

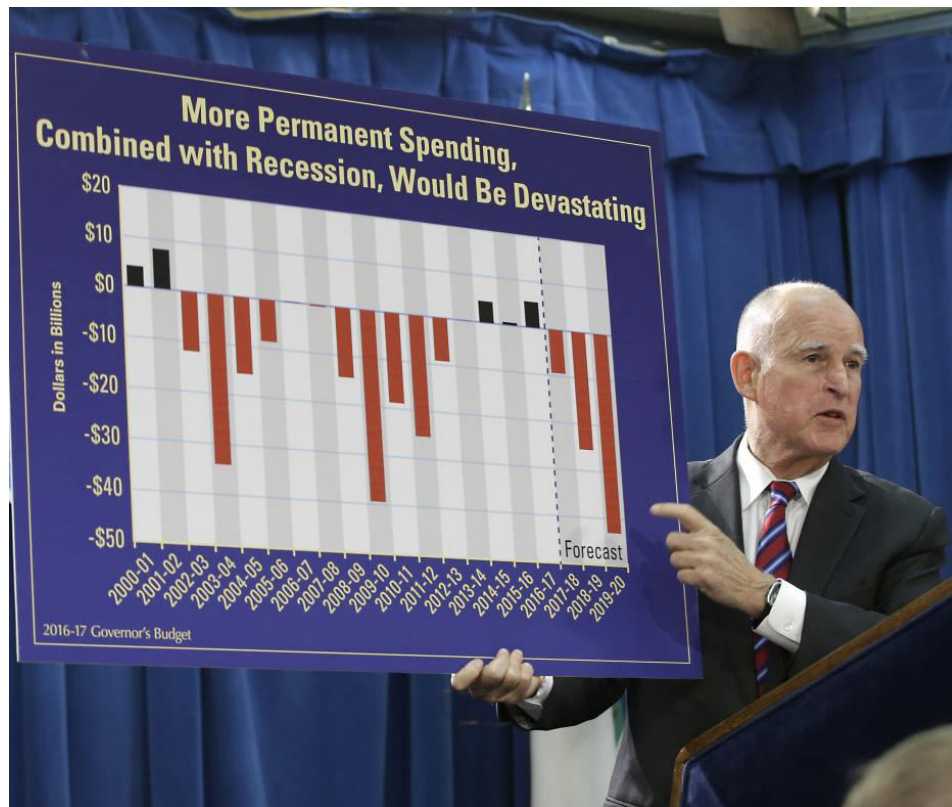


# Budget Perspectives Workshop 2019-20 Governor's Budget

Workshops sponsored by:



# A New Image and Tone



“We must build on rock, not sand, so that when the storms come, our house stands.”



“I want to do justice to the magnitude of the decisions we make in this budget. It is demonstrable that these dollars attach to real people and real lives.”

# Initial Thoughts

- “It can't get much better for Gavin Newsom as California's next governor. But it's almost certain to get worse.” – Los Angeles Times
- Need to recognize potential of large budget surplus and likelihood of an economic downturn
- Newsom’s first budget proposal attempts to balance fiscal prudence and progressive ambitions
- Major focus on budget resiliency, but also on expanding access to the “California Dream” through investments and high goals in early learning/child care, education, health care, housing, and social services
- Funding outside of Prop 98 for school employer CalSTRS contributions is a big win for schools

# Political and Fiscal Backdrop

- 2018 election turns California very blue
  - 7 seats flipped in Congressional delegation, 8 flipped in Legislature
  - Democratic sweep of statewide offices
  - Super-majority brings opportunities and challenges
- California officials/voters mobilized by (and largely opposed to) Trump
- Divided control of Congress likely to mean gridlock
- California strongly represented in House leadership
- Federal economic and political uncertainty impacting California (federal education programs funded through Sept. 2019, national lunch program funded through Feb.)
- Lots of focus already on how politics, policy and fiscal conditions might shape 2020 presidential race



# Economic Outlook

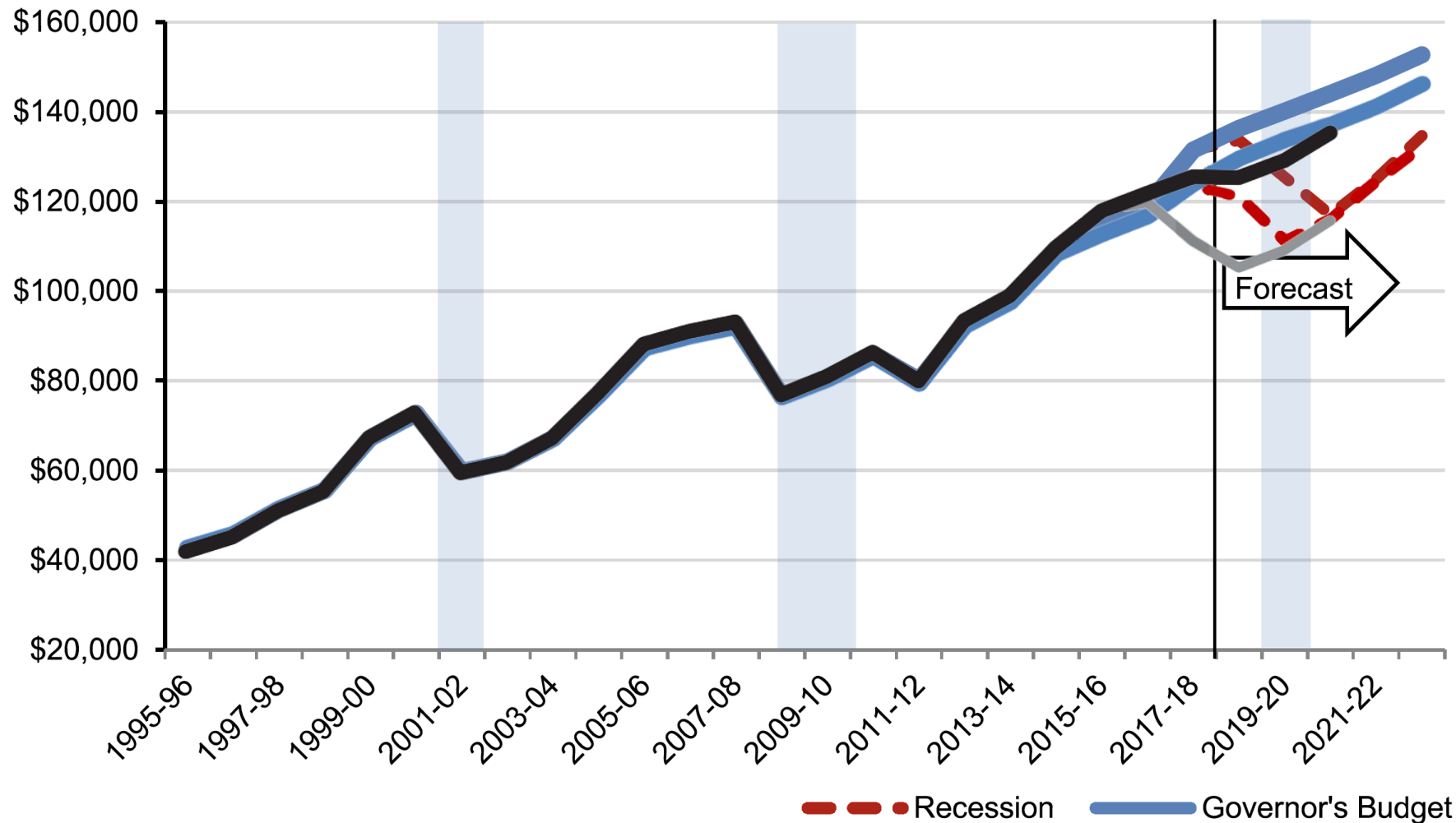
- National - Continued, but slowing, growth
  - Real GDP growth: Up (3%) through 2018, but slowing to 2% in 2019 and 1% (near recession levels) in 2020
  - Unemployment: 3.5% in 2019 (down from 10% in 2009 and 4.1% a year ago)
  - Labor shortages – Wage Growth – Inflation continuing to rise to above 3% in 2019
  - Spending on consumer, capital, and defense goods increasing
- California - Mirroring the national economy
  - Unemployment: 4.2% in 2019 (down from 12.4% in 2011 and 5% a year ago)
  - Employment and payroll growing at 1.8% in 2019, slowing to .8% in 2020
  - Real Personal Income Growth growing by 3.6% and 2.9% in 2019 and 2020
  - Expansion in tech and logistics industries driving growth in LA and Bay Area, but that will slow going forward
  - Under current risks and projections, the state budget should be OK through 2020

# Economic Risks

- Health care costs
- Still anemic housing/construction industries
- Housing costs rising – impacts on tech industry
- Trade issues (NAFTA, China) – impacts nationally on manufacturing, and on the logistics industry in CA
- Revenue impacts on government spending – slowing growth and volatility
- Wildfires and PG&E
- Immigration – CA agriculture, retail, service impacts

## Annual Revenue Could Drop by over \$25 Billion in a Recession

(Dollars in Millions)



