



Financial Statements  
June 30, 2022

# Patterson Joint Unified School District

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## Independent Auditor's Report

To the Governing Board  
Patterson Joint Unified School District  
Patterson, 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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.

#### *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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 GAAS, 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 Patterson Joint 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*, local education agency organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, and combining non-major governmental fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 GAAS. In our opinion, the schedule of expenditures of federal awards, local education agency organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, and combining non-major governmental fund financial statements 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 January 8, 2024 on our consideration of Patterson Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Patterson Joint Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Patterson Joint Unified School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

San Ramon, California  
January 8, 2024

**“UNLOCKING POTENTIAL – EMPOWERING LIVES”**



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*Reyes Gauna, Ed.D.*  
*Superintendent*



This section of Patterson Joint Unified School District’s (comprehensive) 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 for the fiscal year ended 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 Patterson Joint Unified School District (the District) and its component units 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.

The *Fund Financial Statements* include statements for the governmental activities.

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

*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 Patterson Joint Unified School District.

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### *Board of Trustees*

*Michele Bays \* Martha Blanco-Arechiga \* Kieran Carter \* Carlos Fierros \* Amanda Lozano \* Ryan Segoviano \* Dale Torres*  
*Student Board Member – Isaiah Rivera*

## 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.

**Governmental Activities** - 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 statement.

## **FINANCIAL HIGHLIGHTS OF THE PAST YEAR**

The District continues to monitor learning loss and lower enrollment due to the prior year's pandemic. Additional staff was hired to assist with learning loss, attendance and special needs. We continue to provide free internet access to students and improve our network infrastructure.

The District increased our mental health services by hiring new counselors and additional outside consultants for both students and staff as we continue to recover from the pandemic.

Student Safety remains a high priority and we have increased security cameras, and site key card door access. We also have been replacing playground structures and outdoor learning areas to provide adequate social distancing.

Construction projects that are in progress are a new classroom building for Apricot Valley and Las Palmas, in addition to the two story science building and theatre at the high school.

## **THE DISTRICT AS A WHOLE**

### **Net Position**

The District's net position was \$32,353,571 for the fiscal year ended June 30, 2022, and \$24,243,027 for the fiscal year ended June 30, 2021. Of this amount, \$19,962,608 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 for the past two fiscal years.

Table 1

	Governmental Activities	
	2022	2021
<b>Assets</b>		
Current and other assets	\$ 65,149,857	\$ 83,791,175
Capital assets	<u>145,395,238</u>	<u>120,677,140</u>
Total assets	<u>210,545,095</u>	<u>204,468,315</u>
Deferred outflows of resources	<u>17,269,549</u>	<u>19,390,406</u>
<b>Liabilities</b>		
Current liabilities	11,894,663	9,767,340
Long-term liabilities	<u>148,218,661</u>	<u>185,559,500</u>
Total liabilities	<u>160,113,324</u>	<u>195,326,840</u>
Deferred inflows of resources	<u>35,347,749</u>	<u>4,288,854</u>
<b>Net Position</b>		
Net investment in capital assets	78,044,174	70,044,784
Restricted	19,962,608	18,562,443
Unrestricted	<u>(65,653,211)</u>	<u>(64,364,200)</u>
Total net position	<u>\$ 32,353,571</u>	<u>\$ 24,243,027</u>

The \$32,353,571 in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by \$1,289,011.

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the past two fiscal years.

Table 2

	Governmental Activities	
	2022	2021
<b>Revenues</b>		
Program revenues		
Charges for services and sales	\$ 2,312,493	\$ 1,963,837
Operating grants and contributions	22,052,056	26,579,669
General revenues		
Federal and State aid not restricted	58,440,310	53,475,826
Property taxes	19,116,176	18,366,990
Other general revenues	7,584,498	8,789,832
Total revenues	109,505,533	109,176,154
<b>Expenses</b>		
Instruction-related	63,404,021	72,520,008
Pupil services	10,688,633	11,218,853
Administration	10,630,177	7,389,129
Plant services	9,987,062	9,270,789
All other services	6,685,096	5,565,233
Total expenses	101,394,989	105,964,012
Change in net position	\$ 8,110,544	\$ 3,212,142

**Governmental Activities**

As reported in the Statement of Activities on page 16, the cost of all of our governmental activities this year was \$101,394,989 as compared to \$105,964,012 in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$19,116,176 because the cost was paid by those who benefited from the programs of \$2,312,493 or by other governments and organizations who subsidized certain programs with grants and contributions of \$22,052,056. We paid for the remaining “public benefit” portion of our governmental activities with \$58,440,310 in unrestricted Federal and State funds and with \$7,584,498 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 including special instruction programs and other instructional programs, 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 they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction-related	\$ 63,404,021	\$ 72,520,008	\$ (47,185,811)	\$ (55,650,582)
Pupil services	10,688,633	11,218,853	(5,848,587)	(5,974,431)
Administration	10,630,177	7,389,129	(8,504,985)	(2,873,392)
Plant services	9,987,062	9,270,789	(9,437,764)	(7,556,160)
All other services	6,685,096	5,565,233	(6,053,293)	(5,365,941)
<b>Total</b>	<b>\$ 101,394,989</b>	<b>\$ 105,964,012</b>	<b>\$ (77,030,440)</b>	<b>\$ (77,420,506)</b>

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$53,255,194 as compared to \$74,023,835 in the prior year, which is a decrease of \$20,768,641.

Governmental Fund	Balances and Activity			
	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 22,519,284	\$ 99,480,971	\$ 97,081,117	\$ 24,919,138
Student Activity Fund	559,197	503,555	381,856	680,896
Adult Education	223,120	506,943	525,173	204,890
Child Development	268,171	1,473,793	1,516,007	225,957
Cafeteria	1,076,520	3,362,757	3,237,620	1,201,657
Deferred Maintenance	2,165,528	(83,389)	160,647	1,921,492
Building	18,297,659	(8,923)	18,083,523	205,213
Capital Facilities	8,445,657	2,885,540	4,521,820	6,809,377
County School Facilities	92,410	(3,758)	-	88,652
Special Reserve Fund for Capital Outlay Projects	15,896,623	9,427	3,050,234	12,855,816
Bond Interest and Redemption	4,479,666	4,543,378	4,880,938	4,142,106
<b>Total</b>	<b>\$ 74,023,835</b>	<b>\$ 112,670,294</b>	<b>\$ 133,438,935</b>	<b>\$ 53,255,194</b>

### 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 June 27, 2022. 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 initially projected the fund balance of the General Fund to decrease from prior year by \$5,980,099, the fund balance actually increased by \$2,399,854 mainly due to savings in books and supplies and other operating expenditures. Also, we did not spend down our carryover as anticipated.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2022 the District had \$145,395,238 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. At June 30, 2021, the net capital assets totaled \$120,677,140. This represents a net increase (including additions, deductions and depreciation) of \$24,718,098 from last year (Table 4).

Table 4

	Governmental Activities	
	2022	2021
Land and construction in progress	\$ 56,736,024	\$ 35,001,031
Buildings and improvements	85,175,797	82,732,372
Equipment	3,483,417	2,943,737
Total	\$ 145,395,238	\$ 120,677,140

This year's additions included land, equipment and some modernization to various school sites. We present more detailed information about our capital assets in the Notes to Financial Statements.

**Long-Term Liabilities**

At the end of this year, the District had \$148,218,661 in long-term liabilities outstanding as compared to \$185,559,500 at the end of the prior year. The long-term liabilities consisted of:

Table 5

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	\$ 85,179,762	\$ 85,158,171
Certificates of participation	10,665,000	10,995,000
Unamortized premiums/(discounts)	1,329,690	1,404,291
Leases	786,909	906,156
Compensated absences	372,199	351,142
Net OPEB liability	7,181,991	7,449,931
Aggregate net pension liability	42,703,110	79,294,809
Total	\$ 148,218,661	\$ 185,559,500

The District's general obligation bond S&P rating at the time of their last issuance was "AAA".

At year-end, the District has a net pension liability of \$42,703,110 versus \$79,294,809 last year, a decrease of \$36,591,699, or 46%. The District also reported deferred outflows of resources from pension activities of \$16,260,369, and deferred inflows of resources from pension activities of \$31,765,091. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

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

- The District was able to maintain a comfortable reserve even in the hard times. The District was approved for e-rate funds to upgrade communications and technology access speed on all District campuses.
- District has purchased Chromebook, hot spots, LTE modems and other required equipment to ensure every student has access to distance learning.
- The District continues to grow a student-run central receiving and warehousing function, which gives students real world experience and brings needed controls to Purchasing and receiving.
- The District is building two story Science building and Theatre at our High School.
- The District re-opened in person summer school to offset learning loss.
- The District put in outdoor shade structures and learning areas.
- The District is replacing HVAC units throughout the district to help with indoor airflow in response to pandemic recovery.

**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 criteria:

**REVENUE**

**LCFF**

- Funded Average Daily Attendance (ADA) of 6001.29 which is current year ADA.
- Budget year COLA is estimated at 6.56%.

**Federal Revenue**

- The District has received one time stimulus funding as well as having carryover for normal Title I grants.

### **State Revenue**

The District received several one-time stimulus funding grants including In Person Instruction, Extended Learning Opportunity grants.

