulting services	184,798	338,731	523,529
Capital outlay			
Land improvements	-	283,326	283,326
Building and improvements to buildings	-	73,904	73,904
Equipment	251,550	211,215	462,765
Total expenditures	487,517	923,624	1,411,141
Deficiency of Revenues over Expenditures	(445,912)	(916,085)	(1,361,997)
Other Financing Sources/(Uses)			
Proceeds from bond issuance	-	6,000,000	6,000,000
Premium on bond issuance	-	388,830	388,830
Transfers Out	-	(352,069)	(352,069)
Net financing uses	-	6,036,761	6,036,761
Net Change in Fund Balance	(445,912)	5,120,676	4,674,764
Fund Balance - Beginning	2,134,074	-	2,134,074
Fund Balance - Ending	<u>\$ 1,688,162</u>	<u>\$ 5,120,676</u>	<u>\$ 6,808,838</u>

Pacific Grove Unified School District
Building Fund (Measures A and D)

Notes to Financial Statements

June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Pacific Grove Unified School District's (the District) Building Fund (Measures A and D) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Pacific Grove Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Pacific Grove Unified School District used to account for Measures A and D projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measures A and D. These financial statements are not intended to present fairly the financial position and results of operations of the Pacific Grove Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Pacific Grove Unified School District
Building Fund (Measures A and D)

Notes to Financial Statements

June 30, 2021

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Fund Balance - Building Fund (Measures A and D)

As of June 30, 2021, the fund balance in the Building Fund was \$6,808,838.

As of June 30, 2021, the fund balance is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

Note 2 - Investments

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 instrument; 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 agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Pacific Grove Unified School District
Building Fund (Measures A and D)

Notes to Financial Statements
June 30, 2021

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly 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.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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

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 is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Monterey County Treasury Investment Pool. The District maintains a Building Fund (Measures A and D) investment of \$7,527,181 with the Monterey County Treasury Investment Pool, with a weighted average maturity of 215 days.

Pacific Grove Unified School District
Building Fund (Measures A and D)

Notes to Financial Statements

June 30, 2021

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 District's investments in the County Pool is not required to be rated, nor have they been rated as of June 30, 2021.

Note 3 - Fund Balances

Fund balances are composed of the following elements:

Restricted Capital projects	<u><u>\$ 6,808,838</u></u>
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Note 4 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

Vendor payables	<u><u>\$ 376,794</u></u>
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Note 5 - Contingencies

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measures A and D) as of June 30, 2021.



Independent Auditor's Report
June 30, 2021

Pacific Grove Unified School District

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Governing Board and
Citizens Oversight Committee
Pacific Grove Unified School District
Pacific Grove, 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 Pacific Grove Unified School District (the District) Building Fund (Measures A and D) as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated March 23, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measures A and D are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Pacific Grove Unified School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pacific Grove Unified School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pacific Grove Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pacific Grove 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measures A and D) 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 Pacific Grove Unified School District's Building Fund (Measures A and D) 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.



Fresno, California
March 23, 2022

Pacific Grove Unified School District
Building Fund (Measures A and D)
Financial Statement Findings
June 30, 2021

None reported.

Pacific Grove Unified School District
Building Fund (Measures A and D)
Summary of Schedule of Prior Audit Findings
June 30, 2021

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Performance Audit
Building Fund (Measures A and D)
June 30, 2021
Pacific Grove Unified School District

Independent Auditor's Report on Performance

Governing Board and
Citizens Oversight Committee
Pacific Grove Unified School District
Pacific Grove, California

We were engaged to conduct a performance audit of the Pacific Grove Unified School District (the District) Building Fund (Measures A and D) for the year ended June 30, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (Measures A and D) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

Eide Bailly LLP

Fresno, California
March 23, 2022

Pacific Grove Unified School District
Building Fund (Measures A and D)

June 30, 2021

Authority for Issuance

The Proposition 39 Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District.

Measure A

The District received authorization at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$18,000,000 to finance technology projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization).

Measure D

The District received authorization at an election held on March 3, 2020, to issue bonds of the District in an aggregate principal amount not to exceed \$30,000,000 to finance specific types of school facilities projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2020 Authorization).

Purpose of Issuance

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorizations will be used for the purposes specified in the District bond propositions submitted at election. The bond ballot language for each Measure is as follows:

Measure A

To increase student access to computers; maintain and upgrade educational software; keep pace with 21st century technological innovations; and significantly reduce borrowing costs, shall Pacific Grove Unified School District issue \$18 million of short-term bonds with the interest rates at or below the legal limit, independent citizen oversight, and no money for administrator/teacher salaries, so long as all funds are spent locally and cannot be taken by the State.

Measure D

To replace outdated plumbing/electrical systems, upgrade fire alarms and emergency communication systems; repair/replace roofs and modernize classrooms at schools throughout the district, shall the Pacific Grove Unified School District measure authorizing \$30 million of bonds be adopted with legal rates, yearly levies of less than 3 cents per \$100 of assessed valuation through approximately 2039 (generating an average of \$2.1 million dollars per year), annual audits, independent oversight and no estimated increase in current tax rates?

Pacific Grove Unified School District
Building Fund (Measures A and D)

June 30, 2021

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen’s oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measures A and D.
2. Determine whether salary transactions charged to the Building Fund, if any, were in support of Measures A and D and not for District general administration or operations.

Pacific Grove Unified School District
Building Fund (Measures A and D)

June 30, 2021

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger reports prepared by the District for the fiscal year ended June 30, 2021, for the Building Fund (Measures A and D). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measures A and D as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes, where applicable, from July 1, 2020 through June 30, 2021 from Measures A and D bond proceeds.
 - b. Additionally, if payroll costs were noted, obtained backup for the source of the expenditures regardless if the amount was below our individually significant threshold to determine if they related to administrative duties not related to project management.
3. Our sample included transactions totaling \$1,236,572. This represents approximately 70 percent of the total expenditures, and other uses, of \$1,763,210.
4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were expended in accordance with voter-approved bond project list.
 - c. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
5. We determined that the District has met the compliance requirement of Measures A and D if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the District.

Pacific Grove Unified School District
Building Fund (Measures A and D)

June 30, 2021

Conclusion

The results of our tests indicated that, in all significant respects, the Pacific Grove Unified School District has properly accounted for the expenditures held in the Building Fund (Measures A and D) and that such expenditures were made for authorized Bond projects.

Pacific Grove Unified School District
Building Fund (Measures A and D)
Schedule of Findings and Questioned Costs
June 30, 2021

None reported.

Pacific Grove Unified School District
Building Fund (Measures A and D)
Summary of Schedule of Prior Audit Findings
June 30, 2021

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Management
Pacific Grove Unified School District
Pacific Grove, California

In planning and performing our audit of the financial statements of Pacific Grove Unified School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 23, 2022, on the government-wide financial statements of the District.

Pacific Grove High School - Associated Student Body

Uncleared Items

Observation

During our audit of the February bank reconciliation, we noted six stale dated checks dated from February 2019 to September 2021 totaling \$247.94. In addition to the uncleared checks, we also observed six outstanding deposit totaling \$1,899.16 dating back to September 2018.

Recommendation

Outstanding checks over six months old should be credited back to the appropriate account and taken off the subsequent bank reconciliation. In addition, outstanding deposits should be investigated prior to the end of the following month to ensure cash receipts collected at the site are being deposited to the bank intact and in a timely fashion.

We will review the status of the current year comments during our next audit engagement.



