

**PACIFICA SCHOOL DISTRICT**

COUNTY OF SAN MATEO  
PACIFICA, CALIFORNIA

AUDIT REPORT

JUNE 30, 2023



**Chavan & Associates, LLP**

Certified Public Accountants  
15105 Concord Circle, Suite 130  
Morgan Hill, CA 95037

**PACIFICA SCHOOL DISTRICT  
SAN MATEO COUNTY  
TABLE OF CONTENTS**

---

<b>TITLE</b>	<b>PAGE</b>
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	20
Notes to the Basic Financial Statements .....	21
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP) General Fund.....	52
Schedule of CalPERS Pension Plan Contributions.....	53
Schedule of CalPERS Proportionate Share of Net Pension Liability .....	54
Schedule of CalSTRS Pension Plan Contributions.....	55
Schedule of CalSTRS Proportionate Share of Net Pension Liability .....	56
Schedule of Changes in Total OPEB Liability .....	57
<b>SUPPLEMENTARY INFORMATION:</b>	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	59
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	60
State and Federal Award Compliance Section:	
Organization (Unaudited).....	62
Schedule of Average Daily Attendance .....	63
Schedule of Instructional Time .....	64
Schedule of Charter Schools (Unaudited).....	65
Schedule of Financial Trends and Analysis (Unaudited) .....	66
Schedule of Expenditures of Federal Awards .....	67

**PACIFICA SCHOOL DISTRICT  
SAN MATEO COUNTY  
TABLE OF CONTENTS**

---

Reconciliation of the Annual Financial Budget Report to the Audited Financial Statements .....	68
Notes to State and Federal Award Compliance Section.....	69
 <b>OTHER INDEPENDENT AUDITOR’S REPORTS:</b>	
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 <i>Government Auditing Standards</i> .....	72
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance .....	74.....
Independent Auditor’s Report on State Compliance with Requirements that Could Have a Direct and Material Effect on State Programs .....	77
 <b>FINDINGS AND RECOMMENDATIONS:</b>	
Schedule of Findings and Questioned Costs.....	82
Status of Prior Year Findings and Recommendations .....	84

**FINANCIAL  
SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Pacifica School District  
Pacifica, California

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pacifica School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pacifica School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **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. 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 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**

District 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 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 GAGAS, 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 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 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 CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability and schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the



United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial Budget report to the audited financial statements, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial Budget report to the audited financial statements are the responsibilities of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial Budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 on our consideration of Pacifica School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to



Chavan and Associates, LLP  
Certified Public Accountants

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pacifica School District's internal control over financial reporting and compliance.

C & A LLP

December 4, 2023  
Morgan Hill, California

## ***Management's Discussion and Analysis***

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

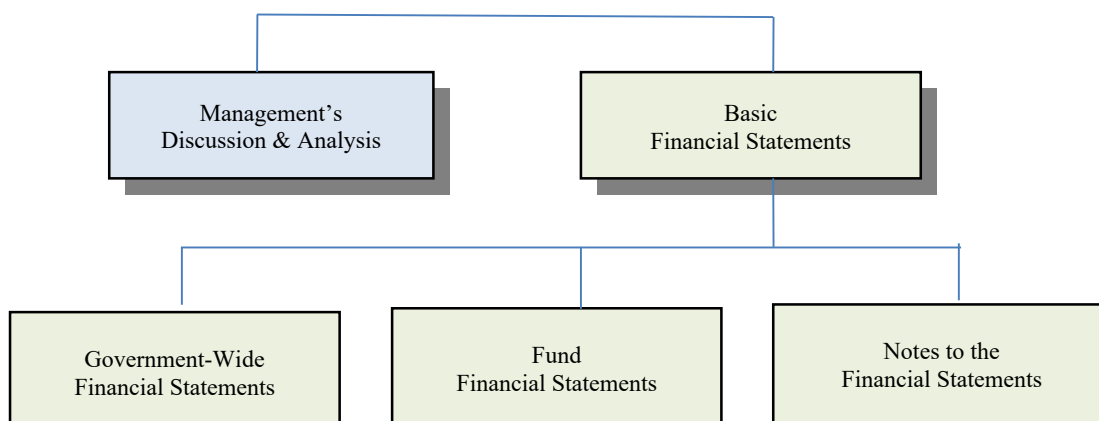
---

**INTRODUCTION**

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

**Required Components of the Annual Financial Report**



**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2023 were as follows:

- Total net position increased by \$7,375,000 , or 115.4%, from June 30, 2022 to June 30, 2023.
- General revenues accounted for \$41,924,740 which is 79% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$11,357,429, or 21% of total revenues of \$53,282,169. The dependence upon tax and local revenues is apparent, 79% of the District's activities are supported through taxes, grants and entitlements, and other general revenues. The community, as a whole, is the primary support for the District.
- The District had \$45,907,169 in expenses, which was directly supported by program specific revenues of \$11,357,429.
- Total fund balances of governmental funds decreased by \$6,898,833, or 13.67%, from June 30, 2022 to June 30, 2023.
- Among major funds, the General Fund had \$42,867,131 in revenues and \$39,710,295 in expenditures. The General Fund's fund balance increased by \$3,156,836 from June 30, 2022 to June 30, 2023.

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**USING THE ANNUAL REPORT**

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The analysis of the District's major funds begins on page 17. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund and Bond Interest and Redemption Fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. 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 future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2023 as compared to June 30, 2022:

<b>Table 1 - Summary of Net Position</b>				
	2023	2022	Increase (Decrease)	Percent Change
<b>Assets</b>				
Current Assets	\$ 46,734,130	\$ 53,675,337	\$ (6,941,207)	-12.9%
Capital Assets	63,751,433	54,626,779	9,124,654	16.7%
Total Assets	\$ 110,485,563	\$ 108,302,116	\$ 2,183,447	2.0%
Deferred Outflows	\$ 6,503,927	\$ 4,819,823	\$ 1,684,104	34.9%
<b>Liabilities</b>				
Current and Other Liabilities	\$ 4,480,178	\$ 4,465,213	\$ 14,965	0.3%
Long-Term Liabilities	102,925,316	96,964,869	5,960,447	6.1%
Total Liabilities	\$ 107,405,494	\$ 101,430,082	\$ 5,975,412	5.9%
Deferred Inflows	\$ 8,601,082	\$ 18,083,943	\$ (9,482,861)	-52.4%
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 24,999,712	\$ 23,801,778	\$ 1,197,934	5.0%
Restricted	11,743,154	8,858,674	2,884,480	32.6%
Unrestricted	(35,759,952)	(39,052,538)	3,292,586	8.4%
Total Net Position	\$ 982,914	\$ (6,392,086)	\$ 7,375,000	115.4%

During the year, deferred outflows of resources increased by 34.9% and deferred inflows of resources decreased by 52.4% mostly because of changes in the pension and OPEB amounts, and actuarial assumptions related to GASB 68 and GASB 75, respectively. GASB 68 requires all local governments that participate in cost sharing pension plans to record its proportionate share of net pension liabilities from pension plans in the government-wide financial statements. See Note 8 for additional information.

The decrease in capital assets is mainly due to current year depreciation and capital assets disposal. The increase in noncurrent liabilities is mainly from changes of pension liability.

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table 2 shows the changes in net position from fiscal year 2023 as compared to 2022:

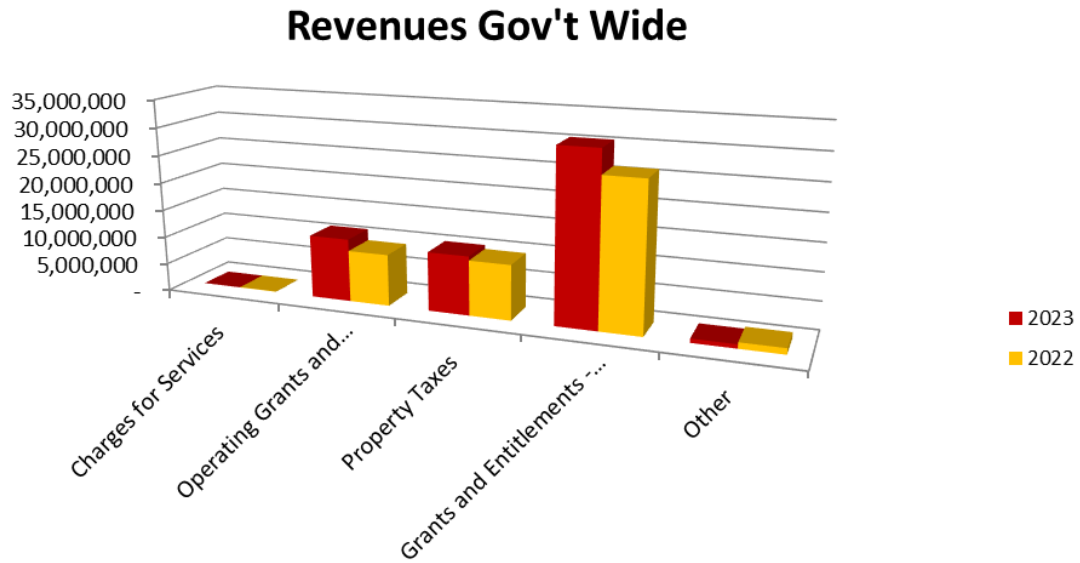
<b>Table 2 - Change in Net Position</b>				
	2023	2022	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 46,381	\$ 66,298	\$ (19,917)	-30.0%
Operating Grants and Contributions	11,311,048	9,247,143	2,063,905	22.3%
General Revenues:				
Property Taxes	10,538,504	9,825,545	712,959	7.3%
Grants and Entitlements - Unrestricted	30,647,388	26,298,453	4,348,935	16.5%
Other	738,848	1,092,605	(353,757)	-32.4%
<b>Total Revenues</b>	<b>53,282,169</b>	<b>46,530,044</b>	<b>6,752,125</b>	<b>14.5%</b>
<b>Program Expenses</b>				
Instruction	26,169,455	22,319,351	3,850,104	17.3%
Instruction-Related Services	4,995,948	4,241,028	754,920	17.8%
Pupil Services	3,106,187	2,922,872	183,315	6.3%
General Administration	2,462,172	2,229,365	232,807	10.4%
Plant Services	6,172,991	10,232,815	(4,059,824)	-39.7%
Interagency and Other	99,843	367,520	(267,677)	-72.8%
Interest and Fiscal Charges	2,900,573	5,481,933	(2,581,360)	-47.1%
<b>Total Expenses</b>	<b>45,907,169</b>	<b>47,794,884</b>	<b>(1,887,715)</b>	<b>-3.9%</b>
<b>Change in Net Position</b>	<b>\$ 7,375,000</b>	<b>\$ (1,264,840)</b>	<b>\$ 8,639,840</b>	<b>683.1%</b>