### **Other Local Revenue**

- Interest rates are assumed to be stable due to low interested earnings and cash flow factors.
- No additional local revenue was budgeted.

## **EXPENDITURES**

### **Salaries and Benefits**

- 2022-23 includes 5.33% increase as well as step and column.
- Restricted categorical resources will require necessary reductions to remain fiscally solvent.

### **Books and Supplies**

- The District continues to invest in technology needs for students and teacher devices.
- In addition, the District will be doing a Science Adoption.

### **Services and other Operating Expenses**

- Restricted categorical resources will require necessary reductions to remain fiscally solvent.

### **Ending Balance**

- Economic uncertainty reserve will retain minimum of required amount of three percent.  
Other Assigned/Designated items will be addressed as part of the LCAP and Strategic Plan.

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director of Fiscal Services, at Patterson Joint Unified School District, 510 Keystone Blvd, Patterson, California, 95363, or e-mail at [smadera@patterson.k12.ca.us](mailto:smadera@patterson.k12.ca.us).

Patterson Joint Unified School District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 53,501,528
Receivables	11,642,820
Stores inventories	5,509
Capital assets not depreciated	56,736,024
Capital assets, net of accumulated depreciation	88,659,214
Total assets	210,545,095
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to OPEB	1,009,180
Deferred outflows of resources related to pensions	16,260,369
Total deferred outflows of resources	17,269,549
<b>Liabilities</b>	
Accounts payable	7,679,585
Unearned revenue	4,215,078
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,774,970
Long-term liabilities other than OPEB and pensions due in more than one year	94,558,590
Total other postemployment benefits liability (OPEB)	7,181,991
Aggregate net pension liabilities	42,703,110
Total liabilities	160,113,324
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	3,582,658
Deferred inflows of resources related to pensions	31,765,091
Total deferred inflows of resources	35,347,749
<b>Net Position</b>	
Net investment in capital assets	78,044,174
Restricted for	
Debt service	4,142,106
Capital projects	7,125,485
Educational programs	7,493,360
Child nutrition	1,201,657
Unrestricted	(65,653,211)
Total net position	\$ 32,353,571

Patterson Joint Unified School District  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 52,787,572	\$ 1,617,903	\$ 11,992,385	\$ (39,177,284)
Instruction-related activities				
Supervision of instruction	3,464,925	112,357	1,362,313	(1,990,255)
Instructional library, media, and technology	392,145	-	5,576	(386,569)
School site administration	6,759,379	20,420	1,107,256	(5,631,703)
Pupil services				
Home-to-school transportation	1,517,390	-	-	(1,517,390)
Food services	3,333,615	47,853	2,683,827	(601,935)
All other pupil services	5,837,628	347,920	1,760,446	(3,729,262)
Administration				
Data processing	3,570,200	-	916,937	(2,653,263)
All other administration	7,059,977	110,755	1,097,500	(5,851,722)
Plant services	9,987,062	20,319	528,979	(9,437,764)
Ancillary services	1,089,667	5,693	516,399	(567,575)
Interest on long-term liabilities	5,256,102	-	-	(5,256,102)
Other outgo	339,327	29,273	80,438	(229,616)
Total governmental activities	<u>\$101,394,989</u>	<u>\$ 2,312,493</u>	<u>\$ 22,052,056</u>	<u>(77,030,440)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				14,277,230
Property taxes, levied for debt service				4,726,973
Taxes levied for other specific purposes				111,973
Federal and State aid not restricted to specific purposes				58,440,310
Interest and investment earnings				(1,460,569)
Interagency revenues				733,930
Miscellaneous				8,311,137
Subtotal, general revenues, subventions, and transfers				<u>85,140,984</u>
Change in Net Position				8,110,544
Net Position - Beginning				<u>24,243,027</u>
Net Position - Ending				<u>\$ 32,353,571</u>

Patterson Joint Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2022

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Deposits and investments	\$ 24,039,073	\$ 1,341,718	\$ 6,874,189	\$ 13,417,608	\$ 7,828,940	\$ 53,501,528
Receivables	10,700,695	-	124,744	3,578	813,803	11,642,820
Due from other funds	843,002	-	-	55,919	12,724	911,645
Stores inventories	-	-	-	-	5,509	5,509
<b>Total assets</b>	<b>\$ 35,582,770</b>	<b>\$ 1,341,718</b>	<b>\$ 6,998,933</b>	<b>\$ 13,477,105</b>	<b>\$ 8,660,976</b>	<b>\$ 66,061,502</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 6,401,080	\$ 1,127,349	\$ -	\$ 47,600	\$ 103,556	\$ 7,679,585
Due to other funds	68,643	9,156	189,556	573,689	70,601	911,645
Unearned revenue	4,193,909	-	-	-	21,169	4,215,078
<b>Total liabilities</b>	<b>10,663,632</b>	<b>1,136,505</b>	<b>189,556</b>	<b>621,289</b>	<b>195,326</b>	<b>12,806,308</b>
<b>Fund Balances</b>						
Nonspendable	7,100	-	-	-	10,510	17,610
Restricted	7,062,513	205,213	6,809,377	227,456	6,533,648	20,838,207
Assigned	14,543,712	-	-	12,628,360	1,921,492	29,093,564
Unassigned	3,305,813	-	-	-	-	3,305,813
<b>Total fund balances</b>	<b>24,919,138</b>	<b>205,213</b>	<b>6,809,377</b>	<b>12,855,816</b>	<b>8,465,650</b>	<b>53,255,194</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,582,770</b>	<b>\$ 1,341,718</b>	<b>\$ 6,998,933</b>	<b>\$ 13,477,105</b>	<b>\$ 8,660,976</b>	<b>\$ 66,061,502</b>

Patterson Joint Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

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Total Fund Balance - Governmental Funds		\$ 53,255,194
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	\$ 217,703,967	
Accumulated depreciation is	<u>(72,308,729)</u>	
Net capital assets		145,395,238
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		
Other postemployment benefits (OPEB)	1,009,180	
Aggregate Net pension liability	<u>16,260,369</u>	
Total deferred outflows of resources		17,269,549
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)	(3,582,658)	
Aggregate Net pension liability	<u>(31,765,091)</u>	
Total deferred inflows of resources		(35,347,749)
Aggregate Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(42,703,110)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(7,181,991)

Patterson Joint Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

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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 including unamortized premiums	\$ (55,464,368)
Certificates of participation	(10,665,000)
Financed purchases	(786,909)
Compensated absences (vacations)	(372,199)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(31,045,084)

Total long-term liabilities

(98,333,560)

Total net position - governmental activities

\$ 32,353,571

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

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Local Control Funding Formula	\$ 71,256,697	\$ -	\$ -	\$ -	\$ -	\$ 71,256,697
Federal sources	7,507,934	-	-	-	3,106,196	10,614,130
Other State sources	13,135,965	-	-	-	1,489,441	14,625,406
Other local sources	7,580,375	(8,923)	2,885,540	(873)	5,569,918	16,026,037
Total revenues	<u>99,480,971</u>	<u>(8,923)</u>	<u>2,885,540</u>	<u>(873)</u>	<u>10,165,555</u>	<u>112,522,270</u>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	53,475,448	-	-	-	1,427,187	54,902,635
Instruction-related activities						
Supervision of instruction	3,433,990	-	-	-	177,715	3,611,705
Instructional library, media, and technology	387,261	-	-	-	-	387,261
School site administration	6,807,945	-	-	-	111,603	6,919,548
Pupil services						
Home-to-school transportation	1,846,824	-	-	-	-	1,846,824
Food services	167,810	-	-	-	3,105,927	3,273,737
All other pupil services	5,419,455	-	-	-	90,458	5,509,913
Administration						
Data processing	4,042,963	-	-	-	-	4,042,963
All other administration	5,549,250	-	-	-	221,390	5,770,640
Plant services	9,026,593	59,751	-	106,023	149,832	9,342,199
Ancillary services	835,532	-	-	-	381,856	1,217,388
Other outgo	339,327	-	-	-	-	339,327
Facility acquisition and construction	4,723,274	18,023,772	4,521,820	2,944,211	155,335	30,368,412
Debt service						
Principal	449,248	-	-	-	1,489,890	1,939,138
Interest and other	428,173	-	-	-	3,391,048	3,819,221
Total expenditures	<u>96,933,093</u>	<u>18,083,523</u>	<u>4,521,820</u>	<u>3,050,234</u>	<u>10,702,241</u>	<u>133,290,911</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,547,878</u>	<u>(18,092,446)</u>	<u>(1,636,280)</u>	<u>(3,051,107)</u>	<u>(536,686)</u>	<u>(20,768,641)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	10,300	137,724	148,024
Transfers out	(148,024)	-	-	-	-	(148,024)
Net Financing Sources (Uses)	<u>(148,024)</u>	<u>-</u>	<u>-</u>	<u>10,300</u>	<u>137,724</u>	<u>-</u>
Net Change in Fund Balances	2,399,854	(18,092,446)	(1,636,280)	(3,040,807)	(398,962)	(20,768,641)
Fund Balance - Beginning	22,519,284	18,297,659	8,445,657	15,896,623	8,864,612	74,023,835
Fund Balance - Ending	<u>\$ 24,919,138</u>	<u>\$ 205,213</u>	<u>\$ 6,809,377</u>	<u>\$ 12,855,816</u>	<u>\$ 8,465,650</u>	<u>\$ 53,255,194</u>

Patterson Joint 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

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Total Net Change in Fund Balances - Governmental Funds \$ (20,768,641)

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 expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation expense in the period.