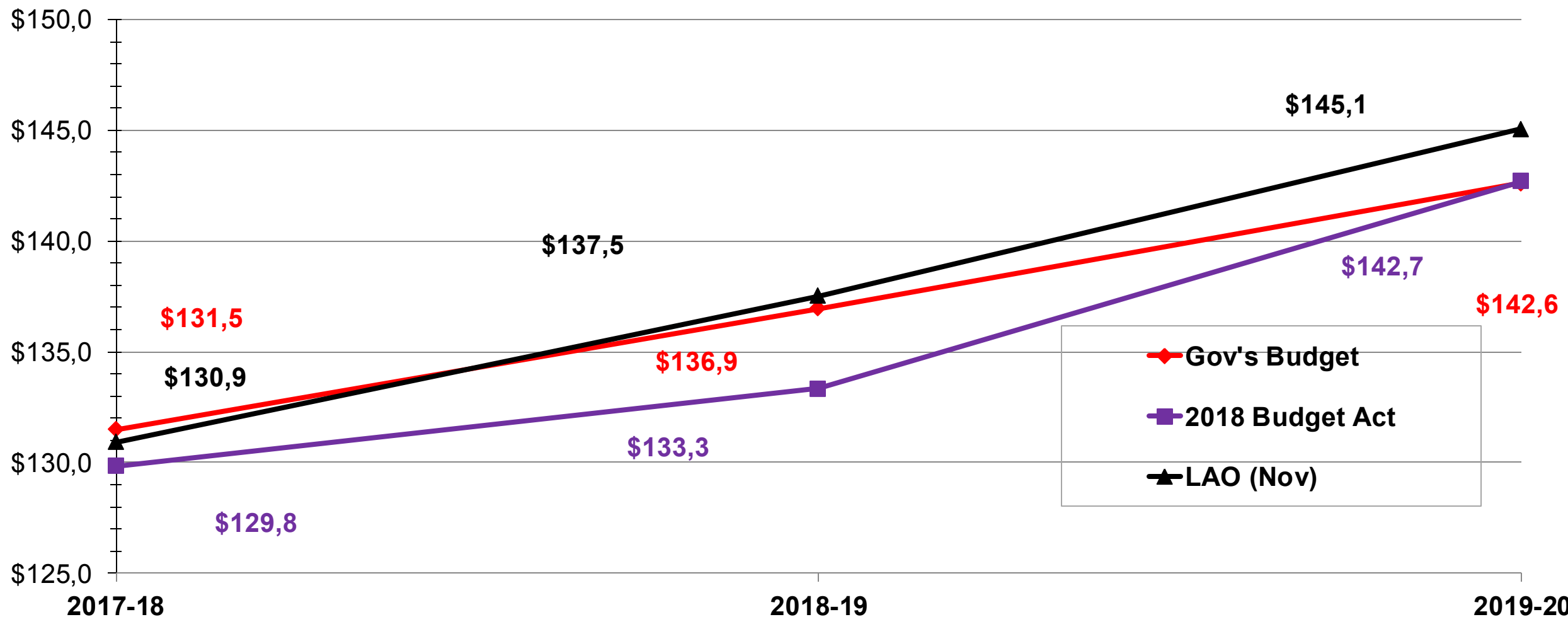


# The State is Better Prepared

- California entered Great Recession with effectively no reserves and while still hungover from dot-com bust
- We are better prepared now, largely because:
  - Sustained economic growth
  - Federal funding (particularly 2009 stimulus) cushioned steep decline in state funding
  - State policies to build reserves, make one-time investments and curb growth of ongoing expenditures
  - State now has about \$18.5 billion to utilize for emergencies or a recession
- Risks (in addition to those facing the nation as a whole)
  - Volatile revenue structure
  - Housing

# State General Fund Revenues (3 Fiscal Years)

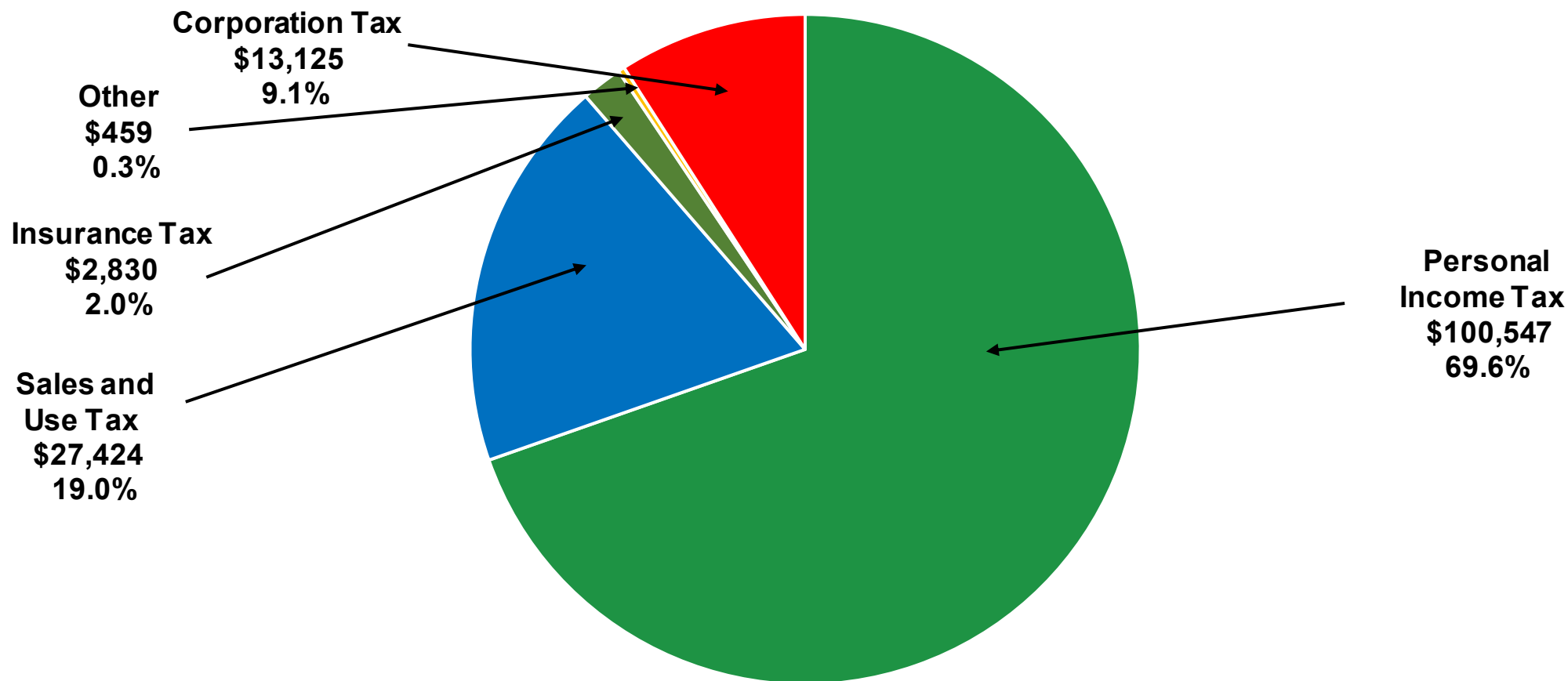
(Dollars in Billions)





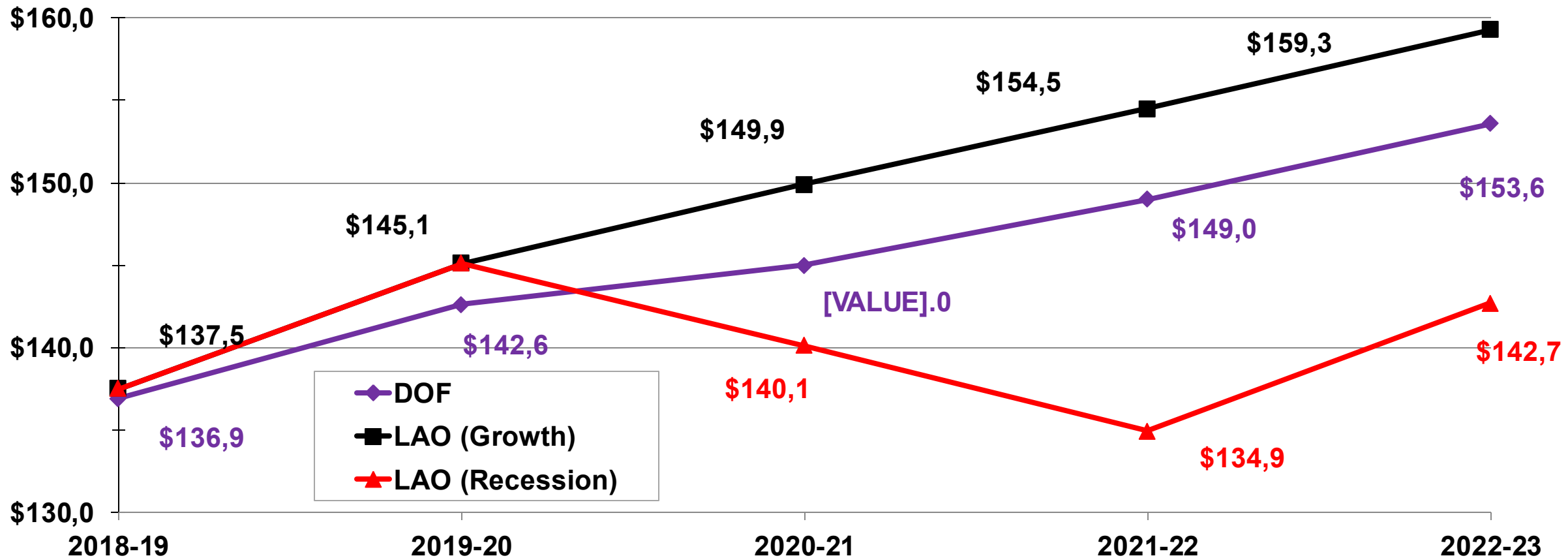
# 2019-20 General Fund Revenues - January Budget

(Dollars in Millions)



# Projected State General Fund Revenues

(Dollars in Billions)



# General Fund Spending and Reserves

- \$144.2 billion GF expenditures (including transfers)
- \$3.7 billion GF fund balance
  - \$2.3 billion special fund for economic uncertainties (SFEU)
  - \$1.4 billion reserve for liquidation of encumbrances
- \$3.6 billion Prop 2 “Rainy Day” mandatory transfer, half to Budget Stabilization Account (BSA) and half to pay down state debts and liabilities – what about infrastructure?
- About \$18.5 billion total GF reserve
  - \$15.3 billion in BSA
  - \$2.3 billion SFEU
  - \$900 million “Safety Net”