Property taxes comprised 19.8% of District revenues and direct instruction costs comprised 57% of District expenses for fiscal year 2022-23. Total revenues increased by 14.5% and total expenses decreased by 3.9% for fiscal year 2022-23.

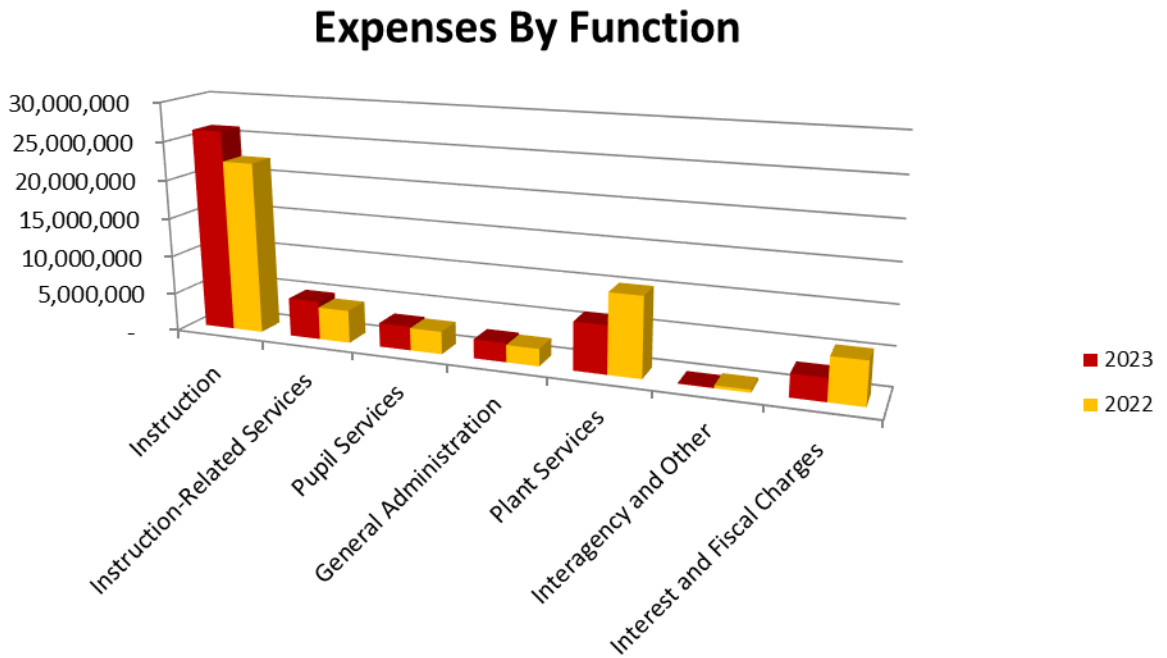
**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The following is a summary of government-wide revenues for the fiscal years ended June 30, 2022 and 2023:



The following is a summary of expenses by function for the fiscal years ended June 30, 2022 and 2023:



**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**GOVERNMENTAL ACTIVITIES**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

<b>Table 3 - Net Cost of Services</b>				
Function	2023	2022	Increase (Decrease)	Percent Change
Instruction	\$ 19,615,568	\$ 18,316,518	\$ 1,299,050	7.1%
Instruction-Related Services	4,018,985	3,832,341	186,644	4.9%
Pupil Services	309,381	1,267,806	(958,425)	-75.6%
General Administration	2,279,298	2,173,213	106,085	4.9%
Plant Services	5,655,246	8,440,305	(2,785,059)	-33.0%
Interagency and Other	(229,311)	(1,030,673)	(801,362)	-77.8%
Interest and Fiscal Charges	2,900,573	5,481,933	(2,581,360)	-47.1%
<b>Total Net Cost of Services</b>	<b>\$ 34,549,740</b>	<b>\$ 38,481,443</b>	<b>\$ (5,534,427)</b>	<b>-10.2%</b>

The following summarizes the District's functions:

- *Instruction* expenditures include activities directly dealing with the teaching of pupils.
- *Instruction-related services* include the activities involved with assisting staff with the content and process of educating students.
- *Pupil services* include guidance and counseling, psychological, health, speech and testing services, as well as preparing, delivering, and serving meals to students.
- *General administration* reflects expenditures associated with the administrative and financial supervision of the school district. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- *Plant services* involve keeping the school grounds, buildings, and equipment in effective working condition.
- *Interagency and Other* includes tuition and transfers of resources between The District and other educational agencies for services provided to students.
- *Interest and Fiscal Changes* involve the transactions associated with the payment of interest and other related charges to debt of the District.

**THE DISTRICT'S FUNDS**

The District's governmental funds report a combined fund balance of \$43,581,542, which is a decrease of \$6,898,833.

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

<b>Table 4 - Change in Fund Balances</b>			
Funds	2023	2022	Increase (Decrease)
General Fund	\$ 9,874,561	\$ 6,717,725	\$ 3,156,836
Building Fund	21,558,330	32,369,790	(10,811,460)
Bond Interest & Redemption Fund	6,535,528	5,592,283	943,245
Cafeteria Fund	1,109,228	445,248	663,980
Deferred Maintenance Fund	21,254	32,488	(11,234)
Capital Facilities Fund	171,904	760,525	(588,621)
Special Reserve Fund for Capital Projects	4,069,964	4,326,674	(256,710)
Tax Override Fund	240,773	235,642	5,131
<b>Total Governmental Fund Balances</b>	<b>\$ 43,581,542</b>	<b>\$ 50,480,375</b>	<b>\$ (6,898,833)</b>

**GENERAL FUND BUDGETING HIGHLIGHTS**

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of fiscal year 2023, the District revised its General Fund budget twice, at 1<sup>st</sup> Interim and 2<sup>nd</sup> interim, which resulted in an increase in budgeted expenditures of \$6,358,370 from the original to final budget. For the General Fund, the final budget basis revenue and other financing sources estimate was \$44,654,737. The original budgeted estimate was \$34,375,711.

**CAPITAL ASSETS**

Table 5 shows June 30, 2023 balances as compared to June 30, 2022.

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>					
Capital Asset	2023			2022	Percent Change
	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	
Land	\$ 957,974	\$ -	\$ 957,974	\$ 957,974	0%
Buildings and Improvements	99,646,075	40,743,908	58,902,167	51,307,423	15%
Equipment	2,046,078	1,710,527	335,551	309,273	8%
Work-in-Progress	3,555,741	-	3,555,741	2,052,109	73%
<b>Totals</b>	<b>\$ 106,205,868</b>	<b>\$ 42,454,435</b>	<b>\$ 63,751,433</b>	<b>\$ 54,626,779</b>	<b>16.70%</b>

At the end of the fiscal year 2023, the District had \$106,205,868 invested in land, buildings, furniture, equipment, and vehicles and work-in-progress located at the District's school sites. Overall capital assets decreased from fiscal year 2022 to fiscal year 2023 because of \$1,529,070 in current depreciation.

**PACIFICA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**LONG TERM DEBT**

Table 6 summarizes the percent changes in Long-term Debt over the past year.