Depreciation expenses	\$ (5,615,459)	
Capital outlays	<u>31,982,302</u>	
Net expense adjustment		26,366,843

The District issued capital appreciation general obligations bonds. This is the accretion of interest on the general obligation bonds during the current fiscal year. (3,401,591)

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (1,648,745)

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. (21,057)

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. 4,250,517

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. (570,630)

Patterson Joint 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

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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	\$ 74,601
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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	3,380,000
Certificates of participation	330,000
Financed purchases	<u>119,247</u>

Change in net position of governmental activities	<u><u>\$ 8,110,544</u></u>
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**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The Patterson Joint Unified School District (the District) was unified in 1964, under the laws of the State of California. The District operates under a locally-elected seven-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 five elementary schools, one middle school, one high school, one continuation high school, and one transitional (special education) school.

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 Patterson Joint 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 governmental activities.

**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 \$6,182,985.

**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.

**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (Education Code Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

**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).

### 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 Activity Fund** The Student Activity 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).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition IA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **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).

#### **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. 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 expense. 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 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 fund financial statements is on major funds rather than reporting funds by type. The 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 governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded 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.

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.

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.

**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 government-wide statements.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### **Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds when consumed rather than when purchased.

### **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 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 impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

### **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.

### **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.

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.

### **Accounts Payable and Long-Term Liabilities**

Accounts payable and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund accounts payable are paid in a timely manner and in full, from current financial resources are reported as liabilities of the funds.

However, 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 position. Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

### **Deferred Outflows/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 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 for deferred inflows of resources related to pension related items and for OPEB related items.

### **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 by the fund in which the employee worked.

### **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 total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**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.

**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 governing board or assistant superintendent of administrative 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 four 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 \$19,962,608 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. Interfund transfers are reported as other financing sources/uses in governmental funds. 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 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.

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

**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 did not have a significant impact to the District.

**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 arrangement.
- 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.

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.

**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 funds	<u>\$ 53,501,528</u>
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Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 1,082,463
Cash with fiscal agent	10,222,688
Cash in revolving	12,100
Investments	<u>42,184,277</u>
Total deposits and investments	<u>\$ 53,501,528</u>

**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.

### General Authorizations

Limitations as they relate to interest rate risk and custodial 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 does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the 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.

**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
County Pool	42,184,277	-	42,184,277	-	-
Total	<u>\$ 42,184,277</u>	<u>\$ -</u>	<u>\$ 42,184,277</u>	<u>\$ -</u>	<u>\$ -</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. None of the District's investments were required to be rated.

**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, \$10,055,108 of the District's bank balances were 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.

**Note 3 - Receivables**

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

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	\$ 7,464,352	\$ -	\$ -	\$ 780,712	\$ 8,245,064
State Government					
LCFF apportionment	708,045	-	-	-	708,045
Other state grants and entitlements	1,678,313	-	-	33,091	1,711,404
Local sources	849,985	124,744	3,578	-	978,307
	<u>\$ 10,700,695</u>	<u>\$ 124,744</u>	<u>\$ 3,578</u>	<u>\$ 813,803</u>	<u>\$ 11,642,820</u>

**Note 4 - Capital Assets**

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,868,433	\$ 5,982,093	\$ -	\$ 20,850,526
Construction in progress	20,132,598	24,503,501	(8,750,601)	35,885,498
Total capital assets not being depreciated	<u>35,001,031</u>	<u>30,485,594</u>	<u>(8,750,601)</u>	<u>56,736,024</u>
Capital assets being depreciated				
Land improvements	37,013,469	696,304	(2,293,240)	35,416,533
Buildings and improvements	110,826,891	8,282,551	-	119,109,442
Furniture and equipment	5,371,392	1,268,454	(197,878)	6,441,968
Total capital assets being depreciated	<u>153,211,752</u>	<u>10,247,309</u>	<u>(2,491,118)</u>	<u>160,967,943</u>
Total capital assets	<u>188,212,783</u>	<u>40,732,903</u>	<u>(11,241,719)</u>	<u>217,703,967</u>
Accumulated depreciation				
Land improvements	(18,706,447)	(1,694,374)	657,416	(19,743,405)
Buildings and improvements	(46,401,541)	(3,205,226)	(6)	(49,606,773)
Furniture and equipment	(2,427,655)	(715,859)	184,963	(2,958,551)
Total accumulated depreciation	<u>(67,535,643)</u>	<u>(5,615,459)</u>	<u>842,373</u>	<u>(72,308,729)</u>
Governmental activities capital assets, net	<u>\$ 120,677,140</u>	<u>\$ 35,117,444</u>	<u>\$ (10,399,346)</u>	<u>\$ 145,395,238</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,188,648
Supervision of instruction	209,190
Instructional library, media, and technology	22,430
School site administration	400,779
Home-to-school transportation	106,968
Food services	182,553
All other pupil services	319,134
Ancillary services	70,511
Data processing	234,168
All other administration	355,287
Plant services	525,791
	<u>525,791</u>
Total depreciation expenses governmental activities	<u>\$ 5,615,459</u>

**Note 5 - 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:

Fund	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	\$ 843,002	\$ 68,643
Building	-	9,156
Capital Facilities	-	189,556
Special Reserve Fund for Capital Outlay Projects	55,919	573,689
Non-Major Governmental Funds		
Adult Education	11,243	1,347
Child Development	1,481	-
Deferred Maintenance	-	69,254
	<u>12,724</u>	<u>70,601</u>
Total Non-Major Governmental Funds	<u>12,724</u>	<u>70,601</u>
Total	<u>\$ 911,645</u>	<u>\$ 911,645</u>

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

**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 Adult Education Non-Major Governmental Fund matching expenditures to the CAEP/Adult Ed Block Grant.	\$ 136,243
The General Fund transferred to the Child Development Non-Major Governmental Fund for contribution.	1,481
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for future facilities improvements.	<u>10,300</u>
Total	<u><u>\$ 148,024</u></u>

**Note 6 - Accounts Payable**

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 2,702,687	\$ 1,127,349	\$ 47,600	\$ 103,556	\$ 3,981,192
LCFF apportionment	<u>3,698,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,698,393</u>
Total	<u><u>\$ 6,401,080</u></u>	<u><u>\$ 1,127,349</u></u>	<u><u>\$ 47,600</u></u>	<u><u>\$ 103,556</u></u>	<u><u>\$ 7,679,585</u></u>

**Note 7 - Unearned Revenue**

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 3,098,232	\$ -	\$ 3,098,232
State categorical aid	<u>1,095,677</u>	<u>21,169</u>	<u>1,116,846</u>
Total	<u><u>\$ 4,193,909</u></u>	<u><u>\$ 21,169</u></u>	<u><u>\$ 4,215,078</u></u>

**Note 8 - 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	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 85,158,171	\$ 3,401,591	\$ (3,380,000)	\$ 85,179,762	\$ 3,225,000
Certificates of participation	10,995,000	-	(330,000)	10,665,000	350,000
Unamortized debt premiums	1,404,291	-	(74,601)	1,329,690	74,601
Financed purchases	906,156	-	(119,247)	786,909	125,369
Compensated absences	351,142	21,057	-	372,199	-
Total	<u>\$ 98,814,760</u>	<u>\$ 3,422,648</u>	<u>\$ (3,903,848)</u>	<u>\$ 98,333,560</u>	<u>\$ 3,774,970</u>

The General Obligation Bonds are paid by the Bond Interest and Redemption Fund through the collection of local property taxes. Payments for the Certificates of Participation and leases are paid by the General Fund. Compensated absences are paid by the fund for which the employee worked.

**General Obligation Bonds**

On August 1, 1996 the District issued general obligation bonds Series A, in the aggregate principal amount of \$3,397,308. The Series A bonds were issued as current interest Series A bonds and Capital Appreciation Series A bonds. The Series A bonds were authorized at a special election of the registered voters of the District held on June 4, 1996. Interest with respect to the current interest Series A bonds accrues from August 1, 1996, and is payable semiannually on February 1, and August 1, of each year, commencing February 1, 1997. The Capital appreciation Series A bonds are dated the date of delivery of the Series A bonds and accrete interest from that date, compounded semiannually on February 1, and August 1, of each year commencing February 1, 1997. The current interest Series A bonds have yields ranging from 4.00 % to 5.10 %. The capital appreciation Series A bonds have yields ranging from 5.50 % to 6.10 %. The bonds were issued to fund the renovation of the existing high school, expansion and modernization of the classrooms and library and construction of a science and technology center.

On August 1, 2001, the District issued general obligation bonds Series A, in the aggregate principal amount of \$16,349,596. The Series A bonds were issued as current interest Series A bonds and Capital Appreciation Series A bonds. The Series A bonds were authorized at a special election of the registered voters of the District held on May 22, 2001. Interest with respect to the current interest Series A bonds accrues from August 1, 2001, and is payable semiannually on February 1, and August 1, of each year, commencing February 1, 2002. The Capital appreciation Series A bonds are dated the date of delivery of the Series A bonds and accrete interest from that date, compounded semiannually on February 1, and August 1, of each year commencing February 1, 2002. The current interest Series A bonds have yields ranging from 2.55 % to 4.8 %. The capital appreciation Series A bonds have yields ranging from 5.28 % to 5.33 %. The bonds were issued to fund the construction of a new middle school, to relieve overcrowding at existing schools, and to acquire, construct, and improve school facilities and grounds.