# Newsom's Twist on Brown Fiscal Legacy

\$13.6 billion to build budget resiliency and pay down liabilities, including:

- \$4.8 billion to build reserves
  - \$1.8 billion for BSA
  - \$2.3 billion for SFEU
  - \$700 million for Safety Net
- \$4.8 billion to pay down the state's unfunded retirement liabilities
  - \$3 billion for CalPERS
  - \$1.8 billion for CalSTRS (Prop 2)
- \$4 billion to eliminate debts and reverse deferrals
  - \$2.4 billion to pay off special fund loans, etc.
  - \$1 billion to eliminate annual payroll deferral
  - \$700 million to eliminate deferral of 4th quarter CalPERS payment



# K-12 Education Budget

Governor's Budget 2019-20

# Education Proposal – Overview

- \$80.7 billion for Prop 98 (\$71.2 billion for K-12)
- \$3 billion (one-time, non-Prop 98) for school employer CalSTRS liabilities
- \$2 billion for LCFF to provide 3.46% COLA (total LCFF \$63 billion)
- \$750 million (one-time, non-Prop 98) for new or retrofitted full-day kindergarten facilities
- \$576 million (\$186 million one-time) for expanded special education services and support
- \$187 million to provide 3.46% COLA to some categorical programs outside of the LCFF
- \$20.2 million additional for county offices to provide technical assistance to school districts
- \$10 million (one-time, non-Prop 98) to plan for and develop P-20 longitudinal education data system
- \$8.5 million for K-12 High-Speed Network
- Significant investment in early childhood
- No proposed one-time, fully discretionary funding

# CalSTRS Relief for School Employers

## *Part 1: Immediate Relief*

- \$700 million (one-time, non-Prop 98) applied over two years
- Intended to reduce statutory rate increases for employers
- Starting in 2021–22, employer rate set by CalSTRS board

## Effect on CalSTRS Employer Contribution Rates

	Current (per AB 1469)	Proposed (per January Budget)	Fiscal Year Change
2018–19	16.28	16.28	
2019–20	18.13	17.10	–1.03
2020–21	19.10	18.10	–1.00

# CalSTRS Relief for School Employers

## *Part 2: Prepayment to Achieve Long-Term Savings*

- \$2.3 billion to pay down employers' unfunded liability (one-time, non-Prop 98) of approximately \$35 billion
- Projected to reduce employer contribution rate 0.5% (ongoing)
- Projected to save employers \$6.9 billion over the next three decades



## Projected Employer Contribution Rates

### CalSTRS

Fiscal Year	Current (per AB 1469)	Proposed (per Jan. Budget)	Effect of Jan. Budget
2018–19	16.28	16.28	
2019–20	18.13	17.1	–1.03
2020–21	19.1	18.1	–1.0
2021–22	18.2*	17.7*	–0.5
2022–23	18.2*	17.7*	–0.5
2023–24	18.2*	17.7*	–0.5
2024–25	18.2*	17.7*	–0.5
2025–26	18.2*	17.7*	–0.5

### CalPERS

Fiscal Year	Projected Rates
2018–19	18.062
2019–20	20.7*
2020–21	23.4*
2021–22	24.5*
2022–23	25.0*
2023–24	25.5*
2024–25	25.7*
2025–26	25.5*

\* Projected

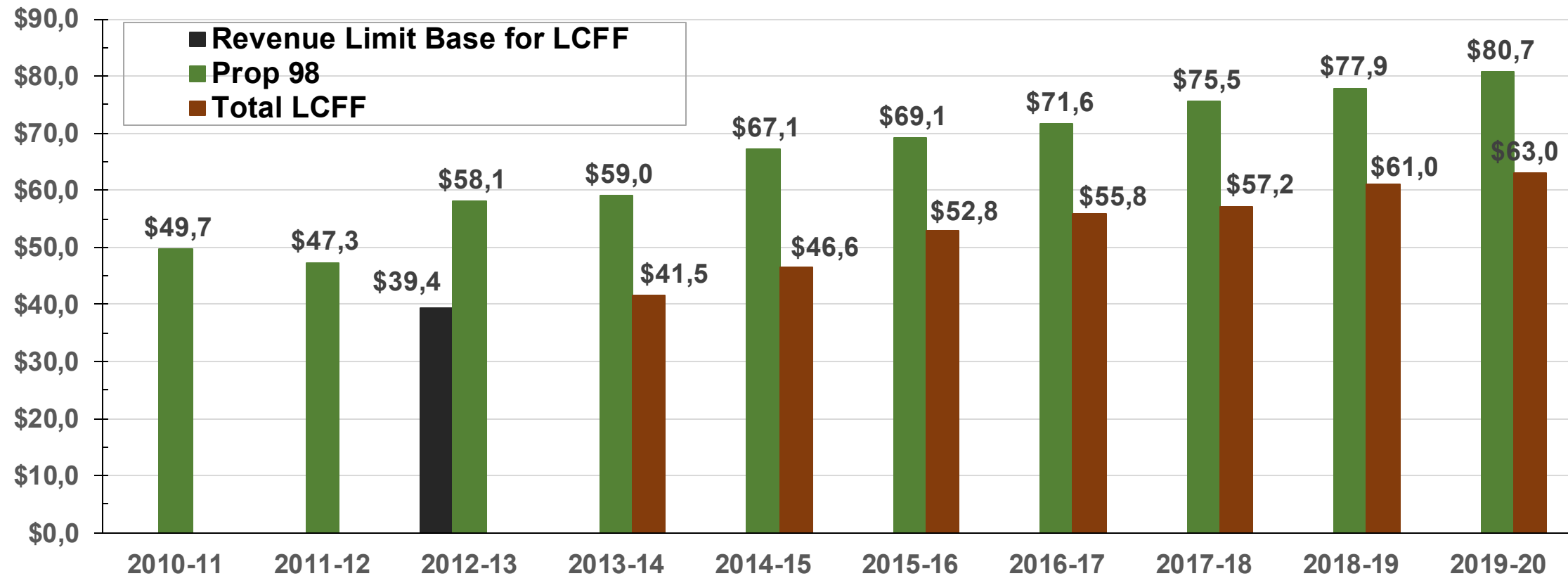
# Proposition 98

- \$80.7 billion Prop 98 guarantee
- \$2.8 billion 2019-20 projected guarantee increase over 2018 Budget Act
- Downward adjustments to guarantee for 2018-19 (\$526 million) and 2017-18 (\$120 million) primarily due to declining enrollment/ADA
- Newsom proposes no downward adjustments in prior year funding by leaving over-appropriation in 2017-18 and counting \$686 million settle-up to cover 2018-19
- Test 1 projected for 2019-20 (funding K-14 education at 1986-87 proportion of GF)
- No outstanding settle-up due
- Prop 2 transfer to Prop 98 Reserve and local reserve cap triggered in 2020-21?



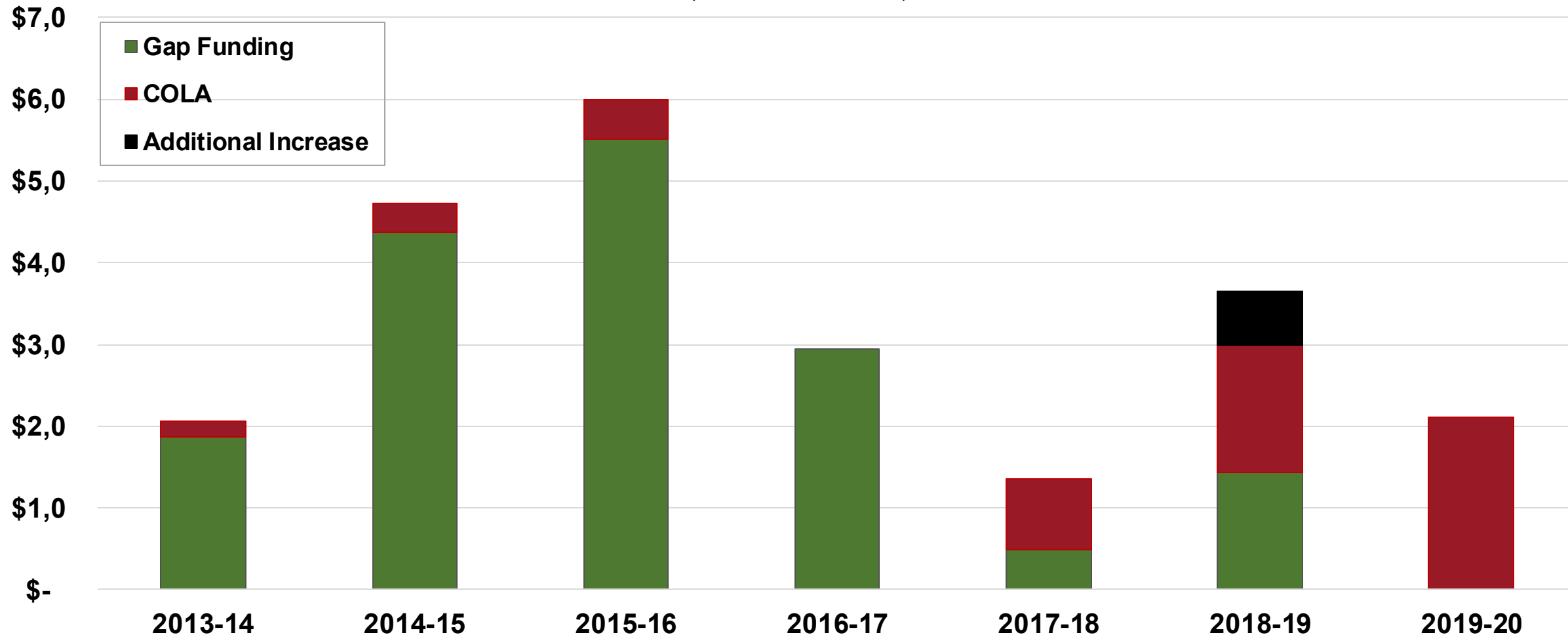
# Prop 98 and LCFF Funding

(Dollars in Billions)