<b>Table 6 - Long-term Debt</b>				
Type of Debt	2023	2022	Increase (Decrease)	Percent Change
General obligation bonds	\$ 60,310,051	\$ 63,194,791	\$ (2,884,740)	-4.56%
Unamortized bond premiums - net	4,024,373	4,191,497	(167,124)	-3.99%
Total OPEB liabilities	13,557,419	13,418,491	138,928	1.04%
Net pension liabilities	24,845,452	15,997,375	8,848,077	55.31%
Compensated absences	188,021	162,715	25,306	15.55%
Total Debt	\$ 102,925,316	\$ 96,964,869	\$ 5,960,447	6.15%

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

The District's budget is developed based on the Local Control and Accountability Plan (LCAP) which is adopted by the Board each year. The LCAP supports the eight state priorities from a local perspective. In particular, the LCAP addresses student achievement and specifically addresses a District plan to serve students of need. The LCAP was developed by the District and approved by the county for the 2022-2023 school year.

The District's LCAP continues to engage stakeholders in determining the goals and actions that best meet the needs of the student population. Following are the District's three goals:

Goal 1: Conditions for Learning

Goal 2: Improve academic outcomes for students

Goal 3: Improve social emotional wellness and mental health for students

As the District enters 2023-2024, a number of factors affecting the budget will be considered. The District is projecting deficit spending over the next several years. The state revenues under the LCFF formula are insufficient to cover ongoing increases in costs for employee retirement plans (STRS and PERS), health benefits and normal operations. Enrollment projections continue to indicate a slight decrease in the coming years. Adequate reserves will be crucial to guard against fiscal volatility. Continued cooperative efforts and sound decision making by the Board, the Superintendent and the entire staff will be key to the District's long-term financial health.

With regards to Facilities, the District passed Measure O for \$55 Million in Bond Proceeds and received the first issuance of \$18M in the 2018-2019 school year and the second issuance of \$24M in the 2021-22 school year. The District has completed many projects from the 2019 Facility Master Plan.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Josephine Peterson, Chief Business Official, Pacifica School District, 375 Reina Del Mar, Pacifica, CA 94044, (650) 738-6600, extension 6613.

## ***Basic Financial Statements***

**PACIFICA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 43,431,659
Accounts receivable	3,289,303
Stores inventories	13,168
Total Current Assets	<u>46,734,130</u>
Noncurrent Assets:	
Capital assets - net	63,751,433
Total Noncurrent Assets	<u>63,751,433</u>
Total Assets	<u><u>\$ 110,485,563</u></u>
 <b>Deferred Outflows of Resources</b>	
Pension adjustments	\$ 6,503,927
Total Deferred Outflows of Resources	<u><u>\$ 6,503,927</u></u>
 <b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 2,703,403
Unearned revenue	449,185
Accrued interest	1,327,590
Total Current Liabilities	<u>4,480,178</u>
Long-term Liabilities:	
Due within one year:	
General obligation bonds payable	1,336,884
Compensated absences payable	188,021
Total due within one year	<u>1,524,905</u>
Due after one year:	
General obligation bonds payable	62,997,540
Total OPEB liability	13,557,419
Net pension liabilities	24,845,452
Total due after one year	<u>101,400,411</u>
Total long-term Liabilities	<u>102,925,316</u>
Total Liabilities	<u><u>\$ 107,405,494</u></u>
 <b>Deferred Inflows of Resources</b>	
Pension adjustments	\$ 4,562,978
OPEB adjustments	4,038,104
Total Deferred Inflows of Resources	<u><u>\$ 8,601,082</u></u>
 <b>Net Position</b>	
Net investment in capital assets	\$ 24,999,712
Restricted for:	
Capital projects	1,236,343
Debt service	5,207,938
Educational programs	5,298,873
Total restricted net position	<u>11,743,154</u>
Unrestricted (deficit)	(35,759,952)
Total Net Position	<u><u>\$ 982,914</u></u>

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

		Program Revenues		Net (Expense)
			Operating	Revenue and
	Expenses	Charges for	Grants and	Changes in
		Services	Contributions	Net Position
Governmental activities				
Instruction	\$ 26,169,455	\$ 27,927	\$ 6,525,960	\$ (19,615,568)
Instruction-related services:				
Supervision of instruction	1,273,531	81	702,825	(570,625)
Instruction library, media and technology	870,007	621	27,557	(841,829)
School site administration	2,852,410	-	245,879	(2,606,531)
Pupil services:				
Home-to-school transportation	105,408	-	-	(105,408)
Food services	1,350,725	-	1,678,693	327,968
All other pupil services	1,650,054	491	1,117,622	(531,941)
General administration:				
All other general administration	2,462,172	-	182,874	(2,279,298)
Plant services	6,172,991	2,940	514,805	(5,655,246)
Interagency and other	99,843	14,321	314,833	229,311
Interest on long-term debt	2,900,573	-	-	(2,900,573)
Total governmental activities	<u>\$ 45,907,169</u>	<u>\$ 46,381</u>	<u>\$ 11,311,048</u>	<u>(34,549,740)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				2,478,651
Taxes levied for debt service				6,765,290
Taxes levied for other specific purposes				1,294,563
Federal and state aid not restricted to specific purposes				30,647,388
Interest and investment earnings				98,844
Miscellaneous				640,004
Total general revenues				<u>41,924,740</u>
Change in net position				7,375,000
Net position beginning				(6,392,086)
Net position ending				<u>\$ 982,914</u>

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 9,156,466	\$ 22,692,847	\$ 6,494,127	\$ 5,088,219	\$ 43,431,659
Accounts receivable	2,848,597	183,246	41,401	216,059	3,289,303
Due from other funds	-	-	-	362,621	362,621
Stores inventories	-	-	-	13,168	13,168
Total Assets	<u>\$ 12,005,063</u>	<u>\$ 22,876,093</u>	<u>\$ 6,535,528</u>	<u>\$ 5,680,067</u>	<u>\$ 47,096,751</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,318,696	\$ 1,317,763	\$ -	\$ 66,944	\$ 2,703,403
Due to other funds	362,621	-	-	-	362,621
Unearned revenue	449,185	-	-	-	449,185
Total Liabilities	<u>2,130,502</u>	<u>1,317,763</u>	<u>-</u>	<u>66,944</u>	<u>3,515,209</u>
Fund balances:					
Nonspendable:					
Revolving fund	7,500	-	-	-	7,500
Stores inventories	-	-	-	13,168	13,168
Restricted for:					
Educational programs	4,202,813	-	-	-	4,202,813
Debt service	-	-	6,535,528	-	6,535,528
Cafeteria programs	-	-	-	1,096,060	1,096,060
Capital projects	-	21,558,330	-	1,236,343	22,794,673
Assigned for:					
Debt service	-	-	-	240,773	240,773
Capital projects	-	-	-	3,005,525	3,005,525
Other postemployment benefits	930,379	-	-	-	930,379
Site repairs	-	-	-	21,254	21,254
Unassigned:					
Economic uncertainties	4,733,869	-	-	-	4,733,869
Total Fund Balances	<u>9,874,561</u>	<u>21,558,330</u>	<u>6,535,528</u>	<u>5,613,123</u>	<u>43,581,542</u>
Total Liabilities and Fund Balances	<u>\$ 12,005,063</u>	<u>\$ 22,876,093</u>	<u>\$ 6,535,528</u>	<u>\$ 5,680,067</u>	<u>\$ 47,096,751</u>

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Total fund balances - governmental funds		\$ 43,581,542
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$106,205,868. and the accumulated depreciation is \$42,454,435.		63,751,433
To recognize accrued interest at year end which is not reported in the governmental funds		(1,327,590)
The differences from pension plan and OPEB plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(8,601,082)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability and total OPEB liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		6,503,927
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 consists of:		
General obligation bonds	\$ 60,310,051	
Unamortized premiums from bond refunding	4,024,373	
Net pension liability	24,845,452	
Total OPEB liability	13,557,419	
Compensated absences (vacation)	188,021	(102,925,316)
Net position - governmental activities		<u>\$ 982,914</u>

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	\$ 32,240,687	\$ -	\$ -	\$ 228,100	\$ 32,468,787
Federal	2,128,803	-	443	552,489	2,681,735
Other state	6,789,930	-	12,999	1,473,148	8,276,077
Other local	1,707,711	557,873	6,824,902	765,084	9,855,570
Total revenues	42,867,131	557,873	6,838,344	3,018,821	53,282,169
Expenditures:					
Instruction	26,263,273	-	-	-	26,263,273
Instruction-related services:					
Supervision of instruction	1,261,724	-	-	-	1,261,724
Instruction library, media and technology	890,663	-	-	-	890,663
School site administration	2,849,666	-	-	-	2,849,666
Pupil services:					
Home-to-school transportation	95,565	-	-	-	95,565
Food services	9,905	-	-	1,311,066	1,320,971
All other pupil services	1,633,961	-	-	-	1,633,961
General administration:					
All other general administration	2,451,561	-	-	20,000	2,471,561
Plant services	4,154,134	1,186,125	-	942,880	6,283,139
Facility acquisition and construction	-	10,183,208	-	932,329	11,115,537
Interagency and other	99,843	-	-	-	99,843
Debt service:					
Principal	-	-	1,954,498	-	1,954,498
Interest and other costs	-	-	3,940,601	-	3,940,601
Total expenditures	39,710,295	11,369,333	5,895,099	3,206,275	60,181,002
Excess (deficiency) of revenues over (under) expenditures	3,156,836	(10,811,460)	943,245	(187,454)	(6,898,833)
Net change in fund balances	3,156,836	(10,811,460)	943,245	(187,454)	(6,898,833)
Fund balances beginning	6,717,725	32,369,790	5,592,283	5,800,577	50,480,375
Fund balances ending	\$ 9,874,561	\$ 21,558,330	\$ 6,535,528	\$ 5,613,123	\$ 43,581,542

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Total net change in fund balances - governmental funds	\$	(6,898,833)
--	----	-------------

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets additions net deletions	\$	11,114,942	
Depreciation additions		(1,990,288)	9,124,654

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal		1,954,498
-----------------------------	--	-----------

Accreted interest on capital appreciation bonds is not recorded in the governmental funds but is required to be recorded under the accrual basis of accounting in the government-wide financial statements.		930,243
---	--	---------

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the

premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		167,124
---	--	---------

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred.