On June 1, 2004, the District issued general obligation bonds Series B from the 2001 bond election, in the aggregate principal amount of \$3,148,178. The Series B bonds were issued as current interest bonds and capital appreciation bonds. Interest with respect to the current interest Series B bonds accrues from June 1, 2004, and is payable semiannually on February 1 and August 1 of each year commencing February 1, 2005. The Capital Appreciation Series B bonds are dated the date of delivery and accrete interest from such date, compounded semiannually on December 1 and June 1 of each year, commencing December 1, 2004. The bonds were issued to construct new schools and relieve overcrowding at existing schools, and to acquire, construct, and improve school facilities and grounds.

On March 6, 2009, the District issued 2008 Election, Series A General Obligation Bonds in the amount of \$6,557,498 and Series B General Obligation Bonds in the amount \$9,590,444. The Bonds represent a portion of the \$50,000,000 of General Obligation Bonds approved by more than fifty-five percent of the voters within the District at an election held on November 4, 2008. The Bonds were issued for the acquisition, construction, and improvement of school facilities and grounds. A portion of the proceeds was used to pay and prepay a portion of the District's outstanding 1997 Certificates of Participation. The Bonds were issued as capital appreciation bonds. No payments are due to the owners of the Bonds until the maturity dates of the respective Bonds.

On November 15, 2016, Patterson Joint Unified School District issued General Obligation Refunding Bonds, Series 2016A to refund a portion of the District's outstanding Patterson Joint Unified School District General Obligation Bonds, 2001 Election, Series B, to refund a portion of the District's outstanding Patterson Joint Unified School District General Obligation Bonds, 2008 Election, Series B, and to pay costs of issuance of the Refunding Bonds. The Refunding Bonds will be issued as current interest bonds. Interest on the Refunding Bonds shall be payable on February 1 and August 1 of each year, commencing on February 1, 2017.

On October 30, 2018, the District issued general obligation bonds Series A from the 2018 bond election, in the aggregate principal amount of \$33,850,000. The Series A bonds were issued as current interest bonds. Interest with respect to the current interest Series A bonds accrues from June 1, 2004, and is payable semiannually on February 1 and August 1 of each year commencing August 1, 2019. The bonds were issued to construct new schools and relieve overcrowding at existing schools, and to acquire, construct, and improve school facilities and grounds.

The Board of Supervisors of Stanislaus County are empowered and obligated to levy ad valorem taxes, without limitation of rate or amount upon all property (except certain personal property which is taxable at limited rates), for the payment of interest and principal of the bonds when due.

Patterson Joint Unified School District

Notes to Financial Statements

June 30, 2022

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Fiscal Year of Final Maturity	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/1/1996	8/1/2021	4.00-6.10	\$ 3,397,308	\$ 84,900	\$ -	\$ (84,900)	\$ -
	Accreted interest			295,100	-	(295,100)	-
8/1/2001	8/1/2026	2.55-5.33	16,349,596	2,964,622	-	(622,294)	2,342,328
	Accreted interest			7,668,929	491,740	(1,197,706)	6,962,963
6/1/2004	6/1/2029	3.50-5.88	3,148,178	1,144,453	-	(90,562)	1,053,891
	Accreted interest			1,679,149	450,702	(204,438)	1,925,413
3/6/2009	8/1/2033	4.00-6.94	6,557,497	5,540,147	-	(192,134)	5,348,013
	Accreted interest			7,111,573	855,068	(192,866)	7,773,775
3/6/2009	3/1/2049	6.94-7.10	9,590,444	9,590,446	-	-	9,590,446
	Accreted interest			12,778,852	1,604,081	-	14,382,933
11/15/2016	8/1/2031	2.00-4.00	3,795,000	2,680,000	-	(170,000)	2,510,000
10/30/2018	8/1/2041	3.375-5.00	33,850,000	33,620,000	-	(330,000)	33,290,000
Total				<u>\$ 85,158,171</u>	<u>\$ 3,401,591</u>	<u>\$ (3,380,000)</u>	<u>\$ 85,179,762</u>

**Debt Service Requirements to Maturity**

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2023	\$ 921,966	\$ 1,713,034	\$ 2,635,000	\$ -	\$ 2,635,000
2024	904,837	1,701,937	2,606,774	148,226	2,755,000
2025	892,114	1,697,407	2,589,521	305,479	2,895,000
2026	879,533	1,688,941	2,568,474	471,526	3,040,000
2027	867,261	1,677,648	2,544,909	645,091	3,190,000
2028-2032	4,418,334	6,500,766	10,919,100	6,250,900	17,170,000
2033-2037	3,239,202	5,134,456	8,373,658	11,291,342	19,665,000
2038-2042	3,100,911	4,678,376	7,779,287	17,325,713	25,105,000
2043-2047	2,758,856	4,207,619	6,966,475	25,083,525	32,050,000
2048-2049	991,664	1,404,900	2,396,564	12,773,436	15,170,000
Total	<u>\$ 18,974,678</u>	<u>\$ 30,405,084</u>	<u>\$ 49,379,762</u>	<u>\$ 74,295,238</u>	<u>\$ 123,675,000</u>

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 590,000	\$ 1,478,037	\$ 2,068,037
2024	695,000	1,449,887	2,144,887
2025	800,000	1,416,787	2,216,787
2026	940,000	1,375,763	2,315,763
2027	6,730,000	6,057,864	12,787,864
2028-2032	9,150,000	4,397,674	13,547,674
2033-2037	13,590,000	2,131,643	15,721,643
2038-2042	3,305,000	66,100	3,371,100
Total	\$ 35,800,000	\$ 18,373,755	\$ 54,173,755

**Certificates of Participation**

In December 2018, the District sold Certificates of Participation totaling \$10,995,000. The Certificates mature through August 1, 2043, and require annual principal payments each August 1 commencing August 1, 2021, as well as semiannual interest payments each February 1 and August 1 commencing February 1, 2019. The Certificates bear interest rates from two percent to five percent. The Certificates were issued to finance District expansion, modernization and technology upgrades.

The certificates mature through 2044 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 350,000	\$ 372,375	\$ 722,375
2024	355,000	365,325	720,325
2025	360,000	357,725	717,725
2026	370,000	349,050	719,050
2027	380,000	338,725	718,725
2028-2032	2,070,000	1,509,113	3,579,113
2033-2037	2,450,000	1,114,619	3,564,619
2038-2042	2,970,000	578,000	3,548,000
2042-2044	1,360,000	55,000	1,415,000
Total	\$ 10,665,000	\$ 5,039,932	\$ 15,704,932

**Financed Purchases**

The District has entered into agreements to finance the Energy Retrofit and the Creekside capital improvement projects. The District's liability on the agreements is summarized below:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 125,369	\$ 37,929	\$ 163,298
2024	131,806	31,492	163,298
2025	138,576	24,721	163,297
2026	36,211	17,602	53,813
2027	37,841	15,973	53,814
2028-2032	216,332	52,736	269,068
2033-2034	100,774	6,850	107,624
<b>Total</b>	<b><u>\$ 786,909</u></b>	<b><u>\$ 187,303</u></b>	<b><u>\$ 974,212</u></b>

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$372,199.

**Note 9 - Total Other Postemployment Benefit (OPEB) Liability**

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

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 6,861,744	\$ 1,009,180	\$ 3,582,658	\$ 726,669
Medicare Premium Payment (MPP) Program	320,247	-	-	(76,783)
<b>Total</b>	<b><u>\$ 7,181,991</u></b>	<b><u>\$ 1,009,180</u></b>	<b><u>\$ 3,582,658</u></b>	<b><u>\$ 649,886</u></b>

The details of each 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	14
Active employees	642
	<hr/>
Total	656
	<hr/> <hr/>

**Benefits Provided**

The Plan provides medical, dental, and vision 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.

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Patterson Association of Teachers (PAT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, PAT, CSEA, and the unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, PAT, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2022, the District contributed \$79,256 to the Plan all of which was used for current premiums.

**Total OPEB Liability of the District**

The District’s total OPEB liability of \$6,861,744 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent
Discount rate	3.54 percent
Healthcare cost trend rates	4.00 percent per year

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

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.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2021	\$ 7,052,901
Service cost	712,672
Interest	159,184
Changes of assumptions or other inputs	(983,757)
Benefit payments	(79,256)
Net change in total OPEB liability	(191,157)
Balance, June 30, 2022	\$ 6,861,744

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

Changes of Assumptions – The Discount rate was changed from 2.16 % to 3.54 % in the measurement study.