# Increases in LCFF Funding

(Dollars in Billions)



# District LCFF Entitlement Targets

- Base Grant per ADA (with 3.46% COLA)
  - K-3 = \$7,717 (up \$258)                      7-8 = \$8,066 (up \$270)
  - 4-6 = \$7,833 (up \$262)                      9-12 = \$9,347 (up \$313)
- Grade Span Adjustments – 10.4% (\$803; up \$27) per K-3 ADA;  
2.6% (\$243; up \$8) per 9-12 ADA
- Supplemental Grant = 20% of Adjusted Base Grant
- Concentration Grant = 50% of Adjusted Base Grant
- TIIG and HST Add-ons remain constant

# Prop 98 Certification and LCFF Continuous Appropriation

- 2018 Budget Act
  - Created new Prop 98 certification mechanism
  - Created cost allocation schedule
  - Certified the guarantee for years 2009-10 through 2016-17
  - Provided for continuous appropriation of LCFF COLA
- 2019-20 Proposal
  - Eliminate the cost allocation schedule
  - Cap increases to LCFF from continuous appropriation when COLA outstrips growth in Prop 98

# Stand-Alone Categorical Programs

## Proposed for Ongoing Funding (no COLA)

- After School Education and Safety Program (\$546 million)
- Agricultural Education Incentive Program (\$4.1 million)
- California Partnership Academies (\$21.4 million)
- California School Information Services (\$6.5 million)
- Child Nutrition – Breakfast Startup (\$1 million)
- College Planning and Preparation Website (\$6.5 million)
- County Office Fiscal Oversight (\$6.3 million)
- Specialized Secondary Programs (\$4.9 million)
- State Assessment Program (\$116 million + \$20.3 million federal)
- Teacher Dismissal (\$100,000)
- Safe Neighborhoods and Schools Fund (\$19.5 million)

## Proposed for Ongoing Funding (3.46% COLA)

- Adult Education Program (\$544.6 million)
- Adults in Correctional Facilities (\$15.7 million)
- American Indian Early Childhood Education Program (\$594,000)
- American Indian Education Centers (\$4.4 million)
- Child Nutrition (\$171.6 million)
- Foster Youth Programs (\$27.3 million)
- Mandate Block Grant (\$243 million)
- Special Education (\$3.75 billion)

# COE Support and Data/Accountability

- \$9 million to fund 3.46% COLA and ADA changes for COEs
- \$20.2 million increase in COE funding for school district assistance, consistent with the formula adopted in 2018 Budget Act
  - Most COEs will receive funding, with more going towards those with districts identified for differentiated assistance
- \$10 million for planning and initial development of P-20 longitudinal data system
- \$350,000 one-time money for improved accessibility/merging of online reporting tools (Dashboard, LCAP e-template, SARC)



# CSBA/ACSA Full & Fair Funding Campaign

- California has largest economy in the nation, 5<sup>th</sup> largest in the world
- Among states, California ranks 41<sup>st</sup> in per-pupil funding when adjusted for cost
  - 48<sup>th</sup> in teachers per students
  - 48<sup>th</sup> in counselors
  - 50<sup>th</sup> in librarians
  - Low 40s in classroom aides, nurses, mental health, principals/vice principals
- In the 1970s California public schools were funded in the top ten of all states, now we are in the bottom ten

# CSBA/ACSA Full & Fair Funding Campaign

- CSBA/ACSA polling shows an opportunity to take ambitious action to close the education funding gap
- STEM, College and Career Readiness and Community Colleges are powerful themes that voters support as part of a measure to increase funding for schools
- Work continues on a ballot measure to increase K-14 funding
- Continue advocacy with the public, employees, community and political leaders
- Sign the petition: [www.fullandfairfunding.org](http://www.fullandfairfunding.org)

# Other Key Budget Issues and Programs

Governor's Budget 2019-20



# Early Childhood – Early Learning

- \$750 million in one-time non-Prop 98 funds for the construction or retrofitting of facilities for full-day Kindergarten (or other activities “to reduce barriers”)
- \$27 million Prop 98 to annualize the 2,959 full-day State Preschool slots for LEAs included in last year’s budget (commence April 1, 2019)
- \$24 million Prop 98 for Transitional Kindergarten (increased growth and COLA)



# Early Childhood – Early Learning

- Eliminates family proof of employment or enrollment in higher education as eligibility requirement children to attend full-day State Preschool
- \$124.9 million non-Prop 98 for 10,000 additional full-day State Preschool slots for non-LEA providers in 2019-20 (with plan to fund a total of 200,000 slots by 2021-22)
- \$297.1 million shift from Prop 98 to non-Prop 98 for part-day State Preschool programs run by non-LEA providers

## Early Childhood – Child Care

- \$245 million one-time to expand subsidized child care facilities in the state
- \$245 million one-time to increase the educational attainment of the child care workforce
- \$10 million to develop a long-term plan for universal preschool, and improve access to and quality of subsidized child-care





# Early Childhood – Child Care

- \$79 million (COLA) for non-CalWORKS child care and State Preschool programs with decrease in slots due to decrease in birth to age 4 population
- \$103 million for adjustments to reflect changes in the CalWORKS caseload and cost of care
- \$43 million to annualize the cost of actions taken in prior years related to the adjustment factors for infants, toddlers, and children with exceptional needs and severe disabilities and the Alternative Payment slots for LEAs that began Sept. 1, 2018

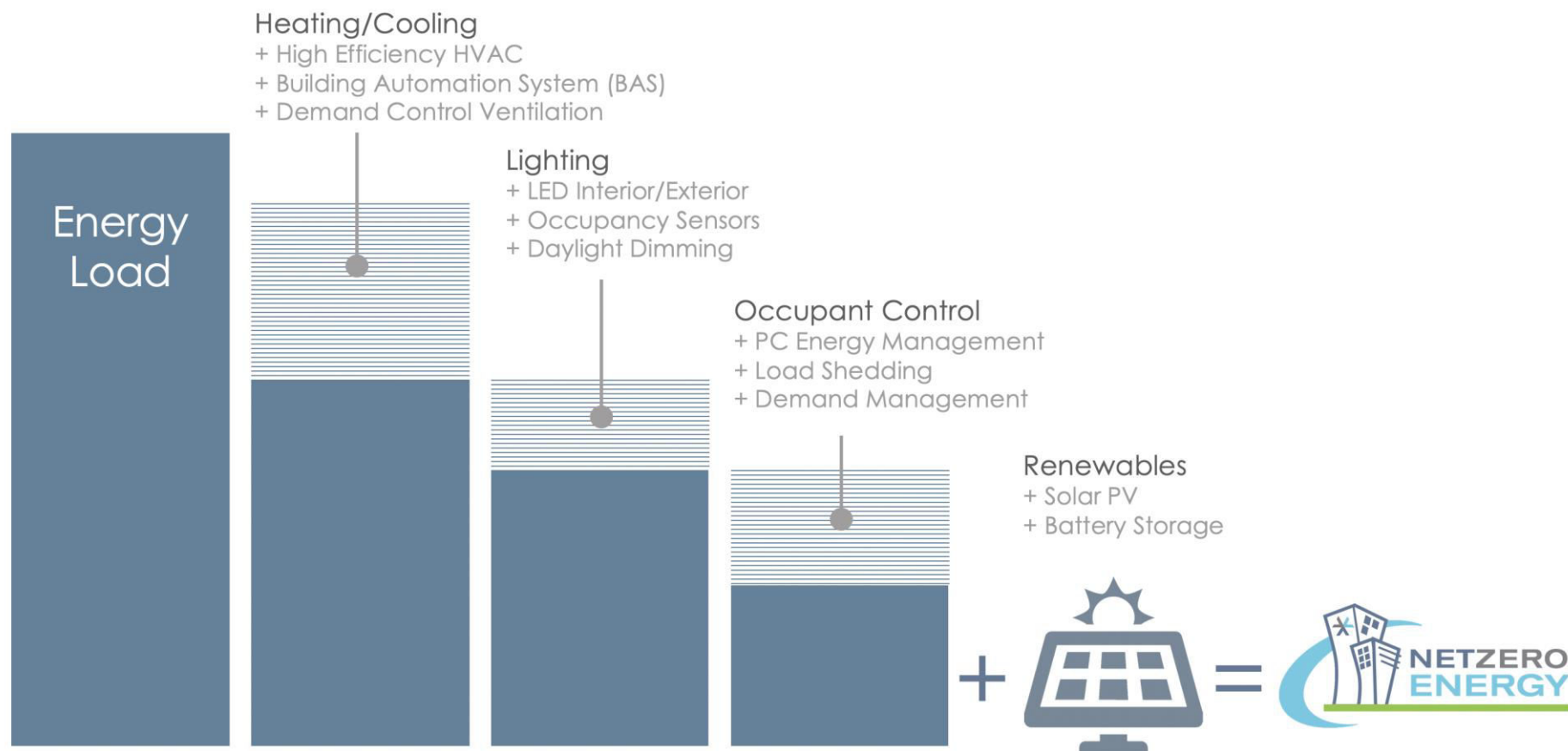
# Special Education

- \$576 million for expanded services and school readiness support
  - \$390 million ongoing and \$186 million one-time
  - Proposes concentration grants for school readiness and early intervention
    - Targeted at LEAs with high percentages of both students with disabilities and unduplicated students
    - Grants may be used to fund special education and school readiness services not currently included in an IEP
  - Language and policy not cooked – further conversations about funding costs of existing services versus supplementing those services
- \$127.6 million for 3.46% COLA