However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		1,980,145
--	--	-----------

In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred.

However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		199,814
---	--	---------

In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than the amounts used by:

(25,306)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(57,339)

Changes in net position of governmental activities

\$ 7,375,000

The notes to the financial statements are an integral part of this statement

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Principles**

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

**B. Reporting Entity**

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District’s combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for general purpose financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2023, the District does not have any component units and is not a component unit of any other reporting entity.

**C. Basis of Presentation**

**Government-wide Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements:**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Non-exchange Transactions :**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Deferred Outflow of Resources and Deferred Inflow of Resources:**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

**Unearned Revenue:**

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

**Unavailable Revenue:**

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

**Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Fund Accounting**

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

spent and the means by which spending activities are controlled. The District's accounts are organized into major and nonmajor as follows:

**Major Governmental Funds:**

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay and the Special Reserve Fund for Postemployment Benefits. These two funds are not substantially composed of restricted or committed revenue sources and do not meet the definition of a special revenue fund. Because these funds do not meet the definition of a special revenue fund under GASB 54, the activity in these funds are being reported within the General Fund.

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

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

**Nonmajor Governmental Funds:**

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains two nonmajor special revenue funds:

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of district property.
- The *Cafeteria Fund* is a special revenue fund used to account for revenues received and expenditures made to operate the District's food service programs.

*Capital Projects Funds* are used to account for resources restricted, committed or assigned for capital outlays. The District maintains two nonmajor capital projects fund:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
- The *Special Reserve for Capital Outlay Fund* exists primarily for the accumulation of General Fund monies for capital outlay purposes.

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

- The *Tax Override Fund* is used to account for the accumulation of resources from ad valorem tax levies for the repayment of State School Building Fund apportionments. These taxes will continue to be levied until the debt is fully paid.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**F. Budgets and Budgetary Accounting**

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

**G. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

**H. Benefit Plans**

*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 District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

The following summarizes the pension plan balances for the fiscal year:

	PERS	STRS	Total
Deferred outflows of resources	\$ 3,239,341	\$ 3,264,586	\$ 6,503,927
Deferred inflows of resources	\$ 590,243	\$ 3,972,735	\$ 4,562,978
Pension expense	\$ 965,015	\$ 513,633	\$ 1,478,648
Net pension liabilities	\$ 10,161,880	\$ 14,683,572	\$ 24,845,452

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

*Other 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's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022, to June 30, 2023

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

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

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories and Prepaid Expenditures

*Inventories*

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

*Prepaid Expenditures*

The District’s central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvement of sites	20
Buildings and improvements	25-50
Equipment	5-15
Vehicles	8

5. Compensated Absences

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive 0.004 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.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Chief Business Official.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**8. Net Position**

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2023, capital assets net of accumulated depreciation totaling \$63,751,433 was reduced by \$60,310,053 in related debt, increased by unspent bond proceeds of \$21,558,330. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Debt Service* restrictions reflect the cash balances in the debt service funds of \$6,535,528 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of \$4,024,373.

*Capital Projects* restrictions will be used for the acquisition and construction of capital facilities.

*Educational Program* restrictions reflect the amounts to be expended for federal and state funded educational programs.

*Unrestricted net position* reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

**9. Local Control Funding Formula and Property Taxes**

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

**10. Risk Management**

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. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels. Excess property and liability coverage is obtained through SELF.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

**11. Interfund Transactions**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

**12. Accounting Estimates**

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

**13. Eliminations and Reclassifications**

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**J. Implemented New Accounting Pronouncements**

***GASB Statement No. 96, Subscription-based Information Technology Arrangements.***

During the year, the District implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements. GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. As of June 30, 2023, the District did not report any contracts as SBITA per GASB 96.

**K. Upcoming Accounting and Reporting Changes**

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

***GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, effective fiscal 2024.***

This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. And, GASB 100 addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

***GASB Statement No. 101, Compensated Absences, effective fiscal 2025.***

Updates the recognition and measurement guidance for compensated absences by:

1. Aligning the recognition and measurement guidance under a unified model
2. Amending certain previously required disclosures
3. Amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability
4. Supersedes GASB 16

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

## **NOTE 2 - CASH AND INVESTMENTS**

### **Summary of Deposits**

A summary of deposits as of June 30, 2023, is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
<b>Government-Wide Statements:</b>			
Cash in county treasury investment pool	\$ 43,365,335	\$ 42,129,423	AA
Cash in revolving fund	7,500	7,500	Not Rated
Cash in bank	28,066	28,066	Not Rated
Cash with fiscal agent	30,758	29,881	AA
Total Cash and Investments	<u>\$ 43,431,659</u>	<u>\$ 42,194,870</u>	

### **Cash in banks and revolving funds**

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2023, the bank balance of the District's accounts with banks was \$34,664, which was fully insured by FDIC.

### **Cash 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.

### **Fair Value Measurements**

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**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.

Limitations as they relate to interest rate risk, credit risk, custodial credit risk – deposits, and concentration of credit risk are described below:

*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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the San Mateo County Investment Pool which had a fair value of approximately \$2.51 billion and an amortized book value of \$2.44 billion.

*Credit Risk*

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least AA by Moody's Investor Service.

*Custodial Credit Risk – Deposits*

Custodial credit risk 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

*Concentration of Credit Risk*

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30, 2023:

Receivables	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Total
Federal Government	\$ 1,123,880	\$ -	\$ -	\$ 126,387	\$ 1,250,267
State Government	1,452,311	-	-	-	1,452,311
Other Local	48,000	-	-	36,408	84,408
Unrestricted:					
LCFF State Aid	122,841	-	-	-	122,841
Unrestricted	101,565	183,246	41,401	53,264	379,476
Total Accounts Receivable	<u>\$ 2,848,597</u>	<u>\$ 183,246</u>	<u>\$ 41,401</u>	<u>\$ 216,059</u>	<u>\$ 3,289,303</u>

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2023, is shown below:

Capital Assets	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Land - not depreciable	\$ 957,974	\$ -	\$ -	\$ 957,974
Work-in-progress - not depreciable	2,052,109	3,032,702	(1,529,070)	3,555,741
Buildings	87,582,917	2,330,510	-	89,913,427
Site improvements	2,573,633	7,159,015	-	9,732,648
Equipment	1,924,293	121,785	-	2,046,078
Total capital assets	<u>95,090,926</u>	<u>12,644,012</u>	<u>(1,529,070)</u>	<u>106,205,868</u>
Less accumulated depreciation for:				
Buildings	36,709,416	1,774,377	-	38,483,793
Site improvements	2,139,711	120,404	-	2,260,115
Equipment	1,615,020	95,507	-	1,710,527
Total accumulated depreciation	<u>40,464,147</u>	<u>1,990,288</u>	<u>-</u>	<u>42,454,435</u>
Total capital assets - net depreciation	<u>\$ 54,626,779</u>	<u>\$ 10,653,724</u>	<u>\$ (1,529,070)</u>	<u>\$ 63,751,433</u>

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Depreciation expense was charged to governmental activities as follows:

Governmental Activity	Depreciation Expense
Instruction	\$ 1,220,035
Supervision of instruction	74,926
Instruction library, media and technology	23,900
School site administration	145,302
Home-to-school transportation	14,624
Food services	95,837
All other pupil services	97,834
All other general administration	114,254
Plant services	203,578
Total depreciation expense	<u>\$ 1,990,288</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Interfund Receivables/Payables (Due From/Due To)**

Interfund receivables and payables consisted of the following as of June 30, 2023:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ 362,621	\$ -
Nonmajor Funds	-	362,621
Totals	<u>\$ 362,621</u>	<u>\$ 362,621</u>

**Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. There were no interfund transfers for fiscal year 2023:

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2023:

Long Term Liabilities	Balance 7/1/2022	Additions/ Accretion	Reductions	Balance 6/30/2023	Due Within One Year
General obligation bonds	\$ 67,386,288	\$ 1,495,260	\$ 4,547,124	\$ 64,334,424	\$ 1,336,884
Total OPEB obligation	13,418,191	5,249,831	5,110,603	13,557,419	-
Net pension liabilities	15,997,375	14,794,565	5,946,488	24,845,452	-
Compensated absences	162,715	25,306	-	188,021	188,021
Total Long-Term Liabilities	\$ 96,964,569	\$ 21,564,962	\$ 15,604,215	\$ 102,925,316	\$ 1,524,905

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation, pension liabilities, and other postemployment benefits will be paid by the fund for which the employee worked.