**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:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.54%)	\$ 7,585,261
Current discount rate (3.54%)	6,861,744
1% increase (4.54%)	6,324,223

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

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 rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3.0%)	\$ 5,851,222
Current healthcare cost trend rate (4.0%)	6,861,744
1% increase (5.0%)	8,041,706

**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30,2022, the District recognized OPEB expense of \$726,669. At June 30,2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,387,021
Changes of assumptions	1,009,180	2,195,637
<b>Total</b>	<b>\$ 1,009,180</b>	<b>\$ 3,582,658</b>

The deferred outflows of resources related to changes of assumptions and the deferred inflows or resources relating to differences between expected and actual experience 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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2023	\$ 75,313
2024	75,313
2025	75,313
2026	75,313
2027	75,313
Thereafter	632,615
Total	<u>\$ 1,009,180</u>
Year Ended June 30,	Deferred Inflows of Resources
2023	\$ (220,500)
2024	(220,500)
2025	(220,500)
2026	(220,500)
2027	(220,500)
Thereafter	(2,480,158)
Total	<u>\$ (3,582,658)</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).

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 \$320,247 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 0.0803%, and 0.0815%, resulting in a net decrease in the proportionate share of 0.0012%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(76,783).

### 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.

**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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.16%)	\$ 353,000
Current discount rate (2.16%)	320,247
1% increase (3.16%)	292,263

**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 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:

<u>Medicare Costs Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 291,228
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	320,247
1% increase (5.50% Part A and 6.40% Part B)	353,518

**Note 10 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve For Capital Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>						
Revolving cash	\$ 7,100	\$ -	\$ -	\$ -	\$ 5,000	\$ 12,100
Stores inventories	-	-	-	-	5,510	5,510
Total nonspendable	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,510</u>	<u>17,610</u>
<b>Restricted</b>						
Legally restricted programs	7,062,513	-	-	-	385,722	7,448,235
Student activity	-	-	-	-	680,896	680,896
Food service	-	-	-	-	1,116,429	1,116,429
Capital projects	-	205,213	6,809,377	227,456	88,652	7,330,698
Debt services	-	-	-	-	4,142,106	4,142,106
Total restricted	<u>7,062,513</u>	<u>205,213</u>	<u>6,809,377</u>	<u>227,456</u>	<u>6,533,648</u>	<u>20,838,207</u>
<b>Assigned</b>						
Other postemployment benefits	6,182,985	-	-	-	-	6,182,985
Technology upgrades	1,000,000	-	-	-	-	1,000,000
Facilities upgrades	3,000,000	-	-	12,628,360	-	15,628,360
LCAP carryover	4,100,000	-	-	-	-	4,100,000
Deferred maintenance	-	-	-	-	1,921,492	1,921,492
EPA	260,727	-	-	-	-	260,727
Total assigned	<u>14,543,712</u>	<u>-</u>	<u>-</u>	<u>12,628,360</u>	<u>1,921,492</u>	<u>29,093,564</u>
<b>Unassigned</b>						
Reserve for economic uncertainties	2,905,895	-	-	-	-	2,905,895
Remaining unassigned	399,918	-	-	-	-	399,918
Total unassigned	<u>3,305,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,305,813</u>
Total	<u><u>\$ 24,919,138</u></u>	<u><u>\$ 205,213</u></u>	<u><u>\$ 6,809,377</u></u>	<u><u>\$ 12,855,816</u></u>	<u><u>\$ 8,465,650</u></u>	<u><u>\$ 53,255,194</u></u>

**Note 11 - 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 the fiscal year ending June 30, 2022, the District contracted with Central Region Schools' Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this 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 Central Region Schools' Insurance Group (CRSIG), an insurance purchasing pool. The intent of CRSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in CRSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in CRSIG. This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of CRSIG.

**Employee Medical Benefits**

The District has participated in the California's Valued Trust, an insurance pool, 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 12 - 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	\$ 24,307,642	\$ 11,881,009	\$ 24,008,696	\$ 2,000,401
CalPERS	18,395,468	4,379,360	7,756,395	2,399,211
Total	\$ 42,703,110	\$ 16,260,369	\$ 31,765,091	\$ 4,399,612

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.

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 \$5,385,869.

**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	\$ 24,307,642
State's proportionate share of the net pension liability	12,230,663
Total	\$ 36,538,305

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 0.0534% and 0.0538%, resulting in a net decrease in the proportionate share of 0.0004%.

For the year ended June 30, 2022, the District recognized pension expense of \$2,000,401. In addition, the District recognized pension expense and revenue of \$418,457 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,385,869	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,990,113	2,193,885
Differences between projected and actual earnings on pension plan investments	-	19,227,971
Differences between expected and actual experience in the measurement of the total pension liability	60,892	2,586,840
Changes of assumptions	<u>3,444,135</u>	<u>-</u>
Total	<u>\$ 11,881,009</u>	<u>\$ 24,008,696</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.

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	\$ (4,882,752)
2024	(4,466,123)
2025	(4,576,957)
2026	<u>(5,302,139)</u>
Total	<u>\$ (19,227,971)</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 seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 1,688,435
2024	1,539,060
2025	(94,093)
2026	(382,725)
2027	(413,516)
Thereafter	(622,746)
Total	<u>\$ 1,714,415</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 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%)	\$ 49,481,659
Current discount rate (7.10%)	24,307,642
1% increase (8.10%)	3,413,689

**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	December 31, 2012	January 1, 2013
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%

**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 \$3,264,260.

**Pension Liabilities, Pension Expense, and 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 \$18,395,468. 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 0.0905 % and 0.0886 %, resulting in a net increase in the proportionate share of 0.0019 %.

For the year ended June 30, 2022, the District recognized pension expense of \$2,399,211. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,264,260	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	565,948	653,396
Differences between projected and actual earnings on pension plan investments	-	7,059,633
Differences between expected and actual experience in the measurement of the total pension liability	549,152	43,366
Changes of assumptions	<u>-</u>	<u>-</u>
Total	<u>\$ 4,379,360</u>	<u>\$ 7,756,395</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.

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>Outflows/(Inflows) of Resources</u>
2023	\$ (1,770,550)
2024	(1,628,179)
2025	(1,697,483)
2026	(1,963,421)
Total	<u>\$ (7,059,633)</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>Outflows/(Inflows) of Resources</u>
2023	\$ 574,220
2024	67,732
2025	(201,138)
2026	(22,476)
Total	<u>\$ 418,338</u>

**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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%)

**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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 31,017,342
Current discount rate (7.15%)	18,395,468
1% increase (8.15%)	7,916,604

**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. Contributions made by the District and an employee vest immediately. The District contributes 6.2 % of an employee's gross earnings. An employee is required to contribute 6.2 % of his or her gross earnings to 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 \$3,435,194 (10.328% 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.

**Note 13 - Commitments and Contingencies****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:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Patterson HS	\$ 298,501	22-23
Walnut Grove Project	1,366	22-23
Patterson HS science and theater	3,937,424	22-23
Shade and IT projects	106,942	22-23
WARD	10,540	22-23
Las Palmas and Apricot Valley classroom projects	7,268,771	22-23
Grayson rejuvenation and playground	1,497,276	22-23
Fire/Life/Test/Inspection for a sies	2,650	22-23
Maintenance	77,109	22-23
Fire alarm system repair for six sites	13,730	22-23
Patterson HS pool	453,812	22-23
Northmead library	112,928	22-23
Grayson kitchen	27,950	22-23
Las Palmas playground	75,820	22-23
Northmead serving line	35,935	22-23
Grayson HVAC	25,155	22-23
Creekside Middle School	89,030	22-23
Total	\$ 14,034,939	

**Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Central Region Schools’ Insurance Group (CRSIG) and the California’s Valued Trust (CVT) public entity risk pools. The District pays an annual premium for its workers’ compensation, property liability, and medical coverage. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and its 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 authorities.

The District has appointed no members to the Governing Board of CRSIG.

During the year ended June 30, 2022, the District made payments of \$783,462 and \$688,740, to CRSIG for workers’ compensation and property and liability insurance, respectively.

The District has appointed no members to the Governing Board of CVT.

During the year ended June 30, 2022, the District made payment of \$5,218,469 to CVT for health, dental, vision and life benefits.

**Note 15 - Subsequent Events**

The District issued \$10,000,000 of General Obligation Bonds dated April 20, 2003. The Bonds mature on August 01, 2038, and yield 2.780-3.610 percent interest. The Bonds were sold to make school facility improvements and to pay related issuance costs.