# School Facilities

- Prop 51 (2016) bond sales
  - \$1.5 billion proposed for 2019-20: \$906 million over current year
  - \$1.2 million to fund positions at the Office of Public School Construction to expedite application processing
- Full-Day Kindergarten Facilities Grant Program
  - \$750 million to help implement universal full-day kindergarten
  - Intended to build on Gov. Brown's \$100 million in current year
- Local developer fees
  - Potential changes to hasten housing construction
  - No details yet – taskforce forthcoming

# GOING NET ZERO ENERGY (NZE)





## INNOVATIVE FUNDING SOLUTIONS

- Utility Programs and Incentives
  - On-Bill Financing
- 0% Financing Programs
- Bosch Funding
- Municipal Lease Purchase
- Routine Restricted Maintenance Accounts
- District Bond = **Increased General Fund Relief**

# Career Technical Education

## No changes in funding proposed

- \$150 million in ongoing funding for the CTE Incentive Grant program, being administered by CDE
  - 2019-20 Grant application due January 25, 2019
- \$150 million ongoing funding to expand K-12 component of the Community College Strong Workforce Program
  - Letter of Intent to Apply due February 15, 2019
  - Applications due March 15, 2019
- Look for legislation to increase on-going K-12 CTEIG funding beyond \$150 million

# Wildfire Recovery and Disaster Preparedness

- \$555 million to several agencies related to disaster response and recovery
- Ongoing discussions between DOF, Legislature, and stakeholders to provide resources for disaster recovery and guidance for what comes next
- Proposal backfills lost property taxes in impacted counties
- Waives local share of debris clean-up

# What's Next

- Budget subcommittee hearings
- May Revision on or before May 15
- May Revision workshop
- Final budget deal by June 15
- Budget Act workshops in late June/early July



# Thank You

- We will send you this PowerPoint
- Please feel free to use the content as you wish
- Questions? Please contact:
  - Barrett Snider - [Barrett@capitoladvisors.org](mailto:Barrett@capitoladvisors.org)
  - (916) 557-9745
- Please complete feedback survey



## *Appendix: Early Childhood – Related Proposals*

- \$45 million federal and Prop 56 funds to DHCS for adverse childhood experiences (ACEs) screenings for children and adults in the Medi-Cal program
- \$60 million federal and Prop 56 funds to DHCS to increase developmental screenings for children
- \$78.9 million GF and federal funds to provide home visiting services to eligible CalWORKS families in 2019-20
- \$30.5 million GF to expand home visiting programs and the Black Infant Health Program in DPH
- Expansion of Paid Family Leave
- \$50 million one-time GF to increase access to Child Savings Accounts among incoming Kindergartners
- \$121.6 million GF to increase or improve new Cal Grant access awards for students with dependent children
- Increase CalWORKS grant levels by 13.1% to bring the monthly grant payments to 50% of the projected 2019 federal poverty level
- \$56 million GF and federal funds for Local Child Support Agency administrative costs

**Payables Prelist****1/7/2019 ()****PSD****Check****82 - SISC - SELF-INSURED SCHOOLS**

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PO 19-00197-1/7/2019	12-0000-0-0000-0000-9514-000-0000	\$1,917.30
PO 19-00197-1/7/2019	13-0000-0-0000-0000-9514-000-0000	\$456.50

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**\$9,856.00****309 - SYSCO**

PO 19-00198-1/7/2019	13-5310-0-0000-3700-4700-200-3101	\$145.04
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**\$145.04**

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**Payment Type Check Total****\$10,001.04**

**Payables Prelist****1/7/2019 ()****PSD**

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**Grand Total :** **\$10,001.04****Amount**

Fund 01 \$7,482.20

Fund 12 \$1,917.30

Fund 13 \$601.54

**Grand Total :** **\$10,001.04**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

## Payables Prelist

Closed-1/11/2019 ()

PSD

## Check

298 - Allen-Farmer, Kristin - Chk #965664		
PO 19-00206-1/10/2019	01-9006-0-1110-1000-5808-200-2341	\$1,281.25
		<b>\$1,281.25</b>
39 - AT&T - Chk #965665		
PO 19-00202-1/10/2019	01-0000-0-0000-2700-5900-200-2801	\$99.44
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79 - Terra Barsanti - Chk #965677		
PO 19-00208-1/10/2019	01-1100-0-1110-1000-4300-200-3000	\$16.20
		<b>\$16.20</b>
282 - Bumgarner, Dona - Chk #965666		
PO 19-00210-1/10/2019	01-0102-0-1110-1000-5800-200-2630	\$1,500.00
		<b>\$1,500.00</b>
310 - Great West Gourmet - Chk #965667		
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116 - MISSION LINEN SERVICE - Chk #965668		
PO 19-00201-1/10/2019	13-5310-0-0000-3700-4390-200-3101	\$82.80
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166 - PALACE ART & STATIONERY - Chk #965669		
PO 19-00212-1/10/2019	01-1100-0-1110-1000-4300-200-3000	\$321.47
		<b>\$321.47</b>
225 - Real Good Fish - Chk #965670		
PO 19-00204-1/10/2019	13-5310-0-0000-3700-4700-200-3101	\$110.00
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55 - ROBERTSON & ASSOC. CPAS - Chk #965671		
PO 19-00205-1/10/2019	01-0000-0-0000-7191-5809-200-2801	\$769.50
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7 - San Lorenzo Lumber - Chk #965672		
PO 19-00199-1/10/2019	01-0000-0-0000-8100-4370-200-2801	\$42.87
		<b>\$42.87</b>
323 - San Lorenzo Valley Unified School District - Chk #965673		
PO 19-00211-1/10/2019	01-6500-0-5730-1190-5800-200-1304	\$1,823.00
		<b>\$1,823.00</b>
285 - Santa Cruz Community Credit Union - Chk #965674		
PO 19-00213-1/10/2019	01-0000-0-0000-2700-4350-200-2801	\$71.45
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PO 19-00213-1/10/2019	13-5310-0-0000-3700-4700-200-3101	\$286.76
PO 19-00213-1/10/2019	01-9010-0-1110-1000-4300-204-3056	\$59.22
PO 19-00213-1/10/2019	01-1100-0-1110-1000-4300-205-3000	\$46.01
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PO 19-00213-1/10/2019	01-0000-0-0000-8100-4370-200-2801	\$10.77
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268 - Seabright Speech Therapy - Chk #965675		
PO 19-00207-1/10/2019	01-3310-0-5770-1190-5808-200-1320	\$990.00

<b>Payables Prelist</b>	<b>Closed-1/11/2019 ()</b>	<b>PSD</b>
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260 - Swanton Pacific Ranch - Chk #965676		
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315 - Zoom Imaging Solutions, Inc. - Chk #965678		
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Fund 01

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Fund 13

\$3,252.34

**Grand Total :****\$11,966.28**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

## Payables Prelist

Closed-1/15/2019 ()

PSD

## Check

## 92 - Elizabeth Andrews - Chk #966060

PO 19-00220-1/15/2019	01-0000-0-0000-2700-5807-200-2801	\$159.00
PO 19-00220-1/15/2019	01-0000-0-0000-2700-4350-213-2801	\$24.99

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\$183.99

## 85 - COMCAST - Chk #966058

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\$173.96

## 168 - Department of Justice - Chk #966059

PO 19-00215-1/15/2019	01-0000-0-0000-2700-5800-200-2801	\$32.00
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\$32.00

## 310 - Great West Gourmet - Chk #966061

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\$500.00

## 68 - GREEN WASTE - Chk #966062

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\$275.72

## 75 - GROWING UP IN SANTA CRUZ - Chk #966063

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\$314.00

## 164 - PACIFIC GAS &amp; ELECTRIC COMPANY - Chk #966065

PO 19-00218-1/15/2019	01-0000-0-0000-8100-5511-200-2801	\$295.68
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\$295.68

## 64 - Stacey Reynolds - Chk #966066

PO 19-00216-1/15/2019	12-9011-0-8500-1000-4300-200-3020	\$213.69
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\$213.69

## 190 - Hillary Schaefer - Chk #966064

PO 19-00222-1/15/2019	01-1400-0-1110-1000-4300-200-2801	\$67.30
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PO 19-00223-1/15/2019	01-0000-0-0000-2700-5915-200-2801	\$12.90
PO 19-00223-1/15/2019	01-1100-0-1110-1000-4300-200-3000	\$28.10

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\$120.28

## 309 - SYSCO - Chk #966067

PO 19-00225-1/15/2019	01-0000-0-0000-8100-4370-200-2801	\$134.52
PO 19-00225-1/15/2019	13-5310-0-0000-3700-4390-200-3101	\$59.81
PO 19-00225-1/15/2019	13-5310-0-0000-3700-4700-200-3101	\$238.35

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\$432.68

## 273 - Terra X Pest Services - Chk #966068

PO 19-00214-1/15/2019	01-0000-0-0000-8100-5524-200-2801	\$642.00
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\$642.00**Payment Type Check Total****\$3,184.00**



**Payables Prelist****Closed-1/15/2019 ()****PSD**

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**Grand Total :** **\$3,184.00****Amount**

Fund 01 \$2,172.15

Fund 12 \$213.69

Fund 13 \$798.16

**Grand Total :** **\$3,184.00**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**Payables Prelist****Closed-1/18/2019 ()****PSD****Check**