Fresno, California
November 23, 2022

November 23, 2022

To the Governing Board
Pacific Grove Unified School District
Pacific Grove, California

We have audited the financial statements of Pacific Grove Unified School District (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 23, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated August 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major

program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 23, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated November 23, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Notes 1 and 19 to the financial statements, the District changed accounting policies related to accounting for lease activities to adopt the provisions of GASB Statement No. 87, Leases. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting District's financial statements relate to Net Other Postemployment Benefits (OPEB) Liability and Plan (Note 12) and the Employee Retirement Systems (Note 15).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following summarizes the current year misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management:

Governmental Activities:

Bond interest and Redemption Fund

Decrease in Fair Market Value (FMV) revenue account	\$151,741	
Decrease in FMV of Cash in County		\$151,741
To record Cash in County at FMV		

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Governmental Activities:

Building Fund

Decrease in FMV revenue account	\$18,285	
Decrease in FMV of Cash in County		\$18,285
To record Cash in County at FMV		

Aggregate Remaining Funds (Adult Education Fund)

Decrease in FMV revenue account	\$6,052	
Decrease in FMV of Cash in County		\$6,052
To record Cash in County at FMV		

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. The following Emphasis of Matter paragraph was added to the Auditor's Report:

Emphasis of Matter

As discussed in Notes 1 and 19 to the financial statements, The District has adopted the provisions of GASB Statement No. 87, Leases, which has resulted in a restatement of the net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated November 23, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

As described in audit finding 2022-001 in the audit report, the District did not record the FMV adjustment to the Bond interest and Redemption Fund as of June 30, 2022.

Noncompliance with Laws and Regulations

We have identified the following matters involving noncompliance with laws and regulations that came to our attention during the course of the audit.

As described in audit finding 2022-002 in the audit report, the Pacific Grove High School did not have the report available for audit that identifies which teachers had failed to take attendance on any given day for any given period.

As described in audit finding 2022-003 in the audit report, the District did not report all the Special Day Class average daily attendance for various grade levels when preparing the Annual Period Report of Attendance.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.



Fresno, California

- ☐ Student Learning and Achievement
- ☒ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☐ Fiscal Solvency, Accountability and Integrity

- ☐ Consent
- ☒ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: District Update on Response to COVID-19

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The District Administration recommends the Board receive information regarding District response to COVID-19, and provide direction to Administration.

INFORMATION:

The District Administration will update the Board, staff and community on current District response and protocols to COVID-19.

- ☐ Student Learning and Achievement
- ☒ Health and Safety of Students and Schools
- ☐ Credibility and Communication
- ☐ Fiscal Solvency, Accountability and Integrity

- ☐ Consent
- ☒ Action/Discussion
- ☐ Information/Discussion
- ☐ Public Hearing

SUBJECT: Review of Board Policy 9320 regarding Board meeting schedule

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The Board directed Administration to bring a review of Board Policy 9320 regarding the Board meeting schedule, and in particular, the number of Board meetings per month and the months of the year in which they are conducted.

“Regular Meetings

The board shall schedule regular meeting(s) each month on the first and third Thursday at the time, date and location as adopted by the Board at its annual organizational meeting.

At least 72 hours prior to a regular meeting, the agenda shall be posted at one or more locations freely accessible to members of the public and on the district's web site. (Government Code 54954.2)

Whenever agenda materials relating to an open session of a regular meeting are distributed to the Board less than 72 hours before the meeting, the Superintendent or designee shall make the materials available for public inspection at a public office or location designated for that purpose at the time the materials are distributed to all or a majority of the Board. (Government Code 54957.5)”

Bylaw 9320: Meetings And Notices

Status: ADOPTED

Original Adopted Date: 03/01/2008 | **Last Revised Date:** 10/20/2022 | **Last Reviewed Date:** 10/20/2022

Meetings of the Board of Trustees are conducted for the purpose of accomplishing district business. In accordance with state open meeting laws (Brown Act), the Board shall hold its meetings in public and shall conduct closed sessions during such meetings only as authorized by law. To encourage community involvement in the schools, Board meetings shall provide opportunities for questions and comments by members of the public. All meetings shall be conducted in accordance with law and the Board's bylaws, policies, and administrative regulations.

A Board meeting exists whenever a majority of Board members gather at the same time and location, including teleconference location as permitted by Government Code 54953, to hear, discuss, deliberate, or take action upon any item within the subject matter jurisdiction of the Board or district. (Government Code 54952.2)

A majority of the Board shall not, outside of an authorized meeting, use a series of communications of any kind, directly or through intermediaries, including social media and other electronic communications, to discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the Board. (Government Code 54952.2)

However, an employee or district official may engage in separate conversations or communications with Board members in order to answer questions or provide information regarding an item within the subject matter jurisdiction of the Board, as long as that employee or district official does not communicate the comments or position of any Board members to other Board members. (Government Code 54952.2)

In order to help ensure the participation of individuals with disabilities at Board meetings, the Superintendent or designee shall provide appropriate disability-related accommodations or modifications upon request in accordance with the Americans with Disabilities Act. (Government Code 54953.2, 54954.1, 54954.2)

Regular Meetings

The board shall schedule regular meeting(s) each month on the first and third Thursday at the time, date and location as adopted by the Board at its annual organizational meeting.

At least 72 hours prior to a regular meeting, the agenda shall be posted at one or more locations freely accessible to members of the public and on the district's web site. (Government Code 54954.2)

Whenever agenda materials relating to an open session of a regular meeting are distributed to the Board less than 72 hours before the meeting, the Superintendent or designee shall make the materials available for public inspection at a public office or location designated for that purpose at the time the materials are distributed to all or a majority of the Board. (Government Code 54957.5)

Special Meetings

Special meetings of the Board may be called at any time by the presiding officer or a majority of the Board members. However, a special meeting shall not be called regarding the salary, salary schedule, or other compensation of the Superintendent, assistant superintendent, or other management employee as described in Government Code 3511.1. (Government Code 54956)

Written notice of special meetings shall be delivered personally or by any other means to all Board members and the local media who have requested such notice in writing. The notice also shall be posted on the district's web site. The notice shall be received at least 24 hours before the time of the meeting. The notice shall also be posted at least 24 hours before the meeting in a location freely accessible to the public. The notice shall specify the time and location of the meeting and the business to be transacted or discussed. No other business shall be considered at this meeting. (Education Code 35144; Government Code 54956)

Any Board member may waive the 24-hour written notice requirement prior to the time of the meeting by filing a written waiver of notice with the clerk or secretary of the Board or by being present at the meeting at the time it convenes. (Education Code 35144; Government Code 54956)

Every notice of a special meeting shall provide an opportunity for members of the public to directly address the Board concerning any item that has been described in the meeting notice, before or during the item's consideration. (Government Code 54954.3)

Emergency Meetings

In the case of an *emergency situation* for which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency meeting without complying with the 24-hour notice and/or 24-hour posting requirement for special meetings pursuant to Government Code 54956. The Board shall comply with all other requirements for special meetings during an emergency meeting. (Government Code 54956.5)

An *emergency situation* means either of the following: (Government Code 54956.5)

1. An emergency, which shall be defined as a work stoppage, crippling activity, or other activity that severely impairs public health and/or safety as determined by a majority of the members of the Board
2. A dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring the Board to provide one-hour notice before holding an emergency meeting may endanger the public health and/or safety as determined by a majority of the members of the Board

Except in the case of a dire emergency, the Board president or designee shall give notice of the emergency meeting by telephone at least one hour before the meeting to the local media that have requested notice of special meetings. All telephone numbers provided by the media in the most recent request for notification must be exhausted. If telephone services are not functioning, the notice requirement of one hour is waived and, as soon after the meeting as possible, the Board shall notify those media representatives of the meeting and shall describe the purpose of the meeting and any action taken by the Board. In the case of a dire emergency, the Board president or designee shall give such notice at or near the time notification is given to the other members of the Board about the meeting. (Government Code 54956.5)

The minutes of the meeting, a list of persons the Board president or designee notified or attempted to notify, a copy of the roll call vote, and any actions taken at the meeting shall be posted for at least 10 days in a public place as soon after the meeting as possible. (Government Code 54956.5)

Adjourned/Continued Meetings

The Board of Education welcomes you to its meetings, which are regularly scheduled for the first and third Thursdays of the month. Regular Board Meetings shall be adjourned by 10:00 pm, unless extended to a specific time determined by a majority of the Board. This meeting may be extended no more than once and may be adjourned to a later date. Individuals who require special accommodation, including but not limited to an American Sign Language interpreter, accessible seating or documentation in accessible formats, should contact the Superintendent at least two days before the meeting date.