Required Supplementary Information  
June 30, 2022

**Patterson Joint Unified School District**

Patterson Joint Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 68,249,414	\$ 71,119,886	\$ 71,256,697	\$ 136,811
Federal sources	3,860,535	16,240,229	7,507,934	(8,732,295)
Other State sources	7,674,749	14,756,291	13,135,965	(1,620,326)
Other local sources	6,556,635	8,342,396	7,580,375	(762,021)
Total revenues	<u>86,341,333</u>	<u>110,458,802</u>	<u>99,480,971</u>	<u>(10,977,831)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	32,796,436	33,649,473	33,143,207	506,266
Classified salaries	13,908,246	15,106,864	13,782,853	1,324,011
Employee benefits	20,464,308	20,268,136	19,300,827	967,309
Books and supplies	5,693,384	9,942,601	6,672,417	3,270,184
Services and operating expenditures	15,732,404	19,735,084	16,434,787	3,300,297
Other outgo	425,054	597,144	117,989	479,155
Capital outlay	2,125,000	12,049,060	6,603,592	5,445,468
<b>Debt service</b>				
Debt service - principal	114,000	449,250	449,248	2
Debt service - interest and other	247,600	428,223	428,173	50
Total expenditures	<u>91,506,432</u>	<u>112,225,835</u>	<u>96,933,093</u>	<u>15,292,742</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,165,099)</u>	<u>(1,767,033)</u>	<u>2,547,878</u>	<u>4,314,911</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(815,000)</u>	<u>(815,000)</u>	<u>(148,024)</u>	<u>666,976</u>
Net financing sources (uses)	<u>(815,000)</u>	<u>(815,000)</u>	<u>(148,024)</u>	<u>666,976</u>
Net Change in Fund Balances	(5,980,099)	(2,582,033)	2,399,854	4,981,887
Fund Balance - Beginning	<u>22,519,284</u>	<u>22,519,284</u>	<u>22,519,284</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,539,185</u>	<u>\$ 19,937,251</u>	<u>\$ 24,919,138</u>	<u>\$ 4,981,887</u>

Patterson Joint 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	\$ 712,672	\$ 833,903	\$ 642,723	\$ 689,444	\$ 670,992
Interest	159,184	200,399	156,338	236,476	210,004
Difference between expected and actual experience	-	(1,186,518)	-	(434,837)	-
Changes of assumptions	(983,757)	(1,418,399)	1,235,119	-	-
Benefit payments	(79,256)	(137,121)	(116,910)	(118,916)	(148,842)
Net change in total OPEB liability	(191,157)	(1,707,736)	1,917,270	372,167	732,154
Total OPEB Liability - Beginning	7,052,901	8,760,637	6,843,367	6,471,200	5,739,046
Total OPEB Liability - Ending	<u>\$ 6,861,744</u>	<u>\$ 7,052,901</u>	<u>\$ 8,760,637</u>	<u>\$ 6,843,367</u>	<u>\$ 6,471,200</u>
Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Total OPEB Liability as a Percentage of Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> 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.

Patterson Joint 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	0.0803%	0.0815%	0.0915%	0.0905%	0.0865%
Proportionate share of the net OPEB liability	\$ 320,247	\$ 397,030	\$ 340,722	\$ 346,289	\$ 363,941
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
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

<sup>1</sup> 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.

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

	2022	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>								
Proportion of the net pension liability	0.0534%	0.0538%	0.0517%	0.0504%	0.0478%	0.0471%	0.0448%	0.0435%
Proportionate share of the net pension liability	\$ 24,307,642	\$ 52,105,082	\$ 46,711,915	\$ 46,324,520	\$ 44,189,319	\$ 38,077,129	\$ 30,160,476	\$ 25,427,614
State's proportionate share of the net pension liability	12,230,663	26,860,176	25,484,468	26,522,954	26,142,028	21,676,630	15,951,568	15,354,291
Total	\$ 36,538,305	\$ 78,965,258	\$ 72,196,383	\$ 72,847,474	\$ 70,331,347	\$ 59,753,759	\$ 46,112,044	\$ 40,781,905
Covered payroll	\$ 19,997,783	\$ 28,999,901	\$ 28,530,885	\$ 26,876,992	\$ 25,480,660	\$ 23,477,437	\$ 21,657,399	\$ 19,449,915
Proportionate share of the net pension liability as a percentage of its covered payroll	121.55%	176.67%	163.72%	172.36%	173.42%	162.19%	139.26%	130.73%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>								
Proportion of the net pension liability	0.0905%	0.0886%	0.0834%	0.0789%	0.0729%	0.0692%	0.0639%	0.0600%
Proportionate share of the net pension liability	\$ 18,395,468	\$ 27,189,727	\$ 24,298,485	\$ 21,035,335	\$ 17,402,459	\$ 13,673,731	\$ 9,419,677	\$ 6,806,794
Covered payroll	\$ 6,265,184	\$ 12,775,524	\$ 11,851,008	\$ 10,500,187	\$ 9,280,638	\$ 8,274,010	\$ 7,120,406	\$ 6,273,964
Proportionate share of the net pension liability as a percentage of its covered payroll	293.61%	212.83%	205.03%	200.33%	187.51%	165.26%	132.29%	108.49%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	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.

Patterson Joint Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>								
Contractually required contribution	\$ 5,385,869	\$ 3,229,642	\$ 4,958,983	\$ 4,644,828	\$ 3,878,350	\$ 3,205,467	\$ 2,519,129	\$ 1,923,177
Less contributions in relation to the contractually required contribution	<u>5,385,869</u>	<u>3,229,642</u>	<u>4,958,983</u>	<u>4,644,828</u>	<u>3,878,350</u>	<u>3,205,467</u>	<u>2,519,129</u>	<u>1,923,177</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 31,831,377</u>	<u>\$ 19,997,783</u>	<u>\$ 28,999,901</u>	<u>\$ 28,530,885</u>	<u>\$ 26,876,992</u>	<u>\$ 25,480,660</u>	<u>\$ 23,477,437</u>	<u>\$ 21,657,399</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>								
Contractually required contribution	\$ 3,264,260	\$ 1,296,893	\$ 2,519,461	\$ 2,140,529	\$ 1,630,784	\$ 1,288,895	\$ 980,222	\$ 838,143
Less contributions in relation to the contractually required contribution	<u>3,264,260</u>	<u>1,296,893</u>	<u>2,519,461</u>	<u>2,140,529</u>	<u>1,630,784</u>	<u>1,288,895</u>	<u>980,222</u>	<u>838,143</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 14,248,189</u>	<u>\$ 6,265,184</u>	<u>\$ 12,775,524</u>	<u>\$ 11,851,008</u>	<u>\$ 10,500,187</u>	<u>\$ 9,280,638</u>	<u>\$ 8,274,010</u>	<u>\$ 7,120,406</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<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. 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 discount rate was changed from 2.16% to 3.54%.

### **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 plans' 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

# Patterson Joint Unified School District

Patterson Joint Unified School District  
Schedule of Expenditures of Federal Awards  
June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster: Basic Local Assistance	84.027	13379	\$ 1,505,821
COVID-19 ARP IDEA, Local Assistance Entitlement	84.027	15638	<u>9,867</u>
Total Special Education Cluster			<u>1,515,688</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)			
ESSER I	84.425D	15536	118
ESSER II	84.425D	15547	2,859,446
ESSER III	84.425U	15559	531,161
ESSER III (Learning Loss)	84.425U	10155	58,030
ESSER III (ARP)	84.425U	15621	21,308
American Rescue Plan - Homeless Children and Youth	84.425W	15564	3,165
COVID-19 Governor's Emergency Education Relief Fund (GEER)			
Learning Loss Mitigation	84.425C	15517	51,597
Learning Loss Mitigation	84.425C	15619	<u>1,580</u>
Subtotal			<u>3,526,405</u>
Title I Grants to Local Educational Agencies	84.010	14329	1,161,464
School Improvement (CSI) Funding for LEAs	84.010	15438	<u>860,437</u>
Subtotal			<u>2,021,901</u>
Supporting Effective Instruction State Grants -			
Teacher Quality	84.367	14341	120,382
English Language Acquisition State Grants - LEP	84.365	14346	183,709
English Language Acquisition State Grants - Immigrant Education Program	84.365	15146	<u>1,570</u>
Subtotal			<u>185,279</u>
Student Support and Academic Enrichment			
Program - Competitive	84.424	15396	6,759
Education for Homeless Children and Youth	84.196	14332	15,000
Career and Technical Education - Basic Grants to States	84.048	14894	<u>41,520</u>
Total U.S. Department of Education			<u>7,432,934</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Health Care Services			
Advancing Wellness & Resilience in Education	93.243	15289	75,000
Passed Through California Department of Education			
CCDF Cluster			
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriation Act - One-time Stipend	93.575	15640	<u>84,600</u>
Total U.S. Department of Health and Human Services			<u>159,600</u>

Patterson Joint Unified School District  
Schedule of Expenditures of Federal Awards  
June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
Seamless Summer Food Option	10.555	23165	\$ 2,897,761
Commodity Supplemental Food	10.555	13391	<u>121,912</u>
Subtotal			<u>3,019,673</u>
Total Child Nutrition Cluster			<u>3,019,673</u>
Total U.S. Department of Agriculture			<u>3,019,673</u>
Total Federal Financial Assistance			<u><u>\$ 10,612,207</u></u>

**Organization**

The Patterson Joint Unified School District was unified in 1964 and consists of an area comprising approximately 330 square miles. The District operates five elementary schools, one middle school, one high school, one continuation high school, and one transitional (special education) school. There were no boundary changes during the year.