**NOTE 7 - GENERAL OBLIGATION BONDS**

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In August 1998, the District issued \$20,713,854 in Series 1998B General Obligation Bonds. The proceeds were used for construction and modernization projects. The bonds included \$8,383,854 in Capital Appreciation Bonds and \$12,330,000 in Current Interest Bonds. The Capital Appreciation Bonds bear interest rates of 5.15% to 5.00%, with maturity dates between August 1, 2015, to August 1, 2023. The Current Interest Bonds matured on August 1, 2014.

In June 2000, Capital Appreciation Bonds in the amount of \$6,492,858 were issued by the Pacifica School District for construction and modernization projects. The bonds bear interest rates of 5.00% to 6.12% with maturity dates of August 1, 2007, to August 1, 2030.

In the June 2018 election, the District passed Measure O, which authorized the District to issue \$55,000,000 in bonds to fund needed repairs, upgrades, and new construction projects. On September 27, 2018, the District issued \$18,000,000 in Series 2018 general obligation bonds, under the Measure O authorization. The issuance generated \$916,067 in bond premiums received by the District. Issuance costs associated with the bond financing was \$165,000, not including underwriter's discount. The bonds bear interest rates of 4.00% to 5.00%, with maturity dates between August 1, 2019, to August 1, 2048.

In the June 2018 election, the District passed Measure O, which authorized the District to issue \$55,000,000 in bonds to fund needed repairs, upgrades, and new construction projects. On November 17, 2021, the District issued \$25,000,000 in Series 2021 general obligation bonds, under the Measure O authorization. The issuance generated \$3,246,257 in bond premiums received by the District. Issuance costs associated with the bond financing was \$262,500, not including underwriter's discount. The bonds bear interest rates of 4.00% to 5.00%, with maturity dates between August 1, 2019, to August 1, 2048.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2023:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions/ Accretion	Redeemed	Bonds Outstanding June 30, 2023
<b>Principal Bonds:</b>								
1998B	CAB	36,008	45,139	5.15-5.3	\$ 8,383,854	\$ 1,712,224	\$ -	\$ 865,309
2000C	CAB	36,692	11,202	5-6.12	6,492,858	5,434,761	-	89,189
SERIES 2018	GOB	43,355	17,746	4-5	18,000,000	14,050,000	-	-
SERIES 2021	GOB	44,517	18,476	4	25,000,000	22,800,000	-	1,000,000
<b>Subtotal General Obligation Bonds</b>					57,876,712	43,996,985	-	1,954,498
<b>Accreted Interest:</b>								
1998B					4,138,215	233,756	2,169,691	2,202,280
2000C					15,059,591	1,261,504	255,811	16,065,284
<b>Subtotal Accreted Interest</b>					19,197,806	1,495,260	2,425,502	18,267,564
<b>Unamortized Bond Premium</b>				1,537,401	4,191,497		167,124	4,024,373
<b>Total General Obligation Bonds</b>					<u>\$59,414,113</u>	<u>\$ 67,386,288</u>	<u>\$ 1,495,260</u>	<u>\$ 4,547,124</u>

The following is a summary of the District's annual debt service requirements as of June 30, 2023:

For the Fiscal Year Ending June 30,	Principal	Interest to Maturity	Total
2024	\$ 1,336,884	\$ 4,050,216	\$ 5,387,100
2025	829,110	4,274,990	5,104,100
2026	808,889	4,430,211	5,239,100
2027	788,153	4,585,947	5,374,100
2027-2031	3,754,451	20,780,073	24,534,524
2032-2036	3,560,000	6,847,775	10,407,775
2037-2041	6,470,000	5,840,650	12,310,650
2042-2046	10,555,000	3,998,250	14,553,250
2047-2050	13,940,000	1,201,000	15,141,000
Total Debt Service	<u>\$ 42,042,487</u>	<u>\$ 56,009,112</u>	<u>\$ 98,051,599</u>

## NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS

### A. California Public Employees Retirement System (CalPERS/PERS) Pension Plan

#### *General Information about the PERS Pension Plan*

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>CalPERS</b>	
	<b>Classic</b>	<b>PEPRA</b>
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.420%	7.420%
Required employer contribution rates	25.370%	25.370%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the District's contributions were as follows:

	<b>CalPERS</b>
Contributions - employer	<u>\$ 1,225,777</u>

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS*

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
CalPERS	<u><u>\$ 10,168,917</u></u>

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

	<b>CalPERS</b>
Proportion - June 30, 2022	0.02950%
Proportion - June 30, 2023	0.02955%
Change - Increase/(Decrease)	0.00005%

For the year ended June 30, 2023, the District recognized pension expense of \$304,229 for the Plan.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 752,239	\$ -
Differences between Expected and Actual Experience	45,958	253,016
Differences between Projected and Actual Investment Earnings	1,200,672	-
Differences between Employer's Contributions and Proportionate Share of Contributions	4,441	71,444
Change in Employer's Proportion	10,254	265,783
Pension Contributions Made Subsequent to Measurement Date	1,225,777	-
<b>Total</b>	<b>\$ 3,239,341</b>	<b>\$ 590,243</b>

The District reported \$1,056,402 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ 158,628
2025	279,610
2026	252,955
2027	732,128
2028	-
Thereafter	-
<b>Total</b>	<b>\$ 1,423,321</b>

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2022, based on June 30, 2021 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>CalPERS</u>
1% Decrease	5.90%
Net Pension Liability	\$ 14,689,515
Current	6.90%
Net Pension Liability	\$ 10,168,917
1% Increase	7.90%
Net Pension Liability	\$ 6,432,808

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

**B. California State Teachers' Retirement System (STRS) Pension Plan**

*General Information about the STRS Pension Plan*

**Plan Description** - The District contributes to the State Teachers' Retirement System (STRS), a cost-

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

**Benefits Provided** - STRS 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 credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>CalSTRS</b>	
	<b>Tier 1</b>	<b>Tier 2</b>
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required State contribution rates	10.828%	10.828%

**Contributions** - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023, the District's contributions were as follows:

	<b>CalSTRS</b>
Employer Contributions	\$ 2,532,897
State Contributions	1,154,827
Total	<u>\$ 3,687,724</u>

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS*

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
District	\$ 14,376,653
State	7,199,828
Total	<b>\$ 21,576,481</b>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 33.37 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

	<b>CalSTRS</b>
Proportion - June 30, 2022	0.02197%
Proportion - June 30, 2023	0.02069%
Change - Increase/(Decrease)	<b>-0.00128%</b>

For the year ended June 30, 2023, the District recognized pension expense of \$513,633 for the Plan.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 712,977	\$ -
Differences between Expected and Actual Experience	11,793	1,077,949
Differences between Projected and Actual Investment Earnings	-	703,046
Differences between Employer's Contributions and Proportionate Share of Contributions	6,918	671,001
Change in Employer's Proportion	-	1,520,739
Pension Contributions Made Subsequent to Measurement Date	2,532,897	-
<b>Total</b>	<b>\$ 3,264,585</b>	<b>\$ 3,972,735</b>

The District reported \$2,532,897 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ (556,465)
2025	(1,202,820)
2026	(1,483,525)
2027	698,936
2028	(474,458)
Thereafter	(222,714)
<b>Total</b>	<b>\$ (3,241,046)</b>

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

- (1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
- (2) Net of investment expense but gross of administrative expenses.
- (3) Based on 110% of the MP-2019 Ultimate Projection

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

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

These rates of return are net of administrative expenses and summarized as follows:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) Real return is net of assumed 2.75% inflation.

(b) 20-year geometric average.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	\$ 24,416,890
Current	7.10%
Net Pension Liability	\$ 14,376,653
1% Increase	8.10%
Net Pension Liability	\$ 6,040,239

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

### **C. Postemployment Benefits Other Than Pension Benefits**

#### *Plan Description.*

The District's Postemployment Healthcare Plan (PHP) is a single employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees. Employees are not required to contribute to the plan. The District's policy is to pay the benefits as a cash outlay after retirement (the pay-as-you-go method). All contracts with District employees will be renegotiated at

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

various times in the future and, thus, costs and benefits are subject to change. Benefits and contribution requirements (both employee and employer) for the OPEB Plan are established by various labor agreements.

*Benefits*

The District provides coverage to the following groups of employees as follows:

	<u><b>Certificated</b></u>	<u><b>Classified</b></u>	<u><b>Management</b></u>
Benefits Provided:	Medical and dental	Medical and dental	Medical, dental and vision
Duration of Benefits:	10 years but not beyond age 75	To age 75	10 years but not beyond age 75
Required Services:	10 years	10 years	10 years
Minimum Age:	55	55	55
Dependent Coverage:	None	None	None
Contribution Percentage:	100%	100%	100%
Cap:	None	None	None

*Employees Covered by Benefit Terms*

At June 30, 2022 (the valuation date), the benefit terms covered the following employees:

Active employees	273
Inactive employees	191
<b>Total employees</b>	<u><b>464</b></u>

*Contributions*

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were \$489,264. Total benefit payments included in the measurement period were \$489,264.