The Board may adjourn/continue any regular or special meeting to a later time and location that shall be specified in the order of adjournment. Less than a quorum of the Board may adjourn such a meeting. If no Board members are present, the secretary or the clerk may declare the meeting adjourned to a later time and place and shall give notice in the same manner required for special meetings. (Government Code 54955)

Within 24 hours after the time of adjournment, a copy of the order or notice of adjournment/continuance shall be conspicuously posted on or near the door of the place where the meeting was held. (Government Code 54955)

Study Sessions, Retreats, Public Forums, and Discussion Meetings

The Board may occasionally convene a study session or public forum to study an issue in more detail or to receive information from staff or feedback from members of the public.

The Board may also convene a retreat or discussion meeting to discuss Board roles and relationships.

Public notice shall be given in accordance with law when a quorum of the Board is attending a study session, retreat, public forum, or discussion meeting. All such meetings shall comply with the Brown Act and shall be held in open session and within district boundaries. Action items shall not be included on the agenda for these meetings.

Other Gatherings

Attendance by a majority of Board members at any of the following events is not subject to the Brown Act provided
PGUSD

that a majority of the Board members do not discuss specific district business among themselves other than as part of the scheduled program: (Government Code 54952.2)

1. A conference or similar public gathering open to the public that involves a discussion of issues of general interest to the public or to school board members
2. An open, publicized meeting organized by a person or organization other than the district to address a topic of local community concern
3. An open and noticed meeting of another body of the district
4. An open and noticed meeting of a legislative body of another local agency
5. A purely social or ceremonial occasion
6. An open and noticed meeting of a standing committee of the Board, provided that the Board members who are not members of the standing committee attend only as observers

Individual contacts or conversations between a Board member and any other person are not subject to the Brown Act. (Government Code 54952.2)

Location of Meetings

Meetings shall not be held in a facility that prohibits the admittance of any person on the basis of ancestry or any characteristic listed in Government Code 11135. In addition, meetings shall not be held in a facility which is inaccessible to individuals with disabilities or where members of the public must make a payment or purchase in order to be admitted. (Government Code 54961)

Meetings shall be held within district boundaries, except to do any of the following: (Government Code 54954)

1. Comply with state or federal law or court order or attend a judicial or administrative proceeding to which the district is a party
2. Inspect real or personal property which cannot conveniently be brought into the district, provided that the topic of the meeting is limited to items directly related to the property
3. Participate in meetings or discussions of multiagency significance, provided these meetings are held within one of the other agencies' boundaries, with all participating agencies giving the notice required by law
4. Meet in the closest meeting facility if the district has no meeting facility within its boundaries or if its principal office is located outside the district
5. Meet with elected or appointed state or federal officials when a local meeting would be impractical, solely to discuss legislative or regulatory issues affecting the district over which the state or federal officials have jurisdiction
6. Meet in or near a facility owned by the district but located outside the district, provided the meeting agenda is limited to items directly related to that facility
7. Visit the office of the district's legal counsel for a closed session on pending litigation, when doing so would reduce legal fees or costs
8. Attend conferences on nonadversarial collective bargaining techniques
9. Interview residents of another district regarding the Board's potential employment of an applicant for Superintendent of the district
10. Interview a potential employee from another district

Meetings exempted from the boundary requirements, as specified in items #1-10 above, shall still be subject to the notice and open meeting requirements for regular and special meetings when a quorum of the Board attends the meeting.

If a fire, flood, earthquake, or other emergency renders the regular meeting place unsafe, meetings shall be held for the duration of the emergency at a location designated by the Board president or designee, who shall so inform all news media who have requested notice of special meetings by the most rapid available means of communication. (Government Code 54954)

Teleconferencing

A teleconference is a meeting of the Board in which Board members are in different locations, connected by electronic means through audio and/or video. (Government Code 54953)

The Board may use teleconferences for all purposes in connection with any meeting within the Board's subject matter jurisdiction. All votes taken during a teleconference meeting shall be by roll call. (Government Code 54953)

During the teleconference, at least a quorum of the members of the Board shall participate from locations within district boundaries. (Government Code 54953)

Agendas shall be posted at all teleconference locations and shall list all teleconference locations whenever they are posted elsewhere. Additional teleconference locations may be provided to the public. (Government Code 54953)

All teleconference locations shall be accessible to the public. All teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the Board, including the right of the public to address the Board directly at each teleconference location. (Government Code 54953)

Teleconferencing During a Proclaimed State of Emergency

The Board may conduct Board meetings by teleconference without posting agendas at all teleconference locations, identifying teleconference locations in meeting notices and agendas, allowing public access to each teleconference location, providing an opportunity for members of the public to address the Board directly at each teleconference location, and ensuring that at least a quorum of the Board participate from locations within district boundaries, during a proclaimed state of emergency pursuant to Government Code 8625-8629 in any of the following circumstances: (Government Code 54953)

1. State or local officials have imposed or recommended measures to promote social distancing
2. For the purpose of determining, by majority vote, whether as the result of the emergency meeting in person would present imminent risks to the health or safety of attendees
3. When it has been determined, by majority vote as described in Item #2 above, that as a result of the emergency meeting in person would present imminent risks to the health or safety of attendees

To conduct a teleconference meeting for these purposes the following requirements shall be satisfied: (Government Code 54953)

1. The notice and agenda shall be given and posted as otherwise required by the Brown Act
2. The notice and agenda of the meeting shall specify the means by which members of the public may access the meeting and offer public comments, including via a call-in or internet-based service option

Members of the public may be required to register to log in to a meeting when making public comments through an internet web site or other online platform that is operated by a third-party and not under the control of the Board.

3. Members of the public shall be allowed to access the meeting, and the agenda shall provide an opportunity for members of the public to address the Board directly pursuant to Government Code 54954.3
4. Members of the public shall not be required to submit public comments in advance of a Board meeting and shall be provided an opportunity to address the Board and offer comments in real time
5. Public comment periods shall not be closed until the timed public comment period, if such is offered by the Board, has elapsed or, if not timed, until a reasonable amount of time per agenda item has been allowed

6. If during a Board meeting a disruption occurs which prevents the district from broadcasting the meeting to members of the public or for members of the public to offer public comments, the Board shall take no further action on any agenda item until public access via the call-in or internet-based service option to the meeting is restored

The district may, in its discretion, provide a physical location from which the public may attend or comment. (Government Code 54953)

The Board may continue to conduct meetings by teleconference, as specified above for teleconferencing during proclaimed states of emergency, by a majority vote finding within 30 days after teleconferencing for the first time, and every 30 days thereafter, that either: (Government Code 54953)

1. The state of emergency continues to directly impact the ability of the Board to meet safely in person
 2. State or local officials continue to impose or recommend measures to promote social distancing
-

☒ Student Learning and Achievement
☒ Health and Safety of Students and Schools
☒ Credibility and Communication
☒ Fiscal Solvency, Accountability and Integrity

☐ Consent
☒ Action/Discussion
☐ Information/Discussion
☐ Public Hearing

SUBJECT: Board Calendar/Future Meetings

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The Administration recommends that the Board review and possibly modify the schedule of meeting dates on the attached calendar and determine, given information from the Administration, whether additional Board dates or modifications need to be established.