**Governing Board**

Member	Office	Term Expires
Amanda Lozano	President	2026
Kieran Carter	Vice President	2024
Ryan Segoviano	Clerk	2026
Michele Bays	Member	2026
Carlos Fierros	Member	2024
Martha Blanco Arechiga	Member	2024
Toney Henry	Member	2022

**Administration**

Philip Alfano, Ed.D	Superintendent
Jeff Menge	Assistant Superintendent Administrative Services/CBO
Joseph Silveira	Assistant Superintendent Human Resources
Veronica Miranda	Assistant Superintendent Education Services
David Hodge	Executive Director, Special Education
Tracy Manzoni	Executive Director, Student Services

Patterson Joint Unified School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2022

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	1,580.94	1,588.89	1,580.94	1,588.89
Fourth through sixth	1,239.05	1,242.11	1,239.05	1,242.11
Seventh and eighth	896.73	898.37	896.73	898.37
Ninth through twelfth	1,919.58	1,913.76	1,889.97	1,884.15
Total Regular ADA	<u>5,636.30</u>	<u>5,643.13</u>	<u>5,606.69</u>	<u>5,613.52</u>
Extended Year Special Education				
Transitional kindergarten through third	1.66	1.66	1.66	1.66
Fourth through sixth	0.55	0.55	0.55	0.55
Seventh and eighth	0.59	0.59	0.59	0.59
Ninth through twelfth	1.16	1.16	1.16	1.16
Total Extended Year Special Education	<u>3.96</u>	<u>3.96</u>	<u>3.96</u>	<u>3.96</u>
Total ADA	<u><u>5,640.26</u></u>	<u><u>5,647.09</u></u>	<u><u>5,610.65</u></u>	<u><u>5,617.48</u></u>

Patterson Joint Unified School District  
 Schedule of Instructional Time  
 Year Ended June 30, 2022

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Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	58,620	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,620	180	N/A	Complied
Grade 2		57,518	180	N/A	Complied
Grade 3		57,518	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		57,553	180	N/A	Complied
Grade 5		57,553	180	N/A	Complied
Grade 6		58,620	180	N/A	Complied
Grade 7		60,876	180	N/A	Complied
Grade 8		60,876	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,100	180	N/A	Complied
Grade 10		65,100	180	N/A	Complied
Grade 11		65,100	180	N/A	Complied
Grade 12		65,100	180	N/A	Complied

The District did not file J-13A during 2021-22.

Patterson Joint Unified School District  
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
 Year Ended June 30, 2022

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Child Development Fund	Cafeteria Fund
Fund Balance			
Balance, June 30, 2022, Unaudited Actuals	\$ 25,893,844	\$ 180,832	\$ 563,181
Increase in			
Cash	281,724	45,125	74,718
Account receivables	-	-	563,758
Accounts payable	(1,256,430)	-	-
	<u>\$ 24,919,138</u>	<u>\$ 225,957</u>	<u>\$ 1,201,657</u>
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 24,919,138</u>	<u>\$ 225,957</u>	<u>\$ 1,201,657</u>

Patterson Joint Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2022

	(Budget) 2023 <sup>1</sup>	2022	2021 <sup>1</sup>	2020 <sup>1</sup>
General Fund <sup>3</sup>				
Revenues	\$ 97,930,964	99,480,971	\$ 94,704,897	\$ 84,103,206
Other sources	-	-	-	218,796
<b>Total Revenues and Other Sources</b>	<b>97,930,964</b>	<b>99,480,971</b>	<b>94,704,897</b>	<b>84,322,002</b>
Expenditures	98,259,555	96,933,093	89,145,066	81,345,475
Other uses and transfers out	950,000	823,024	2,516,437	4,361,328
<b>Total Expenditures and Other Uses</b>	<b>99,209,555</b>	<b>97,756,117</b>	<b>91,661,503</b>	<b>85,706,803</b>
<b>Increase/(Decrease) in Fund Balance</b>	<b>(1,278,591)</b>	<b>1,724,854</b>	<b>3,043,394</b>	<b>(1,384,801)</b>
<b>Ending Fund Balance</b>	<b>\$ 17,190,642</b>	<b>\$ 18,469,233</b>	<b>\$ 16,744,379</b>	<b>\$ 13,700,985</b>
<b>Available Reserves <sup>2</sup></b>	<b>\$ 3,028,302</b>	<b>\$ 3,305,813</b>	<b>\$ 3,023,276</b>	<b>\$ 3,747,555</b>
Available Reserves as a Percentage of Total Outgo	3.05%	3.38%	3.30%	4.37%
Long-Term Liabilities	Not Available	\$ 148,218,661	\$ 185,559,500	\$ 179,440,881
Average Daily Attendance at P-2	5,851	5,640	5,815	5,815

The General Fund balance has increased by \$4,768,248 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$1,278,591 (6.9 %). For a district this size, the State recommends available reserves of at least 3.0 % of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$31,222,220 over the past two years.

Average daily attendance has decreased by 175 over the past two years. An increase of 211 in ADA is anticipated during fiscal year 2022-2023.

<sup>1</sup> Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

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

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

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Assets</b>								
Deposits and investments	\$ 680,896	\$ 246,259	\$ 79,747	\$ 554,464	\$ 2,036,816	\$ 88,652	\$ 4,142,106	\$ 7,828,940
Receivables	-	-	167,597	646,206	-	-	-	813,803
Due from other funds	-	11,243	1,481	-	-	-	-	12,724
Stores inventories	-	-	-	5,509	-	-	-	5,509
<b>Total assets</b>	<b>\$ 680,896</b>	<b>\$ 257,502</b>	<b>\$ 248,825</b>	<b>\$ 1,206,179</b>	<b>\$ 2,036,816</b>	<b>\$ 88,652</b>	<b>\$ 4,142,106</b>	<b>\$ 8,660,976</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 51,265	\$ 1,699	\$ 4,522	\$ 46,070	\$ -	\$ -	\$ 103,556
Due to other funds	-	1,347	-	-	69,254	-	-	70,601
Unearned revenue	-	-	21,169	-	-	-	-	21,169
<b>Total liabilities</b>	<b>-</b>	<b>52,612</b>	<b>22,868</b>	<b>4,522</b>	<b>115,324</b>	<b>-</b>	<b>-</b>	<b>195,326</b>
<b>Fund Balances</b>								
Nonspendable	-	-	-	10,510	-	-	-	10,510
Restricted	680,896	204,890	225,957	1,191,147	-	88,652	4,142,106	6,533,648
Assigned	-	-	-	-	1,921,492	-	-	1,921,492
<b>Total fund balances</b>	<b>680,896</b>	<b>204,890</b>	<b>225,957</b>	<b>1,201,657</b>	<b>1,921,492</b>	<b>88,652</b>	<b>4,142,106</b>	<b>8,465,650</b>
<b>Total liabilities and fund balances</b>	<b>\$ 680,896</b>	<b>\$ 257,502</b>	<b>\$ 248,825</b>	<b>\$ 1,206,179</b>	<b>\$ 2,036,816</b>	<b>\$ 88,652</b>	<b>\$ 4,142,106</b>	<b>\$ 8,660,976</b>

Patterson Joint Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds  
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Revenues</b>								
Federal sources	\$ -	\$ -	\$ 84,600	\$ 3,019,673	\$ -	\$ -	\$ 1,923	\$ 3,106,196
Other State sources	-	5,066	1,285,025	175,882	-	-	23,468	1,489,441
Other local sources	503,555	365,634	102,687	167,202	(83,389)	(3,758)	4,517,987	5,569,918
<b>Total revenues</b>	<b>503,555</b>	<b>370,700</b>	<b>1,472,312</b>	<b>3,362,757</b>	<b>(83,389)</b>	<b>(3,758)</b>	<b>4,543,378</b>	<b>10,165,555</b>
<b>Expenditures</b>								
<b>Current</b>								
Instruction	-	398,067	1,029,120	-	-	-	-	1,427,187
Instruction-related activities								
Supervision of instruction	-	-	177,715	-	-	-	-	177,715
School site administration	-	78,637	32,966	-	-	-	-	111,603
Pupil services								
Food services	-	-	-	3,105,927	-	-	-	3,105,927
All other pupil services	-	-	90,458	-	-	-	-	90,458
Administration								
All other administration	-	24,785	71,717	124,888	-	-	-	221,390
Plant services	-	23,684	39,906	6,805	79,437	-	-	149,832
Ancillary services	381,856	-	-	-	-	-	-	381,856
Facility acquisition and construction	-	-	74,125	-	81,210	-	-	155,335
Debt service								
Principal	-	-	-	-	-	-	1,489,890	1,489,890
Interest and other	-	-	-	-	-	-	3,391,048	3,391,048
<b>Total expenditures</b>	<b>381,856</b>	<b>525,173</b>	<b>1,516,007</b>	<b>3,237,620</b>	<b>160,647</b>	<b>-</b>	<b>4,880,938</b>	<b>10,702,241</b>
Excess (Deficiency) of Revenues Over Expenditures	121,699	(154,473)	(43,695)	125,137	(244,036)	(3,758)	(337,560)	(536,686)
Other Financing Sources (Uses)								
Transfers in	-	136,243	1,481	-	-	-	-	137,724
Net Financing Sources (Uses)	-	136,243	1,481	-	-	-	-	137,724
Net Change in Fund Balances	121,699	(18,230)	(42,214)	125,137	(244,036)	(3,758)	(337,560)	(398,962)
Fund Balance - Beginning	559,197	223,120	268,171	1,076,520	2,165,528	92,410	4,479,666	8,864,612
Fund Balance - Ending	\$ 680,896	\$ 204,890	\$ 225,957	\$ 1,201,657	\$ 1,921,492	\$ 88,652	\$ 4,142,106	\$ 8,465,650

**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 Patterson Joint 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

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 food commodities totaling \$5,509 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	<u>Federal Financial Assistance Listing</u>	<u>Amount</u>
Description		
Total Federal Revenues reported on the financial statements		\$ 10,614,130
Refuge revenue sharing program	N/A	<u>(1,923)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 10,612,207</u>

**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.

### **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 - Balance Sheet and 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

# Patterson Joint 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  
Patterson Joint Unified School District  
Patterson, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Patterson Joint Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Patterson Joint Unified School District’s basic financial statements and have issued our report thereon dated January 8, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **Patterson Joint Unified School District's Response to Findings**

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

### **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.



San Ramon, California  
January 8, 2024



**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  
Patterson Joint Unified School District  
Patterson, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Patterson Joint 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 Patterson Joint Unified School District’s major federal programs for the year ended June 30, 2022. Patterson Joint Unified School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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 Patterson Joint 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.