154 - Jennifer Bird - Chk #966320

PO 18-00221-reimbursement

01-1100-0-1110-1000-4300-201-3000

\$49.04

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\$49.04

171 - EDD - Chk #966319

PO 19-00226-1/18/2019

01-0000-0-0000-0000-9515-000-0000

\$119.20

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\$119.20

268 - Seabright Speech Therapy - Chk #966321

PO 19-00227-1/18/2019

01-3310-0-5770-1190-5808-200-1320

\$1,530.00

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\$1,530.00**Payment Type Check Total****\$1,698.24**

**Payables Prelist****Closed-1/18/2019 ()****PSD****Grand Total :****\$1,698.24****Amount**

Fund 01

\$1,698.24

**Grand Total :****\$1,698.24**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: -----

DATE: -----

REVIEWED BY: -----

DATE: -----

## Payables Prelist

1/25/2019 ()

PSD

## Check

294 - Bay Quality Roofing		
PO 19-00233-1/24/2019	14-0825-0-0000-8100-5620-200-0000	\$630.00
		<hr/>
		\$630.00
278 - Debbie Ruskin		
PO 19-00231-1/24/2019	01-0000-0-1110-1000-5800-200-2801	\$450.00
		<hr/>
		\$450.00
198 - DeiRossi, Ivan		
PO 19-00228-1/24/2019	01-1400-0-1110-2420-5800-200-2801	\$1,900.00
PO 19-00228-1/24/2019	01-0000-0-0000-2420-5800-200-2801	\$1,087.50
		<hr/>
		\$2,987.50
116 - MISSION LINEN SERVICE		
PO 19-00232-1/24/2019	13-5310-0-0000-3700-4390-200-3101	\$45.24
		<hr/>
		\$45.24
309 - SYSCO		
PO 19-00230-1/24/2019	13-5310-0-0000-3700-4700-200-3101	\$470.48
PO 19-00230-1/24/2019	01-0000-0-0000-8100-4370-200-2801	\$63.90
		<hr/>
		\$534.38
316 - U.S. Bank Equipment Finance		
PO 19-00229-1/24/2019	01-0000-0-0000-7200-5650-200-2801	\$287.52
		<hr/>
		\$287.52
		<hr/>
	<b>Payment Type Check Total</b>	<b>\$4,934.64</b>

**Payables Prelist****1/25/2019 ()****PSD**

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**Grand Total :** **\$4,934.64****Amount**

Fund 01 \$3,788.92

Fund 13 \$515.72

Fund 14 \$630.00

**Grand Total :** **\$4,934.64**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

## Payables Prelist

Locked-1/31/2019 ()

PSD

## Check

## 39 - AT&amp;T

PO 19-00236-1/31/2019	01-0000-0-0000-2700-5900-200-2801	\$199.25
		<b>\$199.25</b>

## 154 - Jennifer Bird

PO 19-00238-1/31/2019	01-9010-0-1110-1000-4300-200-3057	\$1,216.78
PO 19-00238-1/31/2019	01-1100-0-1110-1000-4300-201-3000	\$476.80
		<b>\$1,693.58</b>

## 282 - Bumgarner, Dona

PO 19-00241-1/31/2019	01-0102-0-1110-2420-4210-200-2391	\$35.72
		<b>\$35.72</b>

## 79 - Lerner, Joan

PO 19-00234-1/31/2019	01-6500-0-5770-3140-5808-200-1304	\$1,983.75
		<b>\$1,983.75</b>

## 116 - MISSION LINEN SERVICE

PO 19-00235-1/31/2019	13-5310-0-0000-3700-4390-200-3101	\$45.24
		<b>\$45.24</b>

## 166 - PALACE ART &amp; STATIONERY

PO 19-00242-1/31/2019	01-9010-0-1110-1000-4400-200-3057	\$40.29
PO 19-00242-1/31/2019	01-1100-0-1110-1000-4300-203-3000	\$38.62
PO 19-00242-1/31/2019	01-9010-0-1110-1000-4300-204-3056	\$12.58
PO 19-00242-1/31/2019	01-1100-0-1110-1000-4300-202-3000	\$40.00
PO 19-00242-1/31/2019	12-9010-0-8500-1000-4300-200-3020	\$55.05
PO 19-00242-1/31/2019	13-5310-0-0000-3700-4390-200-3101	\$29.20
PO 19-00242-1/31/2019	01-1100-0-1110-1000-4300-200-3000	\$317.82
		<b>\$533.56</b>

## 324 - Rebecca Setziol

PO 19-00240-1/31/2019	01-0700-0-1110-1000-5800-200-0700	\$2,500.00
		<b>\$2,500.00</b>

## 309 - SYSCO

PO 19-00237-1/31/2019	13-5310-0-0000-3700-4700-200-3101	\$229.23
PO 19-00237-1/31/2019	13-5310-0-0000-3700-4390-200-3101	\$183.99
PO 19-00239-1/31/2019	13-5310-0-0000-3700-4700-200-3101	\$125.85
		<b>\$539.07</b>

**Payment Type Check Total****\$7,530.17**

**Payables Prelist****Locked-1/31/2019 ()****PSD**

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**Grand Total :** **\$7,530.17****Amount**

Fund 01 \$6,861.61

Fund 12 \$55.05

Fund 13 \$613.51

**Grand Total :** **\$7,530.17**-----  
PRESIDENT-----  
SECRETARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_



# *Pacific Elementary School*

www.pacificesd.org  
50 Ocean Street/P.O. Box H  
Davenport, CA 95017  
831-425-7002

## **Pacific Elementary School District**

Board of Trustees Meeting  
**Thursday, February 7<sup>th</sup>, 2019 @ 5:00 PM**  
Pacific Elementary School, Davenport, CA

### **Pacific School Mission Statement**

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### **Board Meeting Agenda**

#### **1. OPENING PROCEDURES FOR OPEN SESSION**

- 1.1. Call to Order
- 1.2. Roll Call & Establishment of Quorum
  - 1.2.1. Gwyann Rhabyt, Board President
  - 1.2.2. Don Croll, Board Trustee
  - 1.2.3. Cari Napoles, Board Trustee
- 1.3. Approval of the agenda for February 7<sup>th</sup>, 2019
  - 1.3.1. Agenda deletions, additions, or changes of sequence

#### **2. PUBLIC COMMENTS**

- 2.1. For items not on the agenda, this is an opportunity for the public to address the board directly related to school business. The Board President may allot time to those wishing to speak, but no action will be taken on matters presented (EC



§35145.5).

2.2. For items on the agenda, the public will have the opportunity to speak at the time the agenda item is discussed. Please address the Board President.

3. **REPORTS**

3.1. Board Member Reports

4. **CONSENT AGENDA:** These matters may be passed by one roll call motion. Board Members may remove items from the agenda for a separate discussion and vote.

5. **PUBLIC HEARINGS**

6. **BOARD RESOLUTIONS**

6.1. Resolution 2018-7 CEMEX Reuse. The board will consider a resolution supporting residential development in the plan for the CEMEX property.

7. **ITEMS TO BE TRANSACTED AND/OR DISCUSSED**

8. **CLOSED SESSION**

9. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

10. **NEXT REGULAR BOARD MEETING:** 4:00PM February 19<sup>th</sup>, 2019

11. **ADJOURNMENT**

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# *Pacific Elementary School*

www.pacificesd.org  
50 Ocean Street/P.O. Box H  
Davenport, CA 95017  
831-425-7002

## **Pacific Elementary School District**

Board of Trustees Meeting  
**Tuesday, February 19<sup>th</sup>, 2019 @ 4:00 PM**  
Pacific Elementary School, Davenport, CA

### **Pacific School Mission Statement**

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### **Board Meeting Agenda**

#### **1. OPENING PROCEDURES FOR OPEN SESSION**

- 1.1. Call to Order
- 1.2. Roll Call & Establishment of Quorum
  - 1.2.1. Gwyann Rhabyt, Board President
  - 1.2.2. Don Croll, Board Trustee
  - 1.2.3. Cari Napoles, Board Trustee
- 1.3. Approval of the agenda for February 19<sup>th</sup>, 2019
  - 1.3.1. Agenda deletions, additions, or changes of sequence

#### **2. PUBLIC COMMENTS**

- 2.1. For items not on the agenda, this is an opportunity for the public to address the board directly related to school business. The Board President may allot time to those wishing to speak, but no action will be taken on matters presented (EC

- §35145.5).
- 2.2. For items on the agenda, the public will have the opportunity to speak at the time the agenda item is discussed. Please address the Board President.
3. **REPORTS**
- 3.1. Superintendent Report
- 3.2. Board Member Reports
- 3.3. School Site Council Report Parents Club Report
4. **CONSENT AGENDA:** These matters may be passed by one roll call motion. Board Members may remove items from the agenda for a separate discussion and vote.
- 4.1. Approval of the minutes from the Board meetings on 1/15/19 and 2/7/19
- 4.2. Approval of Warrant Lists
- 4.3. Budget Perspectives Workshop by Capitol Advisors
- 4.4. 2018 CAASPP data
- 4.5. First Interim Financial Report – Positive Certification
- 4.6. Annual Financial Report – Audit had zero findings
5. **PUBLIC HEARINGS**
6. **BOARD RESOLUTIONS**
- 6.1. Resolution 2019-6 Support Prop. 58 & English Learner Roadmap
- 6.2. Resolution 2019-8 Temporary Cash Loans
7. **ITEMS TO BE TRANSACTED AND/OR DISCUSSED**
- 7.1. Enrollment Lottery – Staff will conduct a lottery for enrollment slots for the 2019-20 school year
- 7.2. Summer Preschool Program – Approve proposal to offer preschool program during July
8. **CLOSED SESSION**
- 8.1. Public Employee Discipline/Dismissal/Release (Section 54957.6)
- 8.2. Public Employee Appointment (Section 54957)
9. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**
10. **NEXT REGULAR BOARD MEETING:** 4:00PM March 19<sup>th</sup>, 2019
11. **ADJOURNMENT**

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# *Pacific Elementary School*

www.pacificesd.org  
50 Ocean Street/P.O. Box H  
Davenport, CA 95017  
831-425-7002

## **Pacific Elementary School District**

Board of Trustees Meeting  
**Tuesday, January 15<sup>th</sup>, 2019 @ 4:00 PM**  
Pacific Elementary School, Davenport, CA

### **Pacific School Mission Statement**

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### **Board Meeting Minutes**

#### **1. OPENING PROCEDURES FOR OPEN SESSION**

##### **1.1. Call to Order**

4:10 Mr. Croll moved and Ms. Napoles seconded. Approved unanimously.