BACKGROUND:

The Board has approved Bylaw 9320, which states that regular Board meetings be held on the first and third Thursday of each month, from August through June. At the annual organizational meeting held in December, Trustees approve the meeting calendar as presented. The calendar is reviewed at each Board meeting.

INFORMATION:

Changes to the Board meeting dates must be approved by a majority vote of the Trustees.

Board Meeting Calendar January-June 2023

Thursday Jan. 5	Regular Board Meeting ✓	District Office/Virtual
Thursday Jan. 19	Regular Board Meeting ✓ Report on Governor's Budget Proposal ✓ Preliminary Enrollment Projection for 2023-24 ✓ Property Tax Update ✓ School Accountability Report Cards	District Office/Virtual
Thursday Feb. 2	Regular Board Meeting ✓ Budget Development Calendar ✓ Possible Personnel Action Presented as Information ✓ Preliminary Review of Site Master Schedules ✓ Possible Personnel Action (RIF) ✓ 2022-23 Audit Report ✓ Quarterly Facilities Project Updates*	District Office/Virtual
Thursday Mar. 2	Regular Board Meeting ✓ Open House Schedules Reviewed ✓ TRAN Resolution ✓ Budget Projections and Assumptions	District Office/Virtual
Thursday Mar. 16	Regular Board Meeting ✓ Second Interim Report ✓ Budget Revision #3 ✓ Williams/Valenzuela Uniform Complaint Report	District Office/Virtual
Thursday Apr. 6	Regular Board Meeting ✓ Review of Strategic Plan and LCAP (as needed) ✓ Approve 2023-24 Aug.- Dec. Board Meeting Calendar ✓ Quarterly District Safety Update	District Office/Virtual
Thursday April 20	Regular Board Meeting ✓ Review of Site Master Schedules ✓ Review of Strategic Plan and LCAP (as needed) ✓ California Day of the Teacher ✓ Week of the CSEA Employee ✓ Begin Superintendent Evaluation	District Office/Virtual
Thursday May 4	Regular Board Meeting ✓ Continue Superintendent Evaluation	District Office/Virtual
Thursday May 18	Regular Board Meeting ✓ Complete Superintendent's Evaluation ✓ Superintendent Goals ✓ Review Governor's Revised Budget ✓ Suspensions/Expulsions Annual Report ✓ Retiree Recognition ✓ 2023-24 Budget Public Hearing ✓ LCAP Public Hearing	District Office/Virtual

Thursday June 1	Regular Board Meeting ✓ Williams/Valenzuela Uniform Complaint Report ✓ 2023-24 Budget Public Adoption ✓ LCAP and Local Indicators Adoption ✓ Approval of Contracts and Purchase Orders for 2023-24	District Office/Virtual
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**Quarterly District Safety Update and Quarterly Facilities Projects Update as needed*

☐ Student Learning and Achievement
☒ Health and Safety of Students and Schools
☐ Credibility and Communication
☐ Fiscal Solvency, Accountability and Integrity

☐ Consent
☐ Action/Discussion
☒ Information/Discussion
☐ Public Hearing

SUBJECT: Managing California School Board Association Policy Updates

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The District Administration recommends the Board receive information regarding California School Board Association policy updates and provide direction to Administration.

INFORMATION:

CSBA employs several full-time staff to keep its sample policy manual updated. It updates approximately 100 policies every year to stay up to date with changes in the law and publishes these updates in four bundles called “policy update packets.” These are issued four times a year: March, June, September, and December, as well as any special updates as needed. Subscribers to GAMUT Policy Plus receive announcements every time CSBA issues a policy update packet and can access the packet by logging into their proprietary site.

CSBA encourages districts to review each update packet once it’s issued to see which policies the district may need to update. Districts can review a “guide sheet” that lists the changes that CSBA has made as well as the text in the policies themselves to determine which policies they want to update. Once they determine this, they can prepare drafts of the new policies to send to their board for review and adoption. By reviewing each CSBA policy update packet and taking action accordingly, districts can ensure that their policy manual is always accurate and up-to-date. CSBA encourages districts to establish a consistent process for reviewing, processing, and approving update packets so that they never fall behind on their policies.

- ☐ Student Learning and Achievement
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☐ Public Hearing

SUBJECT: Review of Legal Fees for July 2022 through October 2022

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn, Assistant Superintendent

RECOMMENDATION:

The District Administration recommends that the Board review legal fees expended from July 1, 2022 through October 31, 2022.

BACKGROUND:

Pacific Grove USD has been utilizing legal services from the law firm of Lozano Smith for many years.

INFORMATION:

The Board has requested a review of legal costs and fees expended for the school year. The spreadsheet has a breakdown of these general categories:

- General Student fees & costs
- General Labor & Employment fees
- Mandated cost
- Special Education Fees & Costs
- General Board governance fees & costs
- General Facilities and Business fees & costs
- Employee Matter costs

Details of names and descriptions are redacted to provide confidentiality and privacy.

FISCAL IMPACT:

As of October 31, 2022, the District has paid \$88,586.59 in legal costs and fees to the law firm of Lozano Smith.

PACIFIC GROVE UNIFIED SCHOOL DISTRICT
2022-2023 Lozano Smith Legal Fees
For Period: 7/1/2022 to 10/31/2022

Description of Expense	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
General Student Fees	26.12	1,524.75	-	66.50									1,617.37
General Student Costs	1,524.75	49.59	-	-									1,574.34
General Labor & Employment Fees	3,253.72	4,812.69	5,109.55	4,804.14									17,980.10
General Labor & Employment Costs	11.34	-	3.32	92.13									106.79
General Legal Matters Fees	-	66.50	-										66.50
General Legal Matters Costs	-	45.00	-										45.00
Mandated Cost: Labor Issues Fees	-		33.25	1,928.50									1,961.75
Mandated Cost: Labor Issues Costs	-		12.88	-									12.88
Mandated Cost: Brown Act Agenda Prep Fees	-	199.50											199.50
Mandated Cost: Brown Act Agenda Prep Costs	-												-
Mandated Cost: Public Records Act Fees	-	9,518.50	2,535.53	5,333.26									17,387.29
Mandated Cost: Public Records Act Costs	-	186.87	0.75	69.25									256.87
Special Education Matters Fees	1,358.52	6,398.25	4,035.13	247.00									12,038.90
Special Education Matters Costs	2.00	33.00	2.75	-									37.75
Student Residency Fees	-												-
Student Residency Costs	-												-
Student Discipline Fees	-												-
Student Discipline Costs	-												-
Student 1 - Special Education Fees	-	5,840.14	3,797.66	1,702.92									11,340.72
Student 1 - Special Education Costs	-	5.50	34.00	852.50									892.00
Student 2 - Special Education Fees	1,116.26	923.90	1,733.76	247.01									4,020.93
Student 2 - Special Education Costs	923.90	10.00	20.00	2.00									955.90
General Board Governance Fees	1,331.90	2,616.30	760.00	55.57									4,763.77
General Board Governance Costs	5.50	-	13.00	-									18.50
General Facilities and Business Fees	-												-
General Facilities and Business Costs	-												-
General Litigation Fees	-			61.75									61.75
General Litigation Costs	-												-
General Technology Fees	-												-
General Technology Costs	-												-
Lozano Smith Workshops	-	195.00	5,355.00	1,190.00									6,740.00
Employee Matter #1 Fees	-	-	-	1,562.75									1,562.75
Employee Matter #1 Costs	-												-
Employee Matter #2 Fees	-												-
Employee Matter #2 Costs	-												-
Employee Matter #3 Fees	-												-
Employee Matter #3 Costs	-												-
Employee Matter #4 Fees	-	-	433.20	2,439.14									2,872.34
Employee Matter #4 Costs	-	-	-	-									-
General Public Finance Fees	-	-	190.95	1,881.94									2,072.89
												-	-
Total Fees+workshop, empl matter, gen pub finance	7,086.52	32,095.53	23,984.03	21,520.48	-	-	-	-	-	-	-	-	84,686.56
Total Costs	2,467.49	329.96	86.70	1,015.88	-	-	-	-	-	-	-	-	3,900.03
Grand Total	\$ 9,554.01	\$ 32,425.49	\$ 24,070.73	\$ 22,536.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,586.59

Fees = attorney fees

Costs = mileage, copying, etc

☐ Student Learning and Achievement
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☐ Public Hearing

SUBJECT: Review of District Enrollment Projections for 2023-2024

DATE: January 5, 2023

PERSON RESPONSIBLE: Joshua Jorn, Assistant Superintendent for Business Services

RECOMMENDATION:

The Administration recommends that the Board review the attached Enrollment projections for 2023-2024.