The actuarially determined contribution for the measurement period was \$484,089. The District's contributions were 3.07% of covered payroll during the measurement period June 30, 2023. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

*Actuarial Assumptions*

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Actualial Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.50%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	3.54%, Net of OPEB plan investment expenses, including inflation
Mortality	2020 CalSTRS Mortality
	2017 CalPERS Mortality for Miscellaneous and School Employees
Retirement	Hired 2012 and earlier, 2020 CALSTRS 2.0% @ 60 Rates
	Hired 2013 and earlier, 2020 CALSTRS 2.0% @ 62 Rates
	Hired 2012 and earlier, 2017 CalPERS 2.0% @ 55 Rates for Schools Employees
	Hired 2013 and after. 2017 CalPERS, 2017 CALPERS 2.0% @ Rates for Schools Employees

*Discount Rate*

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

*Changes in the Total OPEB Liability*

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2023:

<b>Fiscal Year Ended June 30, 2023 (Measurement Date June 30, 2023)</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 13,418,491</b>	<b>\$ -</b>	<b>\$ 13,418,491</b>
Service cost	841,035	-	841,035
Interest in Total OPEB Liability	481,333	-	481,333
Balance of diff between actual and exp experience	-	-	-
Balance of changes in assumptions	(188,242)	-	(188,242)
Benefit payments	(484,089)	-	(484,089)
Other	-	-	-
<b>Net changes</b>	<b>650,037</b>	<b>-</b>	<b>650,037</b>
<b>Balance at June 30, 2023</b>	<b>\$ 14,068,528</b>	<b>\$ -</b>	<b>\$ 14,068,528</b>
Covered Payroll	\$ 17,099,847		
Total OPEB Liability as a % of Covered Payroll	82.27%		
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%		
Service Cost as a % of Covered Payroll	4.92%		
Net OPEB Liability as a % of Covered Payroll	82.27%		

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

*Deferred Inflows and Outflows of Resources*

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ -	\$ 3,725,395
Change in assumptions	-	312,709
<b>Totals</b>	<b>\$ -</b>	<b>\$ 4,038,104</b>

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

Year Ended June 30,	Amount
2024	\$ (526,983)
2025	(567,693)
2026	(608,403)
2027	(876,379)
2028	(954,750)
Thereafter	(503,896)
<b>Total</b>	<b>\$ (4,038,104)</b>

*OPEB Expense*

The following summarizes the OPEB expense by source during the year ended June 30, 2022.

Service cost	\$ 841,035
Interest in TOL	481,333
Difference between actual and expected experience	(729,050)
Change in assumptions	202,067
<b>OPEB Expense</b>	<b>\$ 795,385</b>

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023, for the measurement date of June 30, 2023:

Total OPEB liability ending	\$ 14,068,528
Total OPEB liability beginning	<u>(13,418,491)</u>
Change in total OPEB liability	650,037
Changes in deferred outflows	77,600
Changes in deferred inflows	(416,341)
Benefit payments and adjustments	<u>484,089</u>
<b>OPEB Expense</b>	<b><u>\$ 795,385</u></b>

*Sensitivity to Changes in the Discount Rate*

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 percentage point lower or one percentage point higher, is as follows:

	<b>Municipal Bond Rate</b>		
	<b>(1% Decrease )</b>	<b>2.50%</b>	<b>(1% Increase )</b>
Total OPEB Liability	\$ 15,856,043	\$ 14,068,528	\$ 12,594,147

*Sensitivity to Changes in the Healthcare Cost Trend Rates*

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 percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	<b>Trend Rate</b>		
	<b>(1% Decrease )</b>	<b>4.00%</b>	<b>(1% Increase )</b>
Total OPEB Liability	\$ 12,119,012	\$ 14,068,528	\$ 16,492,432

**NOTE 10 - JOINT VENTURES (JOINT POWERS AGREEMENTS)**

The District participates in one joint venture under a joint powers agreement (JPA), with the San Mateo County Schools Insurance Group, for Property & Liability, Workers' Compensation and Medical/ Dental. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

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

**PACIFICA SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The following is a summary of the most recent financial information for the JPA:

	SMCSIG
	<u>June 30, 2022</u>
Total Assets and Deferred Outflows	\$ 56,553,866
Total Liabilities and Deferred Inflows	27,642,378
Total Net Position	28,911,488
Total Revenues	48,030,715
Total Expenditures	42,636,891

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to various claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**PACIFICA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources	\$ 29,482,370	\$ 32,608,058	\$ 32,240,687	\$ (367,371)
Federal	779,946	2,676,815	2,128,803	(548,012)
Other state	2,458,089	7,578,388	6,789,930	(788,458)
Other local	1,655,306	1,791,476	1,707,711	(83,765)
Total revenues	34,375,711	44,654,737	42,867,131	(1,787,606)
Expenditures:				
Certificated salaries	12,095,596	14,481,976	13,507,892	974,084
Classified salaries	4,561,235	4,909,322	4,804,011	105,311
Employee benefits	10,485,693	12,227,242	10,578,635	1,648,607
Books and supplies	775,959	1,959,161	1,093,841	865,320
Services and other operating expenditures	6,794,783	12,861,564	9,646,073	3,215,491
Other outgo	226,403	65,204	79,843	(14,639)
Total expenditures	34,939,669	46,504,469	39,710,295	6,794,174
Excess (deficiency) of revenues over (under) expenditures	(563,958)	(1,849,732)	3,156,836	5,006,568
Net change in fund balances	(563,958)	(1,849,732)	3,156,836	5,006,568
Fund balance beginning	2,301,981	(573,568)	6,717,725	7,291,293
Fund balance ending	\$ 1,738,023	\$ (2,423,300)	\$ 9,874,561	\$ 12,297,861

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 States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by major object. Any excesses were not in accordance with Education Code 42600.

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Contractually Required Contributions	\$ 434,161	\$ 516,127	\$ 629,910	\$ 707,467	\$ 810,732	\$ 877,359	\$ 878,087	\$ 1,056,402	\$ 1,225,777
Contributions in Relation to									
Contractually Required Contributions	434,161	516,127	629,910	707,467	810,732	877,359	878,087	1,056,402	1,225,777
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 3,688,395</b>	<b>\$ 4,356,605</b>	<b>\$ 4,535,642</b>	<b>\$ 4,555,193</b>	<b>\$ 4,488,606</b>	<b>\$ 4,448,857</b>	<b>\$ 4,241,966</b>	<b>\$ 4,611,096</b>	<b>\$ 4,835,401</b>
<b>Contributions as a</b>									
<b>% of Covered Payroll</b>	<b>11.77%</b>	<b>11.85%</b>	<b>13.89%</b>	<b>15.53%</b>	<b>18.06%</b>	<b>19.72%</b>	<b>20.70%</b>	<b>22.91%</b>	<b>25.35%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2021

Assumptions Used: Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll and Direct Rate Smoothing

3.9 Years Remaining Amortization Period

Inflation Assumed at 2.30%

Investment Rate of Returns set at 7.00%

CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CALPERS PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
District's Proportion of Net Pension Liability	0.03310%	0.03144%	0.03313%	0.03555%	0.03443%	0.03231%	0.03032%	0.02950%	0.02955%
Proportionate Share of Net Pension Liability	\$ 3,757,655	\$ 4,633,745	\$ 6,542,362	\$ 8,486,723	\$ 9,180,122	\$ 9,416,508	\$ 9,303,109	\$ 5,999,267	\$ 10,168,917
Covered Payroll	\$ 3,478,317	\$ 3,688,395	\$ 4,356,605	\$ 4,535,642	\$ 4,555,193	\$ 4,488,606	\$ 4,448,857	\$ 4,241,966	\$ 4,611,096
<b>Proportionate Share of NPL as a % of Covered Payroll</b>	<b>108.03%</b>	<b>125.63%</b>	<b>150.17%</b>	<b>187.11%</b>	<b>201.53%</b>	<b>209.79%</b>	<b>209.11%</b>	<b>141.43%</b>	<b>220.53%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>83.38%</b>	<b>79.43%</b>	<b>73.90%</b>	<b>71.87%</b>	<b>70.85%</b>	<b>70.05%</b>	<b>70.00%</b>	<b>80.97%</b>	<b>69.76%</b>

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CALSTRS PENSION PLAN CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>CalSTRS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Contractually Required Contributions	\$ 1,013,870	\$ 1,344,767	\$ 1,566,961	\$ 1,786,933	\$ 2,009,014	\$ 2,120,415	\$ 1,925,558	\$ 2,043,146	\$ 2,532,897
Contributions in Relation to									
Contractually Required Contributions	1,013,870	1,344,767	1,566,961	1,786,933	2,009,014	2,120,415	1,925,558	2,043,146	2,532,897
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	<b>\$ 11,417,455</b>	<b>\$ 12,532,777</b>	<b>\$ 12,455,970</b>	<b>\$ 12,383,458</b>	<b>\$ 12,340,381</b>	<b>\$ 12,400,088</b>	<b>\$ 11,922,960</b>	<b>\$ 12,075,331</b>	<b>\$ 13,267,472</b>
<b>Contributions as a</b>									
<b>    % of Covered Payroll</b>	<b>8.88%</b>	<b>10.73%</b>	<b>12.58%</b>	<b>14.43%</b>	<b>16.28%</b>	<b>17.10%</b>	<b>16.15%</b>	<b>16.92%</b>	<b>19.09%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2021  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll Basis  
7 Years Remaining Amortization Period  
Inflation Assumed at 2.75%  
Investment Rate of Returns set at 7.10%  
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.  
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.  
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.  
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.  
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.  
This schedule provides information about the District's required and actual contributions to CalSTRS during the year.