San Ramon, California  
January 8, 2024



## Independent Auditor's Report on State Compliance

To the Governing Board  
Patterson Joint Unified School District  
Patterson, California

### Report on Compliance

#### ***Qualified and Unmodified Opinions on State Compliance***

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

#### ***Qualified Opinion on Attendance and Independent Study***

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 compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below 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 compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below 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, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Matter(s) Giving Rise to Qualified Opinion on Attendance and Independent Study***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding attendance and independent study as reported in finding 2022-004 and 2022-005.

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 state programs.

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *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 consider necessary in the circumstances.

- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<u>2021-2022 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures

Procedures  
Performed

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

Early Retirement Incentive

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.

Juvenile Court Schools

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

Middle or Early College High Schools

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

Apprenticeship Related and Supplemental Instruction

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

District of Choice

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

California Clean Energy Jobs Act

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

Before School Education and Safety Program

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

Independent Study - Course Based

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.

Charters Schools

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-004 and 2022-005.

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

### **Report on Internal Control over Compliance**

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 material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 and 2022-005 to be material weaknesses.

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.

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

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

San Ramon, California  
January 8, 2024



Schedule of Findings and Questioned Costs  
June 30, 2022

# Patterson Joint Unified School District

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
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**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	
ESSER I	84.425D
ESSER II	84.425D
ESSER III	84.425U, 84.425W
COVID-19 Governor's Emergency Education Relief Fund (GEER)	
Learning Loss Mitigation	84.425C
Special Education Cluster	84.027
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

**State Awards**

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	
Unmodified for all programs except for the following program/s which was/were qualified:	

Name of Program
Attendance
Independent Study

The following finding represents a material weakness related to the financial statements that are 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 – Material Audit Adjustments**  
(Material Weakness)

*Criteria*

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. Additionally, management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP).

*Condition*

We were requested to draft the financial statements and related notes to the financial statements. Accounts receivable was understated by \$563,758 due to not accruing the May and June 2022 cafeteria reimbursements. In addition, accounts payable was understated by \$1,256,430 due to expenditures incurred at year end which were not accrued. These misstatements resulted in material audit adjustments to the financial statements.

*Effect*

Audit adjustments were necessary in order for the District’s financial statements to be fairly stated in accordance with GAAP.

*Cause*

Errors noted above appear to be management oversight during the year end closing process.

*Repeat Finding*

Yes.

*Recommendation*

We recommend management continue its effort to implement procedures during year end closing to ensure all activities incurred at the end of the fiscal year are properly accrued.

*Corrective Action Plan and Views of Responsible Officials*

The District has implemented a reconciliation process for all revenues to ensure that all receivables are entered if we are due funding for the fiscal year. Staff will review CNIPS reports to ensure year end claims are included in accruals. In addition, we review each accounts payable batch paid during the summer to determine if there are additional items that should be entered as manual accounts payable entries.

**2022-002**      **30000 – Cash In Banks**  
(Material Weakness)

*Criteria*

A good system of internal accounting control contemplates an adequate system for recording, processing, and reconciling account balances to the financial statements.

*Condition*

During the audit of cash accounts, we noted cash in banks was misstated for multiple funds.

*Effect*

Cash was understated by approximately \$401,567.

*Cause*

There appears to be no internal control designed to verify the completeness of cash on a monthly basis or at a minimum once a year at the end of the fiscal year. It was also noted that the District Business Office was short staffed.

*Repeat Finding*

No.

*Recommendation*

We recommend management implementing procedures to include timely reconciliation of all cash accounts and ensure cash is properly recorded in the financial statements.

*Corrective Action Plan and Views of Responsible Officials*

Due to the pandemic the business office was short staffed much of this fiscal year. We continue to improve our bank reconciliation processes to ensure that all bank accounts outside of the county treasury are reconciled and recorded on the ending books.

**2022-003**      **30000 – Credit Card Use and Inventory Control**  
(Significant Deficiency)

*Criteria*

A good system of internal accounting control contemplates an adequate system for recording, processing, and reconciling account balances to the financial statements.

*Condition*

It was noted that credit card transactions were not always supported by receipts and the monthly procurement logs were not always signed by a supervisor. In addition, it was noted that the inventory log was not kept current. Items purchased with credit cards were not logged or tagged.

*Effect*

Credit card purchases may not be authorized and assets could be misappropriated if not accounted for.

*Cause*

A lack of internal controls exists over credit card use and lack of an adequate inventory tracking system to ensure assets are properly logged into the system when received.

*Repeat Finding*

No.

*Recommendation*

We recommend management strengthen its internal control over credit card use and inventory system to ensure safeguard of district assets.

*Corrective Action Plan and Views of Responsible Officials*

Effective January 2023 all credit card purchases were reviewed by the Director of Fiscal Services for accuracy and allowability. In addition, we decreased the amount that each principal was able to spend. Effective July 2023 only cabinet members have credit cards and any purchases being requested must be reviewed and approved by the cabinet member responsible for that department. Each month all credit card charges are reviewed by the Executive Director of Fiscal Services and the Superintendent. Any items that should be entered into inventory are sent to the purchasing team to enter into our new inventory system.

None reported.

The following findings represent instances of noncompliance and material weaknesses in internal controls over compliance 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
40000	State Compliance

**2022-004      10000 – Attendance**

*Criteria*

According to the *2021-2022 Guide for Annual Audit 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, absences should not be included in ADA.

*Condition*

During the Creekside Middle School attendance testing, we noted 3 absence dates were included in the ADA calculation. In addition, during the Patterson High School attendance testing, we noted “All Day” codes were not activated for students who were absent for the whole day.

*Questioned Costs*

Approximately \$390,000 (29.61 ADA for grades 9-12).

*Effect*

The District was not in compliance with attendance accounting requirements.

*Cause*

Absences were incorrectly reported as present in the attendance system.

*Repeat Finding*

No.

*Recommendation*

The District should implement procedures to ensure attendance is accurately recorded and absences are excluded from ADA.

*Corrective Action Plan and Views of Responsible Officials*

The District continues to review and assist our site attendance clerks to ensure the correct attendance is presented. We met with all principals and explained the proper procedures as well as presented this to an attendance clerk meeting in which we explained the proper procedures.

**2022-005      10000 and 40000 – Independent Study**

*Criteria*

According to the *2021-2022 Guide for Annual Audit 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, The District must maintain on file a current written agreement for each independent study pupil. Every agreement must contain all required elements, including signatures affixed no later than 30 days after the first day of independent study instruction or October 15<sup>th</sup>, whichever date comes later by the pupil, the pupil's parent/ legal guardian/caregiver, certificated employees designated as having the responsibilities. In addition, Independent study work samples must be retained in the file.

*Condition*

During our testing of the independent study program, we noted the following:

- One student (short-term) did not have a signed contract on file;
- One student (short-term) did not have a signature from either the administrator or teacher;
- One student's (short-term) contract did not have signature dates documented to indicate whether the contract was signed on time;
- Three students (short-term) did not have work samples retained in the file;
- One long-term contract was not signed within 30 days after the first day of independent study instruction or October 15<sup>th</sup>.

*Questioned Costs*

\$0.

*Effect*

The District was not in compliance with independent study program requirements.

*Cause*

Sites failed to ensure independent study program was administered in accordance with state compliance requirements.

*Repeat Finding*

No.

*Recommendation*

The District should provide trainings to individuals involved in the independent study program to ensure the program is administered in accordance with state compliance requirements.

*Corrective Action Plan and Views of Responsible Officials*

The District Administration has communicated and collaborated with our I/S school as well as other principals who administer short-term independent study to notify them of the errors and we will work with them to monitor and ensure these types of issues do not occur.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

### Financial Statement Findings

#### 2021-001      30000 – Material Audit Adjustment

*Criteria*

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are being prepared for the audit free from material misstatement, whether due to error or fraud.

*Condition*

We proposed material audit adjustments to the Student Activity Fund and the Building Fund which were recorded and included in this report.

*Effect*

Material audit adjustments were necessary to properly implement GASB Statement No. 84, Fiduciary Activities, and to present the financial statements in accordance with Generally Accepted Accounting Principles. Control deficiencies could result in a misstatement to the financial statements that could not be prevented or detected.

*Cause*

This was the first year of GASB Statement No. 84, Fiduciary Activities, implementation. The District inadvertently left out the scholarship funds from the general ledger. In addition, the District did not accrue two invoices for the Building Fund for services provided before the end of the fiscal year. Auditor was requested to draft the financial statements and accompanying notes to the financial statements.

*Repeat Finding*

Yes, see current year finding 2022-001.

*Recommendation*

We recommend that management review the design of the District's internal control over reconciliation of the student activity and scholarship fund transactions to ensure all accounts and transactions are recorded in the proper general ledger accounts. In addition, we recommend management review its year end closing procedures to ensure activities incurred at the end of the fiscal year are properly accrued.

*Current Status*

Implemented.