BACKGROUND:

One of the first steps in the budgeting process is to estimate the number of anticipated students enrolled at each grade level. Once the number of students is projected, the District can then identify any changes to certificated and classified staffing needs based upon changes in enrollment.

In spite of a partial enrollment stabilization following the pandemic, it is still somewhat of a challenge to accurately project enrollment for 2023-2024. However, based on a cohort-survival method of existing grades and best estimates of incoming students, **the total projected is 1,807**, which is trending upward from the 1,779 student actuals to date for 2022-2023.

INFORMATION:

Preliminary observations for 2023-2024 using 1 year averages:

1. **Forest Grove Elementary enrollment is estimated to be 396 students**, which is a net increase of 12 students from the 2022-2023 California Basic Educational Data System (CBEDs) counts. Staff will continue to monitor any enrollment adjustments.
2. **Transitional kindergarten (TK) current enrollment of 28 is** simply an average of the pre-pandemic counts of 25 and the current counts of 18. The kindergarten numbers are based on current year's head counts but we will have a better idea in the spring. Based on research we project a **TK enrollment of 40 students**, which is a net increase of 12 students.
3. **Robert Down Elementary enrollment is estimated to be 402 students**, which is a **decrease** of 6 students from the 2022-2023 California Basic Educational Data System (CBEDs) counts. Staff will continue to monitor any enrollment adjustments.
4. **PG Middle School enrollment is expected to be 434 students**, which is an **increase** of 12 students. The increase is the projected higher enrollment for incoming 6th grade class sizes.

5. **PG High School enrollment is expected to be 539 students**, which is a net **decrease** of 1 students from 2022-2023, a lower number of incoming 9th grade students.
6. **Community High School is expected to have enrollment of 8 students**, which is a net **decrease** of 3 students from 2022-2023
7. **Overall, district enrollment is expected to be 1,807 students**

FISCAL IMPACT:

Changes in enrollment have no impact on revenues because the District receives its funding primarily from local property taxes. However, changes in enrollment does result in changes to Site Allocations, Certificated staffing, and any categorical budgets that receive funding based on enrollment.

PGUSD Enrollment

Actuals

Oct 5
CBEDS

	YR	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Estimated 22-23	Actual 22-23	Diff
Forest Grove	TK	22	27	26	28	27	26	25	17	18	22	28	-6
	K	64	78	78	85	65	65	68	59	71	71	39	32
	1	68	64	82	73	86	58	62	66	61	71	65	6
	2	71	69	66	80	66	89	60	66	64	61	60	1
	3	67	69	70	72	77	63	84	61	58	64	73	-9
	4	89	75	71	68	76	73	55	83	70	58	66	-8
	5	77	78	77	66	66	70	69	61	68	70	71	-1
Total FGE		436	433	444	444	436	418	398	396	392	417	402	21
Robert Down	TK												
	K	70	76	68	87	76	81	66	61	72	72	60	12
	1	91	72	83	78	90	73	86	72	62	72	67	5
	2	90	79	79	78	81	88	74	88	70	62	60	2
	3	72	85	87	73	76	76	92	75	82	70	68	2
	4	87	72	86	93	73	79	73	79	71	82	79	3
	5	77	84	69	81	93	64	79	67	76	71	74	-3
Total RHD		487	468	472	490	489	461	470	442	433	429	408	21
TK Totals	TK	22	27	26	28	27	26	25	17	18	22	28	-6
Elem Totals	K-4th	769	739	770	787	766	745	720	710	681	683	637	46
Elem Totals	5th	154	162	146	147	159	134	148	128	144	141	145	-4
PGMS	6	174	153	188	151	155	174	131	151	127	144	150	-6
	7	162	163	164	186	161	144	180	133	139	127	140	-13
	8	148	156	160	158	184	167	140	181	126	139	130	9
Total PGMS		484	472	512	495	500	485	451	465	392	410	420	-10
PGHS	9	153	160	164	170	169	184	168	136	163	126	133	-7
	10	167	151	155	152	170	150	171	157	123	163	159	4
	11	140	151	147	138	144	148	138	154	141	123	117	6
	12	135	134	147	142	135	138	141	136	145	141	132	9
Total PGHS		595	596	613	602	618	620	618	583	572	553	541	12
Community HS	9th - 12th	27	19	16	23	18	21	19	19	15	15	11	4
Total CHS		27	19	16	23	18	21	19	19	15	15	11	4

INFORMATION/DISCUSSION C

2023-2024 Projections using Cohort Survival Method

	YR	1 Year	2 Year	5 Year	10 Year	Roll Grade
Forest Grove	TK	40	40	Projected		
	K	60	55	60	69	60
	1	62	40	38	38	39
	2	68	64	66	65	65
	3	68	56	58	58	60
	4	69	78	72	75	73
	5	68	60	63	63	66
Total FGE		396	353	357	368	363
Robert Down	TK	0	0	Projected		
	K	68	66	68	74	68
	1	60	60	62	63	60
	2	67	66	67	67	67
	3	60	58	59	58	60
	4	68	66	65	68	68
	5	79	78	75	76	79
Total RHD		402	394	396	406	402
TK Totals	TK	28	40	40	40	40
Elem Totals	K-4th	798	747	753	774	765
Elem Totals	5th	147	138	138	139	145
PGMS	6	144	144	147	146	145
	7	150	144	147	148	150
	8	140	136	139	140	140
Total PGMS		434	424	433	434	435
PGHS	9	130	124	127	127	130
	10	133	127	124	135	133
	11	159	151	146	156	159
	12	117	114	113	120	117
Total PGHS		539	516	510	538	539
Community HS	9	8	15	10	19	17
Total CHS		8	15	10	19	17
YR		1 Year	2 Year	5 Year	10 Year	Roll Grade
Total Enrollment		1,807	1,742	1,746	1,805	1,796

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- ☐ Public Hearing

SUBJECT: Annual California Uniform Public Construction Cost Accounting (CUPCCA) List of Prequalified Contractors

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn, Assistant Superintendent Business Services

RECOMMENDATION:

The District Administration recommends that the Board review the attached Annual California Uniform Public Construction Cost Accounting (CUPCCA) List of Prequalified Contractors per Board Policy 3311.1.

BACKGROUND:

In awarding contracts for public works projects involving school district facilities, the District always seeks to obtain best value, and ensure the highest level of qualifications of awarded contractors.

The Board adopted, by Resolution #1000, the procedures set forth in the Uniform Public Construction Cost Accounting Act pursuant to Public Contract Code 22030-22045, including the informal bidding procedures.

Per Board Policy 3311.1, the Board delegates to the Superintendent or designee the responsibilities to award any contract eligible for informal bidding procedures and to develop plans, specifications, and working details for all public projects requiring formal bidding procedures.