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CALSTRS PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of Net Pension Liability	0.02500%	0.02211%	0.02242%	0.02300%	0.02300%	0.02300%	0.02400%	0.02197%	0.02069%
District's Proportionate Share of Net Pension Liability	\$ 14,609,250	\$ 14,882,504	\$ 18,136,184	\$ 21,270,170	\$ 21,138,610	\$ 20,772,680	\$ 23,258,160	\$ 9,998,108	\$ 14,376,653
State's Proportionate Share of Net Pension Liability Associated with the District	<u>8,821,650</u> <u>\$ 23,430,900</u>	<u>7,871,208</u> <u>\$ 22,753,712</u>	<u>10,324,567</u> <u>\$ 28,460,751</u>	<u>12,583,220</u> <u>\$ 33,853,390</u>	<u>12,102,911</u> <u>\$ 33,241,521</u>	<u>11,332,951</u> <u>\$ 32,105,631</u>	<u>11,989,581</u> <u>\$ 35,247,741</u>	<u>5,030,648</u> <u>\$ 15,028,756</u>	<u>7,199,828</u> <u>\$ 21,576,481</u>
Covered Payroll	\$ 10,958,085	\$ 11,417,455	\$ 12,532,777	\$ 12,455,970	\$ 12,383,458	\$ 12,340,381	\$ 12,400,088	\$ 11,922,960	\$ 12,075,331
<b>Proportionate Share of NPL as a % of Covered Payroll</b>	<b>133.32%</b>	<b>130.35%</b>	<b>144.71%</b>	<b>170.76%</b>	<b>170.70%</b>	<b>168.33%</b>	<b>187.56%</b>	<b>83.86%</b>	<b>119.06%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>76.52%</b>	<b>74.02%</b>	<b>70.04%</b>	<b>69.46%</b>	<b>70.99%</b>	<b>72.56%</b>	<b>71.82%</b>	<b>87.21%</b>	<b>81.20%</b>

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.  
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.  
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.  
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.  
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District's portion of the net pension liability of CalSTRS in compliance with GASB 68.

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN  
TOTAL OPEB LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Fiscal Year Ended</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total OPEB liability</b>						
Service cost	\$ 973,689	\$ 1,000,465	\$ 1,090,968	\$ 1,134,607	\$ 1,348,988	\$ 841,035
Interest	469,295	469,295	515,795	527,142	423,294	481,333
Differences between expected and actual experience	-	-	(890,234)	-	(4,540,548)	-
Changes of assumptions	-	-	3,793,741	-	(2,453,168)	(188,242)
Benefit payments	(545,421)	(534,810)	(563,711)	(579,994)	(565,057)	(484,089)
Other	-	-	-	-	195,022	-
Net change in Total OPEB Liability	897,563	934,950	3,946,559	1,081,755	(5,591,469)	650,037
Total OPEB Liability - beginning	12,149,133	13,046,696	13,981,646	17,928,205	19,009,960	13,418,491
Total OPEB Liability - ending	<u>\$ 13,046,696</u>	<u>\$ 13,981,646</u>	<u>\$ 17,928,205</u>	<u>\$ 19,009,960</u>	<u>\$ 13,418,491</u>	<u>\$ 14,068,528</u>
<b>Plan fiduciary net position</b>						
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 13,046,696	13,981,646	17,928,205	19,009,960	13,418,491	14,068,528
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 16,169,197	\$ 16,168,197	\$ 16,149,177	\$ 15,872,056	\$ 15,544,317	\$ 15,774,589
Net OPEB liability as a percentage of covered employee payroll	80.69%	86.48%	111.02%	119.77%	86.32%	89.18%
Total OPEB liability as a percentage of covered employee payroll	80.69%	86.48%	111.02%	119.77%	86.32%	89.18%

*Other Notes*

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate was increased from 3.5% in 2022 to 3.65% in 2023.

There were no changes in trend rates or assumptions.

**SUPPLEMENTARY  
INFORMATION**

**PACIFICA SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>Special Revenue Fund</b>		<b>Capital Projects Funds</b>		<b>Debt Service Funds</b>	
	Deferred Maintenance Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Projects Fund	Tax Override Fund	Total Nonmajor Funds
<b>Assets</b>						
Cash and investments	\$ 40,405	\$ 634,614	\$ 147,833	\$ 4,026,441	\$ 238,926	\$ 5,088,219
Accounts receivable	334	130,300	37,571	46,007	1,847	216,059
Stores inventories	-	13,168	-	-	-	13,168
Total Assets	<u>\$ 50,207</u>	<u>\$ 1,131,235</u>	<u>\$ 185,404</u>	<u>\$ 4,072,448</u>	<u>\$ 240,773</u>	<u>\$ 5,680,067</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 28,953	\$ 22,007	13,500	\$ 2,484	\$ -	\$ 66,944
Total Liabilities	<u>28,953</u>	<u>22,007</u>	<u>13,500</u>	<u>2,484</u>	<u>-</u>	<u>66,944</u>
Fund balances:						
Nonspendable stores inventories	-	13,168	-	-	-	13,168
Restricted for cafeteria programs	-	1,096,060	-	-	-	1,096,060
Restricted for capital projects	-	-	-	1,236,343	-	1,236,343
Assigned for debt service	-	-	-	-	240,773	240,773
Assigned for capital projects	-	-	171,904	2,833,621	-	3,005,525
Assigned for site repairs	21,254	-	-	-	-	21,254
Total Fund Balances	<u>21,254</u>	<u>1,109,228</u>	<u>171,904</u>	<u>4,069,964</u>	<u>240,773</u>	<u>5,613,123</u>
Total Liabilities and Fund Balances	<u>\$ 50,207</u>	<u>\$ 1,131,235</u>	<u>\$ 185,404</u>	<u>\$ 4,072,448</u>	<u>\$ 240,773</u>	<u>\$ 5,680,067</u>

**PACIFICA SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Fund</u>		<u>Capital Projects Funds</u>		<u>Debt Service Funds</u>	
	Deferred Maintenance Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Projects Fund	Tax Override Fund	Total Nonmajor Funds
Revenues:						
LCFF sources	\$ 228,100	\$ -	\$ -	\$ -	\$ -	\$ 228,100
Federal	-	552,489	-	-	-	552,489
Other state	-	1,473,148	-	-	-	1,473,148
Other local	1,047	7,775	54,037	697,094	5,131	765,084
Total revenues	229,147	2,033,412	54,037	697,094	5,131	3,018,821
Expenditures:						
Pupil services:						
Food services	-	1,311,066	-	-	-	1,311,066
General administration:						
All other general administration	-	20,000	-	-	-	20,000
Plant services	240,381	-	34,318.00	668,181	-	942,880
Facility acquisition and construction	-	38,366	608,340	285,623	-	932,329
Total expenditures	240,381	1,369,432	642,658	953,804	-	3,206,275
Excess (deficiency) of revenues over (under) expenditures	(11,234)	663,980	(588,621)	(256,710)	5,131	(187,454)
Net change in fund balances	(11,234)	663,980	(588,621)	(256,710)	5,131	(187,454)
Fund balances beginning	32,488	445,248	760,525	4,326,674	235,642	5,800,577
Fund balances ending	\$ 21,254	\$ 1,109,228	\$ 171,904	\$ 4,069,964	\$ 240,773	\$ 5,613,123

**STATE AND FEDERAL  
AWARD COMPLIANCE  
SECTION**

**PACIFICA SCHOOL DISTRICT  
ORGANIZATION (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The District was established in 1980 and serves approximately 3,100 students. The District is located in San Mateo County in Pacifica, California, and operates two K-5 elementary schools, four K-8 schools, one 6-8 middle school, and one K-8 Education Center. There were no changes in the District's boundaries in the current year.