Projects awarded through the UPCCAA shall be subject to the cost accounting procedures established by the California Uniform Construction Cost Accounting Commission. (Public Contract Code 22030)

Included and attached is the 2022-2023 PGUSD List of Prequalified Contractors and the California State Controller's Office Updated FAQs for your reference

FISCAL IMPACT:

No Fiscal impact.

California Uniform Public Construction Cost Accounting (CUPCCA) List of Qualified Contractors 2022-2023

Contact Title	Email Address	Street Address	City	State	Zip Code	Phone Number	License Classification	License Number	DIR Registration Number	Expiration Date	Type of Work You Provide
ADMIN ASSISTANT	MARIA@DILBECKANDSONS.COM	26 Quail Run Cir	Salinas	CA	93907	8314228213	B	430708	1000000141	6/30/24	GENERAL CONTRACTOR
Owner	colomewco@yahoo.com	22855 Califa St.	Woodland Hills	CA	91367	818-884-0856	C33 and B	818650	1000001623	6/30/23	Painting and Minor Repairs
Vice President & Director of Global Operations	david@ccd4u.com	1674 Catalina Street	Sand City	CA	93955	8313939330	Class B	964461	PW-LR-1000792724	6/1/23	Commercial construction & electrical services, technology installation, support & training, security system installation and support, furniture and relocation services & logistics
Owner	fortis101@yahoo.com	1012 Crestwood Drive	South San Francisco	CA	94080	415-516-3490	C-33	761325	1000011520	6/30/23	Painting
Operations Manager	Susie@wheelersflooring.net	500 N. Main St.	Salinas	Ca	93901	831-424-1839	C15	468808	1000013777	6/30/23	Floor Coverings
President	cst@itgmt.com	5201 Great America PKWY	Santa Clara	CA	95054	14088377000	C7	944128	1000005491	6/30/27	Technology Products and Services
Secretary	ordertracking@ams.net	502 Commerce Way	Livermore	CA	94551	925-245-6100	C-7	763508	1000001046	6/30/25	Structured Cabling/Low Voltage Wiring
Project Coordinator	donna@ccgmonterey.com	4 Upper Ragsdale Dr.	Monterey	CA	93940	831-649-4444	C17, C61, D24	170560	10000421264	6/30/23	Glass and Glazing, Windows and Doors, Showers, Skylights, Toilet Partitions
PRESIDENT, OWNER	WTHAYER@THAYERCONSTRUCTION.COM	220J SAN BENANCIO RD	SALINAS	CA	93908	8316419147	B	605259	1000015477	6/30/24	GENERAL CONSTRUCTION SERVICES: INDUSTRIAL, COMMERCIAL, RESIDENTIAL
Owner	courtney@mess-clean.com	8 Harris Ct, Suite E6	Monterey	CA	93940	2627322494	BUILDING, and C22 -	988797	1000035079	6/30/23	Abatement services for asbestos, lead, hazardous materials and mold in homes and commercial buildings.
Admin	Sandra@mpe2000.com	192 Healy Avenue	Marina	CA	93933	8313844081	A, B	972425	1000000094	6/30/23	A general engineering contractor specializing in excavation, grading, paving and underground utilities such as water, sewer and storm systems.
PRESIDENT	ASHNIL@CAELECTRIC.COM	21858 STONEGATE DR	SALINAS	CA	93908	8314026966	C10	1047429	1000063069	6/30/23	ELECTRICAL
CEO	warren@surveillancegrid.com	16490 Vineyard Blvd. Suite B	Morgan Hill	CA	95037	408-504-3222	C10	984043	1000008729	6/30/23	Security, network, IT equipment, installation and support
COO	chill@sentryalarm.com	8 Thomas Owens Way	Monterey	CA	93940	8312368802	C7, C10 & C16	619293	1000030914	6/30/23	Design, install, service, inspect and monitor intrusion alarm, fire alarm, video surveillance, access control and fire sprinkler systems.
Owner	andy@topestreeservice.com	115 Monterey-Salinas Hwy	Salinas	CA	93908	831-373-7765	D49/C61	669057	1000421729	6/30/25	Tree Service - removal, trimming, mowing, stump grinding
Engineered Systems Sales Manager	driggenbach@firstalarm.com	1111 Estates Drive	Aptos	CA	95003	Office: 831-649-1111. Mobile: 831-	C10, C7	430530	1000025780	7/7/23	Security, Fire Life Safety
President	inorkoli@firstalarm.com	1111 Estates Drive	Aptos	CA	95003	8314761111	C-10 /C-7	430530	1000025780	6/30/23	Monitoring, cameras, fire alarm, burglar alarm, video trespass, active shooter software, access control, Data/Network wiring
President	pacificcoasttreeservices@gmail.com	1501 Oyster Bay Court	Salinas	CA	93906	8318090954	C61, C43, TREE SERVICE	1031413	PW-LR-1000822576	6/30/23	Tree services include: removals, trimming, pruning, topping, stump removals and lot clearing to meet fire code requirements.
Vice President	bids@ausonio.com	11420 A Commercial Parkway	Castroville	CA	95012	831-633-3371	A & B	682308	1000008565	6/30/23	General Contracting / Construction Management
Project Manager	olivia.csgcontracting@gmail.com	157 Mar Vista	Monterey	CA	93940	8316017125	B, C36, C8	1033135	1000064042	6/30/23	General Construction, Emergency On Call Contractor
CEO	kolelectricinc@gmail.com	639 E Market St	Salinas	CA	93905	8319054288	C7, C10	952849	1000019977	6/30/23	Electrical and Communications
President	cliffq@livewireis.com	1325 Abbott Street, STE 1	Salinas	CA	93901	831-643-9473	C7	887934	1000404116	6/30/24	Low Voltage Electrical, Networking and Communications

CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT FREQUENTLY ASKED QUESTIONS (FAQs)

These FAQs have been compiled to assist agencies that are participating in the California Uniform Public Construction Cost Accounting Act (the Act), as contained in Public Contract Code (PCC) Section 22000, et seq. All references are to PCC, unless otherwise stated.

1. What is the Uniform Public Construction Cost Accounting Act?

The Act is legislation that was enacted in 1983 to help promote “uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state” (Section 22001). The Act is a voluntary program available to all public entities in the State, but it applies only to those public agencies that have “opted in” to the provisions set forth by the Act using the processes outlined in the Act. The entirety of the Act is found at Sections 22000-22045.

2. What are some of the key provisions of the Act?

The Act allows for public project work in the amount of \$60,000 or less to be performed by a public agency’s force account using the public agency’s own resources, or by negotiated contract, or by purchase order (Section 22032(a)). Public projects in the amount of \$200,000 or less may use the informal or formal bidding procedures set forth in Section 22032(b) or (c) of the Act. Public projects at a cost of more than \$200,000 must use formal bidding procedures to let the contract pursuant PCC Section 22032(c).

3. What are the benefits of the program?

- Increased force account limit for public agencies;
- Simplified bidding for projects that are \$200,000 or less;
- Reduced number of formal bids based on project size; and
- Expedited contracting for projects under \$200,000.

Many participating agencies appreciate the program because it has given them more leeway in the execution of public works projects under a certain dollar amount; sped up the award process; expedited project delivery; reduced the time, effort, and expense associated with bidding projects under \$200,000; and simplified administration for those projects. Few agencies have experienced challenges with the accounting requirements and overhead provisions. Moreover, adjustments, when required, have been relatively simple; most required procedures were already in place, so there were few, if any, major changes to existing operations. The current Standard Accounting Codes Structure satisfies reporting requirements when used properly.

4. Is the Uniform Public Construction Cost Accounting Act mandatory for public agencies?

No. The Act is a voluntary program requiring a public agency to “opt in” using the process outlined in the Act.

5. How does a public agency become subject to the Act?

The governing body must elect by resolution to become subject to the Act and must file a copy of the approved resolution with the State Controller’s Office (Section 22030). Sample documents are available at:

http://www.sco.ca.gov/ard_cuccac.html. Once an agency has opted into the Act, it will remain a part of the program.

6. May a public agency withdraw from the Act?

Yes. An agency may withdraw from the Act by filing with the State Controller’s Office an approved resolution of the agency’s election to withdraw that was made during a public meeting of the agency’s governing body.

7. Must a participating agency “opt in” to the Act annually?

No. Once a participating agency “opts in” to the Act, the agency remains subject to the Act until it “opts out” of the Act.

8. What is the California Uniform Construction Cost Accounting Commission?

The Commission was created to administer the Act, per Section 22010. It consists of 14 members: 13 members appointed by the State Controller and the License “A” member of the Contractors’ State License Board. Seven members represent the public sector (counties, cities, school districts, and special districts). Six members represent the private sector (public works contractors and unions). The Commission members receive no salary, but are eligible for reimbursement of their direct expenses related to the Commission.

9. What are the Uniform Public Construction Cost Accounting Procedures?

These procedures are to be used for tracking costs for work performed by an Agency’s own forces on a “project” as defined by the Act (Section 22002(c)). The procedures do not apply to operations or maintenance work, or any work that meets the criteria listed in Section 22002(d).

These procedures are intended to capture and record all direct and indirect labor, materials, equipment, subcontractors, and supervision costs, as well as the appropriate overhead costs for the public agency associated with each “project” it performs with its own forces. The procedures follow industry-standard accounting methods, and in many cases are not much different from those already in place at most agencies. Sample forms are available in the CUCCAC Cost Accounting Policies and Procedures Manual at http://www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf

School districts may use the Standard Accounting Code Structure to comply with tracking requirements.

10. Are the cost accounting procedures applicable for agencies whose work forces perform only maintenance tasks as defined in the Act and that contract all of their public projects to third parties?

No. The cost accounting procedures are applicable only for agencies that perform public project work such as construction and alteration by force account or otherwise. As maintenance does not constitute a "project" under the Act, the cost accounting procedures do not apply.

11. When are participating agencies required to advertise if they choose to maintain a list of qualified contractors?

At least once per calendar year, each Public Agency that has elected to become subject to the Act and intends to use the notice provisions outlined in Section 22034(a) must establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Section 22036. The notice must invite all licensed contractors to submit the name of their firms to the Agency for inclusion on the Agency's list of qualified bidders for the following twelve (12) months. Effective January 1, 2016, a participating agency can choose a specific date of their choice in which to renew its list of qualified contractors.

12. May an agency that chooses to maintain a list add a contractor to the list at any time during the year?

Yes.

13. What is meant by the term "qualified contractors" as used in section 22034(a)(1) of the Act?

Qualified contractors are contractors licensed by the State to perform the subject work. The Commission has determined that nothing in the Act prohibits a participating agency from using additional objective pre-qualification standards in the formation and maintenance of their Qualified Contractors Lists if they so desire.

14. How can a contractor get on an agency's list of contractors?

The California Uniform Public Construction Cost Accounting Commission's webpage has a list of agencies that are participating in the California Uniform Public Construction Cost Accounting Act (CUPCCAA). Please contact each agency directly to let them know you would like to be on their list of contractors. For a list of participating agencies, please see the "Participating Agency Lists" header at the following link:

https://www.sco.ca.gov/ard_cuccac.html

More detailed instructions for contractors can be found in Section 1.04.01 of the Cost Accounting Policies and Procedures Manual

15. Can a public agency disqualify or exclude certain contractors from the Qualified Contractors List required in Section 22034(a)(1)?

Agencies may disqualify contractors from Qualified Contractors Lists when the contractors fail to furnish information to meet the minimum criteria as established by the Commission.

16. For agencies that do not maintain an informal bidders list, are they allowed to choose who would get notifications of projects?

No. Section 22034(a)(2) provides for notifications to construction trade journals and exchanges in lieu of sending notifications to contractors on an informal bidders list. An agency may send notices to selected contractors provided it has also met the advertisement requirements of Section 22034(a).

17. What is the difference between “qualifying contractors” under the Act and “prequalification of contractors” by school districts under Section 20101?

Qualifying contractors is a process that allows contractors to register with a public agency for notification of public works opportunities. The prequalification process under Section 20101 is a more complex process that requires a standardized questionnaire and evaluation of contractors using standard scoring criteria. The prequalification process is applicable under the Local Agency Public Construction Act, and does not apply to the Uniform Public Construction Cost Accounting Act.

18. Does a contractor have to be on an agency’s contractor list in order to perform projects less than \$60,000?

No, any public project less than the \$60,000 informal bidding threshold can be performed by employees of the public agency, by negotiated contract, or by purchase order. An agency’s list of contractors is only required to be alerted of projects that surpass the informal bidding threshold.

19. Must a public agency a) notify contractors about public projects if the contractors are believed to not have the skills, credentials, or experience to perform the work required for the public project; and b) consider bids submitted by contractors that the public agency believes do not have the skills, credentials, or experience to perform the work?

a) Yes. If a contractor is on the Qualified Contractors List, the contractor must be notified by the agency of public projects for which he or she is licensed to perform (Section 22034(a)(1)).

b) All bids received must be considered, unless an agency makes appropriate legal findings that a contractor is not legally responsible or his or her bid is not responsive.

20. Does the Act allow flexibility in cases of emergency and when repair or replacements are necessary to permit the continued conduct of a public agency's operations or services?

Yes. For the purposes of the Public Contract Code, an "emergency" is defined at Section 1102 as "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services."

The Act sets forth in Section 22035(a) how a governing body should proceed in case of emergency repairs or replacements. This section states:

In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by contractor, or by a combination of the two. Section 22050 et seq., provides the emergency contract procedures to be followed in these cases.

21. Do the alternative bidding procedures apply only to public projects as defined in Section 22002(c)?

The alternative bidding procedures apply only to work that constitutes a "public project" as defined in Section 22002(c) and has a construction cost within the limits described in Section 22032. The alternative bidding procedures are not required for the purchase of goods or materials that are not part of a "public project."

However, as outlined in Section 22003, a participating agency may also use the alternative bidding procedures when contracting for maintenance or other work that does not fall within the definition of a "public project" if it so chooses.

22. What will membership in the Act cost my agency?

Nothing. There are no membership fees or dues. However, the Commission does accept grants to assist it in carrying out its duties (Section 22015(c)).

23. What are the most common concerns addressed by the Act?

These are:

- Cost accounting policies and procedures;
- Informal bidding procedures; and
- Accounting procedures review.

Cost accounting requirements for the Act follow those common to the construction industry. The informal bidding on public projects up to \$200,000 is seen by agencies as an effective tool to expedite completion of small projects. While an accounting procedures review could potentially hold up a

project for a minimum of 45 days pursuant to Section 22043(c)(1), these types of reviews have been rare in the Commission's history.

24. Must an agency calculate an overhead rate to apply the accounting procedures?

No. Cities with populations of less than 75,000 must assume an overhead rate equal to 20% of the total costs of the public project, including the costs of material, equipment, and labor (Section 22017(b)(1)). Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate of 30% of the total costs of a public project including the costs of materials, equipment, and labor (Section 22017(b)(2)).

25. When a public entity opts into the Act, does the Act supersede other contracting legal requirements such as statutory requirements for performance bonds, prevailing wages, and certificates of insurance, etc.?

No. The Act supersedes only the bidding procedures used once a public agency has opted into the Act and has notified the Controller. All other contracting requirements of the PCC remain applicable.

26. Can a public agency claim to be exempt from following all of the requirements in Public Contract Code by claiming it only has to follow the language and procedures within the Act?

No. The Act is part of the Public Contract Code; therefore, if the Act is silent on a particular matter, then the Public Contract Code applies on that matter.