**Governing Board**

Name	Office	Term Expires
Lynda Brocchini	President	2024
Laverne Villalobos	Vice-President	2026
Nidhi Patel	Clerk	2026
Elizabeth Bredall	Vice Clerk	2026
Kai Doggett	Member	2024

**Administration**

Heather Olsen  
Superintendent

John Bartfield  
Executive Director, Special Education, and Pupil Services

Will Lucey  
Executive Director, Educational Support Services

Josephine Peterson  
Chief Business Official

Carla Chavez Torres  
Executive Director Human Resources

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	1,181.27	1,184.42
Grades four through six	824.84	828.56
Grades seven and eight	550.57	551.38
Regular ADA Totals	2,556.68	2,564.36
Extended year special education:		
Grades TK/K through three	1.49	1.49
Grades four through six	0.61	0.61
Grades seven and eight	0.09	0.09
Special education - nonpublic and nonsectarian:		
Grades TK/K through three	1.79	1.76
Grades four through six	0.93	0.91
Grades seven and eight	3.00	3.14
Extended year special education - nonpublic and nonsectarian:		
Grades TK/K through three	0.16	0.16
Grades four through six	0.07	0.07
Grades seven and eight	0.02	0.02
ADA Totals	2,564.84	2,572.61

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

Grade Level	Minutes Requirements	2023 Actual Minutes	Actual Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	42,059	180	0	In compliance <sup>(1)</sup>
Grade 1	50,400	50,700	180	0	In compliance <sup>(1)</sup>
Grade 2	50,400	50,700	180	0	In compliance <sup>(1)</sup>
Grade 3	50,400	50,800	180	0	In compliance <sup>(1)</sup>
Grade 4	54,000	54,100	180	0	In compliance <sup>(1)</sup>
Grade 5	54,000	54,100	180	0	In compliance <sup>(1)</sup>
Grade 6	54,000	54,790	180	0	In compliance <sup>(1)</sup>
Grade 7	54,000	54,790	180	0	In compliance <sup>(1)</sup>
Grade 8	54,000	54,790	180	0	In compliance <sup>(1)</sup>

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

The purpose of this schedule is to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit. There were no charter schools to be reported.

**PACIFICA SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	(Budget <sup>1</sup> ) 2024	2023	2022	2021
<u>General Fund</u>				
Revenues and other financial sources	\$ 38,308,083	\$ 42,867,131	\$ 35,862,948	\$ 35,223,592
Expenditures	39,952,997	39,710,295	34,891,923	33,820,274
Other uses and transfers out	-	-	-	118,000
Total outgo	39,952,997	39,710,295	34,891,923	33,938,274
Change in fund balance	\$ (1,644,914)	\$ 3,156,836	\$ 971,025	\$ 1,285,318
Ending fund balance	\$ 8,229,647	\$ 9,874,561	\$ 6,717,725	\$ 5,746,700
Available reserves <sup>(2)</sup>	\$ 2,841,117	\$ 4,733,869	\$ 3,189,009	\$ 3,081,562
Unassigned - Reserved for economic uncertainties	\$ 2,841,117	\$ 4,733,869	\$ 3,189,009	\$ 3,081,562
Unassigned fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as a percentage of total outgo	7.11%	11.92%	9.14%	9.08%
Total long-term debt	\$ 101,400,411	\$ 102,925,316	\$ 96,964,869	\$ 95,945,300
Average daily attendance at P-2	2,746	2,565	2,615	2,983

Average daily attendance has decreased by 418 over the past three years. The district anticipates increase of 181 ADA in 2022-23.

The fund balance in the General Fund has increased by \$4,127,861 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district incurred an operating surplus in 3 of the past 3 years. Total long-term debt has increased by \$1,019,569.

<sup>1</sup> Budget numbers are based on the first adopted budget of the fiscal year 2023/24.

<sup>2</sup> Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

**PACIFICA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

PROGRAM NAME	ASSISTANCE LISTING	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through California Department of Education			
<i><b>Special Education Cluster</b></i>			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	(1) 84.027	13379	\$ 577,952
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	(1) 84.027	15197	31,195
Special Ed: IDEA Local Assistance, Part B, Sec 611	(1) 84.027	10115	11,443
Special Ed: IDEA 611 (ARP) LOCAL AGENCY ENT ONE-TIME AB128 FF	(1) 84.027	15638	123,358
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	(1) 84.027	10169	1,946
Special Ed: IDEA Preschool Grants, Part B, Sec 619	(1) 84.173	13430	20,934
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	(1) 84.173A	13431	252
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	(1) 84.173	13430	12,298
<i><b>Total Special Education Cluster</b></i>	(1)		<u>779,378</u>
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	83,860
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	71,512
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	34,026
ESEA (ESSA): Title III, English Learner Student Program	84.365	14346	83,792
ESF Subprograms:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	(1) 84.425	15547	25
Elementary and Secondary School Emergency Relief (ESSER) Fund	(1) 84.425D	15536	73,128
Expanded Learning Opportunities (ELO) Grant: GEER II	(1) 84.425C	15619	61,621
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	(1) 84.425D	15620	527,643
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	(1) 84.425C	15618	268,490
Subtotal ESF Programs			<u>930,907</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u>1,983,475</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct Grants:			
Unrestricted: Medi-Cal Administrative Activities (MAA)	93.778	10060	<u>4,509</u>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>4,509</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through California Department of Education			
National School Lunch Program			
<i><b>Child Nutrition Cluster</b></i>			
National School Lunch Program	10.555	13391	482,174
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555	15655	70,315
School Noncash Commodities Program	10.555	N/A	<u>1,515</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>554,004</u>
<b>TOTAL FEDERAL PROGRAMS</b>			<u><u>\$ 2,541,988</u></u>

(1) Audited as major program

There were no pass throughs to subrecipients during the year

**PACIFICA SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**TO THE AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2023 Annual Financial and Budget Report Fund Balances	\$ 8,147,062	\$ 21,558,330	\$ 6,535,528	\$ 7,340,622
Adjustments and Reclassifications:				
Special Reserve Fund for Other Than Capital Outlay Projects:				
Cash with County Treasury	791,008	-	-	(791,008)
Accounts Receivable	6,112	-	-	(6,112)
Special Reserve Fund for Postemployment Benefits:				
Cash with County Treasury	923,245	-	-	(923,245)
Accounts Receivable	7,134	-	-	(7,134)
June 30, 2023 Audited Financial Statements Fund Balances	<u>\$ 9,874,561</u>	<u>\$ 21,558,330</u>	<u>\$ 6,535,528</u>	<u>\$ 5,613,123</u>

**PACIFICA SCHOOL DISTRICT  
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**1. PURPOSE OF SCHEDULES**

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time/days offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. Schedule of Financial Trends and Analysis

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

E. Schedule of Expenditures of Federal Awards

*Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance and state requirements.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

**2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS**

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal and State Awards.

**PACIFICA SCHOOL DISTRICT**  
**NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**OTHER INDEPENDENT  
AUDITOR'S REPORTS**



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

Board of Trustees  
Pacifica School District  
Pacifica, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pacifica School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pacifica School District’s basic financial statements, and have issued our report thereon dated December 4, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pacifica School District’s internal control over financial reporting (internal control) as a basis for designing 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 Pacifica School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Pacifica School District’s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pacifica 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



**Chavan and Associates, LLP**  
Certified Public Accountants

compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*C & A LLP*

December 4, 2023  
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Education  
Pacifica School District  
Pacifica, California

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

*Opinion on Each Major Federal Program*

We have audited Pacifica School District's (the District) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major federal programs**

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 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 Pacifica 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 programs. Our audit does not provide a legal determination of Pacifica 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 the 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 Pacifica 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 Pacifica School District's compliance with the requirements of each major federal programs.

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 Pacifica 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 Pacifica 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 Pacifica 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 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.



**Chavan and Associates, LLP**  
Certified Public Accountants

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.

*C & A LLP*

December 4, 2023  
Morgan Hill, California



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Board of Education  
Pacifica School District  
Pacifica, California

### Report of State Compliance

#### Opinion

We have audited the Pacifica School District's (the District)'s compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2023.

In our opinion, Pacifica School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2023.

#### Basis for Opinion on State Compliance Requirements

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. 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 Pacifica 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 the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Pacifica 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 the District's state programs.



### **Auditor's Responsibilities for the Audit of State 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 Pacifica 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 *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. 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 Pacifica School District's compliance Pacifica School District's compliance with the requirements of applicable state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-23 *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 2022-23 *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:

2022-23 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes



2022-23 K-12 Audit Guide Procedures	Procedures Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss	Yes
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Home to School Transportation Reimbursement	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
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	N/A
Immunizations	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	N/A
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

Our consideration of internal control over compliance was 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

C & A LLP

December 4, 2023  
Morgan Hill, California

## **FINDINGS AND RECOMMENDATIONS**

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

---

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? \_\_\_ Yes x No

Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_ Yes x None Reported

Non-compliance material to financial statements noted? \_\_\_ Yes x No

**Federal Awards**

Internal control over major programs:

Material weaknesses? \_\_\_ Yes x No

Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_ Yes x None Reported

Type of auditor's report issued on compliance over major programs Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a) \_\_\_ Yes x No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.027, 84.392, 84.173, 84.173A	Special Education Cluster
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425C	Expanded Learning Opportunities (ELO) Grant: GEER II
84.425D	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs
84.425D	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss
84.425C	Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve

Dollar threshold used to distinguish between  
type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? x Yes \_\_\_ No

**State Awards**

Internal control over state programs:

Material weaknesses? \_\_\_ Yes x No

Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_ Yes x None Reported

Type of auditor's report issued on compliance over state programs: Unmodified

**PACIFICA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

---

**Section II – Financial Statement Findings**

No findings noted.

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

No findings noted.

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

No findings noted.

**PACIFICA SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

---

**Section I – Financial Statement Findings**

No findings noted.

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

No findings noted.

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

No findings noted.