27. If public agencies are not following the advertising requirements in the Act, will the Commission address those agencies? Can a complaint be brought to the Commission?

Yes. Recent legislative changes have expanded the Commission's authority to enforce provisions of the Act. The Commission may review complaints filed by interested parties when evidence is provided that:

- The participating agency performed work after rejecting all bids, claiming it could do the work less expensively (Section 22042(a)).
- The work performed exceeded the force account limits (Section 22042(b)).
- The work was improperly classified as maintenance (Section 22042(c)).
- A public agency did not comply with the informal bidding procedures set forth at Section 22034 (Section 22042.5).

28. Section 20112 specifically requires school districts to advertise twice for a two-week period, while Section 22037 requires advertising once, 14 days in advance of the date of opening of bids. How do participating school districts reconcile this conflict?

When the Act is in conflict with any other section in the Public Contract Code, the Act shall supersede. The Act requires advertising once, 14 days in advance of the date of opening of bids. Districts participating in the Act may choose to maximize their outreach by advertising twice.

29. May a public agency contract separately for like work at the same site at the same time using the under \$60,000 Force Account method?

No. Section 22033 states:

It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.

Separating "like work" would be permitted only if the total of all the "like work" is less than \$60,000. If the work is more than \$60,000, it must be advertised and bid according to the provisions of the Act (i.e. bid informally if the total amount is less than \$200,000; bid formally if the total amount exceeds \$200,000).

30. May a public agency bid out two separate projects that occur at the same time and site, but are different types of work?

Yes. There is no violation if the work is competitively bid. If an agency wishes to use the negotiated or informal bidding processes, it must apply the appropriate limits to each of the projects. Each project must be separate in scope. Projects may not be separated by trade to avoid bidding. If the total of all jobs is greater than \$60,000 then the informal or formal bid limits apply.

31. Can an agency separately bid out for the materials and supplies on a project to avoid contractor markup and then bid out for the installation labor or perform installation with its own forces?

An agency may separately procure the materials and supplies for a project; however, all costs (materials, supplies, labor) of a project must be included in the project cost estimate to determine whether the project falls within the force account, informal bid, or formal bid thresholds.

In addition, if installation is performed by force account, an overhead rate must be applied to all direct costs of the project and included in the cost estimate. For example, if materials/supplies cost \$50,000 to procure separately and the estimated labor cost to install is \$25,000, the project could not be performed with force account, but would fall within the informal bid threshold because the total cost estimate is \$75,000.

32. Must a value be assigned to the volunteer labor when the California Conservation Corps or another volunteer organization provides labor on a public project?

No. Volunteer labor from volunteer organizations does not need to be included as a cost of a public project for bid limit purposes as long as no costs are associated with the volunteer labor.

33. By opting into the Act, does a public agency automatically bring all of its component divisions or departments into the Act?

Yes. When a public agency elects to become subject to the uniform construction cost accounting procedures, the entire legal entity is considered subject to the Act and no divisions or departments are exempt.

34. When a public agency opts into the Act, does it automatically bring all districts under control of its governing Board into the Act?

No. Special Districts, which are governed by a board of supervisors or city council, are subject only if a separate election is made for each special district.

35. PCC 22034 requires that participating agencies adopt an Informal Bidding Ordinance. What do schools and special districts that cannot adopt Ordinances do to comply?

Agencies that do not have the ability to adopt Ordinances should discuss Section 22034 compliance with their legal counsel.

36. Are change orders allowed by the Act, and if so what is allowable? What if a change order goes over one of the allowed thresholds?

The Act does not address change orders. Please consult with your agency's legal counsel regarding any limitation on change orders that may apply to your agency.

37. Is there any training related to the Act? If so, where can I find a list of where the training is offered?

SCO has information regarding the Act on the SCO/CUCCAC website, including the current Cost Accounting and Procedures Manual. Often, commissioners are willing to provide training, answer questions, and/or give a presentation in order to assist agencies in getting the full benefits of participating in the Act.

38. The Act states that public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order. However, the Department of Industrial Relations (DIR) states any project over \$1,000 has to pay prevailing wages. How do the Act and DIR guidance work together?

The Act and DIR are completely separate and govern different aspects of public projects. The Act focuses on bidding related to public projects and DIR deals with wages paid by contractors on public projects. However, they may relate in that if prevailing wages are not paid on a public project, that could potentially impact the total cost of a project which would require a different bidding process utilized under the Act.

Additional inquiries and questions may be directed by email to
LocalGovPolicy@sco.ca.gov, or by regular mail to:

State Controller's Office
Local Government Programs and Services Division
Local Government Policy Section
P.O. Box 942850
Sacramento, CA 94250

- ☐ Student Learning and Achievement
☒ Health and Safety of Students and Schools
☐ Credibility and Communication
☐ Fiscal Solvency, Accountability and Integrity

- ☐ Consent
☐ Action/Discussion
☒ Information/Discussion
☐ Public Hearing

SUBJECT: Board Discussion of California School Board Association Annual Education Conference and Trade Show

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The Board will share and reflect on their experience at the California School Board Association Annual Education Conference and Trade Show.

INFORMATION:

Annual Education Conference (AEC) is the California School Board Association's (CSBA) premier continuing education program—delivering practical solutions to help governance teams from districts and county offices of education improve student learning and achievement. Whether a veteran board member, a superintendent, a board support professional or a first-time attendee, attendees come away from the conference with practical ideas and a renewed commitment to help their board accomplish the critical work ahead.

Why Attend:

- Invest in your students and schools by attending CSBA's 2022 Annual Education Conference. Get information, share insights, find solutions and ways to raise student achievement levels at the more than 100 highly focused sessions this year.
- Find out how our business partners can help you effectively manage and lead your schools with the various product and service solutions they offer.
- Whether it's issues related to budget and finance, student achievement, governance, school safety, common core, community engagement, communication or collaboration, this premier event focuses on key areas to guide governance teams through tough fiscal times.
- This is the only leadership development opportunity that offers the governance perspective. Partner directly with leaders in the education arena and collaborate with your peers to tackle the issues you face in your own school district or county office of education.

☒ Student Learning and Achievement
☒ Health and Safety of Students and Schools
☒ Credibility and Communication
☒ Fiscal Solvency, Accountability and Integrity

☐ Consent
☐ Action/Discussion
☒ Information/Discussion
☐ Public Hearing

SUBJECT: Future Agenda Items

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Ralph Gómez Porras, Superintendent

RECOMMENDATION:

The Administration recommends that the Board review the list of future agenda items and direct Administration to add items to the list and/or schedule items for a particular agenda.

BACKGROUND:

Board Bylaw 9322 states in part that “Any member of the public or any Board member may request that a matter within the jurisdiction of the Board be placed on the agenda of a regular meeting. The request [from a member of the public] must be submitted to the Superintendent or designee with supporting documents and information ...”

INFORMATION:

Board members have the opportunity at the end of Open Session in a Regular Board meeting to request that items be added to the list for a future meeting. Depending upon the timeliness of the item, it may also be assigned a particular meeting date.

The following is a list of future agenda items as of the January 5, 2023 Regular Board Meeting:

- Added March 17, 2022: Board Self Evaluation (TBA)
- Added April 21, 2022: Discuss “PG Promise” of funding CTE certification process (TBA)
- Added May 19, 2022: Teacher of the Year Recognition (TBA)
- Added June 2, 2022: Discuss CSBA Sample School Safety Resolution
- Added June 16, 2022: Discuss proposal of skatepark in Pacific Grove (Feb 2023)
- Added October 6, 2022: Discuss housing on PGUSD property (TBA)
- Added November 17, 2022: California Healthy Kids Survey Presentation (TBA)
- Added November 17, 2022: Board agenda, format, discussion (Feb 2023)