##### **1.2. Roll Call & Establishment of Quorum**

1.2.1. Gwyan Rhabyt, Board President

1.2.2. Don Croll, Board Trustee

1.2.3. Cari Napoles, Board Trustee

All three trustees were present and a quorum was established.

##### **1.3. Approval of the agenda for January 15<sup>th</sup>, 2019**

##### **1.4. Agenda deletions, additions, or changes of sequence**

Mr. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

#### **2. PUBLIC COMMENTS**

- 2.1. For items not on the agenda, this is an opportunity for the public to address the board directly related to school business. The Board President may allot time to those wishing to speak, but no action will be taken on matters presented (EC §35145.5).
- 2.2. For items on the agenda, the public will have the opportunity to speak at the time the agenda item is discussed. Please address the Board President.

There were no comments from the public.

### **3. REPORTS**

#### **3.1. Superintendent Report**

Mr. Gross reported that during the recent storm, the roof leaked and a tree fell. The governor's recent budget proposal appears somewhat positive for K-12 education. Proposition 51 bond expenditures are expected to increase under Newsome. Mr. Gross applied for and Pacific received a Wharf-to-Wharf grant for \$500 for gopher control.

#### **3.2. Board Member Reports**

3.2.1. Ms. Napoles: none

3.2.2. Mr. Croll: none

3.2.3. Mr. Rhabyt: none

#### **3.3. School Site Council Report**

There was no December meeting. The next meeting will be on 1/17/19.

#### **3.4. Parents Club Report**

There was good attendance, including potential new officers. Most of the discussion was about planning the Art & Wine and Bingo events.

### **4. CONSENT AGENDA:** These matters may be passed by one roll call motion. Board Members may remove items from the agenda for a separate discussion and vote.

4.1. Approval of the minutes from the Board meeting on 12/18/18

4.2. Approval of Warrant Lists

4.3. School Accountability Report Card

4.4. Comparative Special Education Enrollments

Mr. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

### **5. PUBLIC HEARINGS**

None.

### **6. BOARD RESOLUTIONS**

None.

### **7. ITEMS TO BE TRANSACTED AND/OR DISCUSSED**

7.1. Approval of Board Policies, Administrative Regulations, Board Bylaws, & Exhibits

7.1.1. BP & AR 0420 School Plans/Site Councils

7.1.2. BP & AR 0450 Comprehensive Safety Plans

7.1.3. BP & AR 0460 Local Control & Accountability Plan

7.1.4. AR 1220 Citizen Advisory Committees AR 1220

7.1.5. AR 3311.1 Uniform Public Construction Cost Accounting Procedures

7.1.6. AR 3543 Transportation Safety and Emergencies

7.1.7. AR 4200 Classified Personnel

7.1.8. AR 5131.41 Use of Seclusion and Restraint

7.1.9. BP & AR 5141.52 Suicide Prevention

7.1.10. BP & AR 5144 Discipline

- 7.1.11. BP 5146 Married/Pregnant/Parenting Students
- 7.1.12. BP 6146.1 High School Graduation Requirements
- 7.1.13. AR 6173.2 Education of Children of Military Families
- 7.1.14. BP & AR 6175 Migrant Education Program
- 7.1.15. AR 6183 Home and Hospital Instruction
- 7.1.16. BB 9322 Agenda/Meeting Materials
- 7.1.17. BB 9324 Minutes and Recordings

Mr. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

7.2. Low Performing Student Block Grant

Only 2 students qualified, resulting in \$3,592 which will be used to partially offset costs for the Math Consultant. This is consistent with the LCAP. Mr. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

**8. CLOSED SESSION**

8.1. Public Employee Discipline/Dismissal/Release (Section 54957.6)

8.2. Public Employee Appointment (Section 54957)

**9. REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

Terra Barsanti will retire on 6/8/19. Next school year, both IS positions will be offered as .8 FTE.

Mr. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

**10. NEXT REGULAR BOARD MEETING:** 4:00PM February 19<sup>th</sup>, 2019

**11. ADJOURNMENT**

The meeting was adjourned at 4:50. Croll moved approval and Ms. Napoles seconded. Approved unanimously.

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831-425-7002

## **Pacific Elementary School District**

Board of Trustees Meeting  
**Thursday, February 7<sup>th</sup>, 2019 @ 5:00 PM**  
Pacific Elementary School, Davenport, CA

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### **Board Meeting Agenda**

#### **1. OPENING PROCEDURES FOR OPEN SESSION**

- 1.1. Call to Order
- 1.2. Roll Call & Establishment of Quorum
  - 1.2.1. Gwyann Rhabyt, Board President
  - 1.2.2. Don Croll, Board Trustee
  - 1.2.3. Cari Napoles, Board Trustee

*Mr. Croll present, Ms. Napoles attended via phone; Mr. Rhabyt absent.*

- 1.3. Approval of the agenda for February 7<sup>th</sup>, 2019
  - 1.3.1. Agenda deletions, additions, or changes of sequence

*Mr. Croll moved for approval, Ms. Napoles seconded, approved unanimously.*

#### **2. PUBLIC COMMENTS**

- 2.1. For items not on the agenda, this is an opportunity for the public to address the

board directly related to school business. The Board President may allot time to those wishing to speak, but no action will be taken on matters presented (EC §35145.5).

- 2.2. For items on the agenda, the public will have the opportunity to speak at the time the agenda item is discussed. Please address the Board President.

No comments from the public.

### 3. **REPORTS**

#### 3.1. Board Member Reports

No reports.

4. **CONSENT AGENDA:** These matters may be passed by one roll call motion. Board Members may remove items from the agenda for a separate discussion and vote.

None.

### 5. **PUBLIC HEARINGS**

None.

### 6. **BOARD RESOLUTIONS**

- 6.1. Resolution 2018-7 CEMEX Reuse. The board will consider a resolution supporting residential development in the plan for the CEMEX property.

7. Mr. Croll moved for approval, Ms. Napoles seconded, approved unanimously.

### 8. **ITEMS TO BE TRANSACTED AND/OR DISCUSSED**

None.

### 9. **CLOSED SESSION**

None.

### 10. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

None.

### 11. **NEXT REGULAR BOARD MEETING:** 4:00PM February 19<sup>th</sup>, 2019

### 12. **ADJOURNMENT**

Meeting adjourned at 5:15pm.

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## Overall Achievement

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	16	12	18	17	N/A	N/A	N/A	63
of Stude	15	12	18	16	N/A	N/A	N/A	61
of Stude	15	12	18	16	N/A	N/A	N/A	61
Mean Sca	2469.5	2497.3	2527.2	2545.3	N/A	N/A	N/A	N/A
Standard	53.33%	41.67%	27.78%	18.75%	N/A	N/A	N/A	34.43%
Standard	20.00%	16.67%	44.44%	37.50%	N/A	N/A	N/A	31.15%
Standard	13.33%	8.33%	0.00%	25.00%	N/A	N/A	N/A	11.48%
Standard	13.33%	33.33%	27.78%	18.75%	N/A	N/A	N/A	22.95%

English

## Areas

Area

READING: How well do students understand stories and information that they read?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	53.33%	50.00%	50.00%	25.00%	N/A	N/A	N/A
ear Standa	33.33%	25.00%	27.78%	50.00%	N/A	N/A	N/A
ow Standa	13.33%	25.00%	22.22%	25.00%	N/A	N/A	N/A

WRITING: How well do students communicate in writing?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	33.33%	33.33%	44.44%	37.50%	N/A	N/A	N/A
ear Standa	46.67%	58.33%	33.33%	37.50%	N/A	N/A	N/A
ow Standa	20.00%	8.33%	22.22%	25.00%	N/A	N/A	N/A

LISTENING: How well do students understand spoken information?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	53.33%	41.67%	22.22%	18.75%	N/A	N/A	N/A
ear Standa	33.33%	41.67%	72.22%	81.25%	N/A	N/A	N/A
ow Standa	13.33%	16.67%	5.56%	0.00%	N/A	N/A	N/A

RESEARCH/INQUIRY: How well can students find and present information about a topic?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	46.67%	41.67%	38.89%	37.50%	N/A	N/A	N/A
ear Standa	40.00%	25.00%	50.00%	37.50%	N/A	N/A	N/A
ow Standa	13.33%	33.33%	11.11%	25.00%	N/A	N/A	N/A

English

## Achi

3rd

Mathemat

Data Detail - All Students (accessible data)

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	16	12	18	17	N/A	N/A	N/A	63
of Stude	15	11	18	16	N/A	N/A	N/A	60
of Stude	13	11	18	16	N/A	N/A	N/A	58
Mean Sca	2469.1	2497.2	2547.7	2559.8	N/A	N/A	N/A	N/A
Standard	46.15%	36.36%	33.33%	31.25%	N/A	N/A	N/A	36.21%
Standard	23.08%	0.00%	27.78%	37.50%	N/A	N/A	N/A	24.14%
Standard	7.69%	54.55%	27.78%	12.50%	N/A	N/A	N/A	24.14%
Standard	23.08%	9.09%	11.11%	18.75%	N/A	N/A	N/A	15.52%

Mathemat

## Areas

Area

CONCEPTS & PROCEDURES: How well do students use mathematical rules and ideas?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	69.23%	36.36%	38.89%	50.00%	N/A	N/A	N/A
ear Standa	7.69%	18.18%	38.89%	18.75%	N/A	N/A	N/A
ow Standa	23.08%	45.45%	22.22%	31.25%	N/A	N/A	N/A

PROBLEM SOLVING AND MODELING & DATA ANALYSIS: How well can students show and apply their understanding of mathematical concepts and procedures?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	53.85%	36.36%	44.44%	31.25%	N/A	N/A	N/A
ear Standa	23.08%	45.45%	33.33%	50.00%	N/A	N/A	N/A
ow Standa	23.08%	18.18%	22.22%	18.75%	N/A	N/A	N/A

COMMUNICATING REASONING: How well can students think logically and express their thoughts?



Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Exceeds Standard	46.15%	36.36%	38.89%	31.25%	N/A	N/A	N/A
Meets Standard	46.15%	36.36%	61.11%	50.00%	N/A	N/A	N/A
Below Standard	7.69%	27.27%	0.00%	18.75%	N/A	N/A	N/A

Mathematics

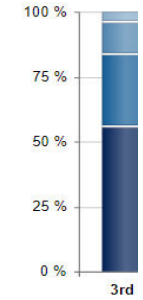
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For subgroups highlight and cut  
and paste from  
"Overall Achievement" to "Level  
Descriptors"  
Cell A1 ELA  
Cell A49 Math

English Le

Achievement I

The results ava



All  
44.26%  
34.43%  
21.31%

All  
37.70%  
42.62%  
19.67%

All  
32.79%  
59.02%  
8.20%

All  
40.98%  
39.34%  
19.67%



Overall Achi

# of Students E

RESEARCH/IN

Area Pe
Abo
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Belc

All  
48.28%  
22.41%  
29.31%

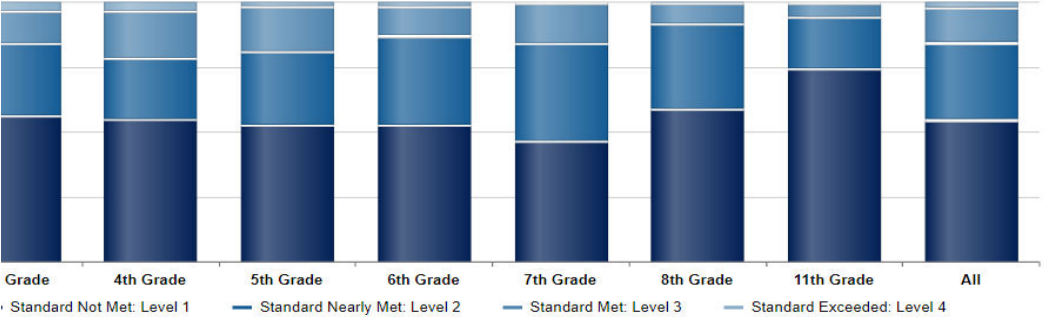
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All  
41.38%  
37.93%  
20.69%

hts in orde

All  
37.93%  
50.00%  
12.07%

Level Distribution

Available in this report may be partial. The California Department of Education will release complete data publicly in September 2017.



[English Language Arts/Literacy Achievement Level Descriptors](#)

Level Distribution

	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Enrolled	233	191	172	173	131	112	51	1,063

INQUIRY: How well can students find and present information about a topic?

Performance Level	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Exceeded Standard	4.67 %	10.33 %	5.42 %	6.59 %	4.65 %	0.91 %	4.35 %	5.71 %
Met Standard	49.53 %	47.28 %	42.77 %	41.92 %	51.16 %	45.45 %	28.26 %	45.57 %
Nearly Met Standard	45.79 %	42.39 %	51.81 %	51.50 %	44.19 %	53.64 %	67.39 %	48.72 %

[English Language Arts/Literacy Area Achievement Level Descriptors](#)





## Overall Achievement

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	13	21	15	*	N/A	N/A	N/A	55
of Stude	12	19	15	*	N/A	N/A	N/A	51
of Stude	12	19	15	*	N/A	N/A	N/A	51
Mean Sca	2433.3	2485.4	2511.4	*	N/A	N/A	N/A	N/A
Standard	41.67%	31.58%	40.00%	*	N/A	N/A	N/A	35.29%
Standard	16.67%	26.32%	13.33%	*	N/A	N/A	N/A	19.61%
Standard	0.00%	21.05%	13.33%	*	N/A	N/A	N/A	15.69%
Standard	41.67%	21.05%	33.33%	*	N/A	N/A	N/A	29.41%

English

## Areas

Area

READING: How well do students understand stories and information that they read?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	41.67%	36.84%	40.00%	*	N/A	N/A	N/A
ar Standa	16.67%	52.63%	26.67%	*	N/A	N/A	N/A
ow Standa	41.67%	10.53%	33.33%	*	N/A	N/A	N/A

WRITING: How well do students communicate in writing?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	16.67%	26.32%	46.67%	*	N/A	N/A	N/A
ar Standa	41.67%	52.63%	26.67%	*	N/A	N/A	N/A
ow Standa	41.67%	21.05%	26.67%	*	N/A	N/A	N/A

LISTENING: How well do students understand spoken information?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	33.33%	26.32%	33.33%	*	N/A	N/A	N/A
ar Standa	50.00%	57.89%	53.33%	*	N/A	N/A	N/A
ow Standa	16.67%	15.79%	13.33%	*	N/A	N/A	N/A

RESEARCH/INQUIRY: How well can students find and present information about a topic?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	50.00%	26.32%	40.00%	*	N/A	N/A	N/A
ar Standa	8.33%	63.16%	20.00%	*	N/A	N/A	N/A
ow Standa	41.67%	10.53%	40.00%	*	N/A	N/A	N/A

English

## Achi

3rd

Mathemat

Data Detail - All Students (accessible data)

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	13	21	15	*	N/A	N/A	N/A	55
of Stude	12	19	15	*	N/A	N/A	N/A	51
of Stude	12	19	15	*	N/A	N/A	N/A	51
Mean Sca	2428.3	2526.9	2510.3	*	N/A	N/A	N/A	N/A
Standard	16.67%	31.58%	26.67%	*	N/A	N/A	N/A	23.53%
Standard	16.67%	52.63%	26.67%	*	N/A	N/A	N/A	31.37%
Standard	50.00%	10.53%	20.00%	*	N/A	N/A	N/A	27.45%
Standard	16.67%	5.26%	26.67%	*	N/A	N/A	N/A	17.65%

Mathemat

## Areas

Area

CONCEPTS & PROCEDURES: How well do students use mathematical rules and ideas?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	25.00%	63.16%	46.67%	*	N/A	N/A	N/A
ar Standa	33.33%	31.58%	13.33%	*	N/A	N/A	N/A
ow Standa	41.67%	5.26%	40.00%	*	N/A	N/A	N/A

PROBLEM SOLVING AND MODELING & DATA ANALYSIS: How well can students show and a

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
ove Standa	33.33%	52.63%	40.00%	*	N/A	N/A	N/A
ar Standa	50.00%	42.11%	33.33%	*	N/A	N/A	N/A
ow Standa	16.67%	5.26%	26.67%	*	N/A	N/A	N/A

COMMUNICATING REASONING: How well can students think logically and express their thoug





Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Low Standard	16.67%	36.84%	26.67%	*	N/A	N/A	N/A
High Standard	50.00%	52.63%	40.00%	*	N/A	N/A	N/A
Low Standard	33.33%	10.53%	33.33%	*	N/A	N/A	N/A

Mathemat

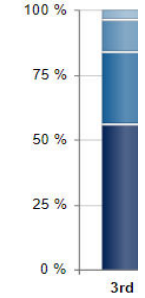
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Cell A49 Math

English Le

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3rd

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Overall Achi



# of Students E

RESEARCH/IN

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All  
37.25%  
33.33%  
29.41%

All  
29.41%  
43.14%  
27.45%

All  
29.41%  
54.90%  
15.69%

All  
33.33%  
37.25%  
29.41%

All  
43.14%  
29.41%  
27.45%

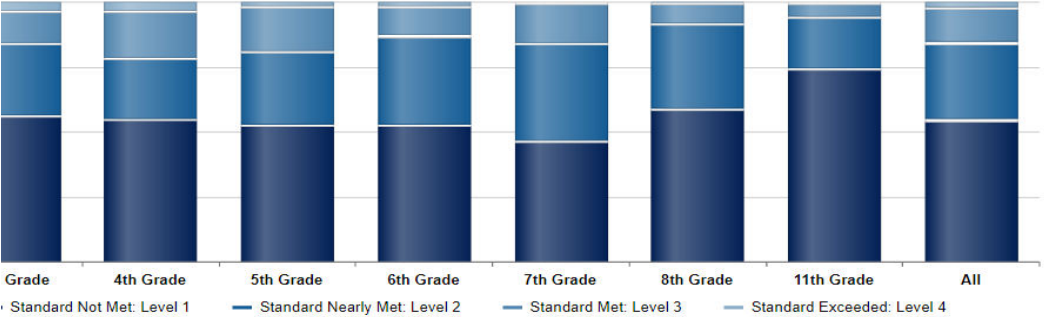
apply their  
All  
39.22%  
43.14%  
17.65%

hts in orde

All  
25.49%  
49.02%  
25.49%

Level Distribution

Available in this report may be partial. The California Department of Education will release complete data publicly in September 2017.



[English Language Arts/Literacy Achievement Level Descriptors](#)

Level Distribution

	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Enrolled	233	191	172	173	131	112	51	1,063

INQUIRY: How well can students find and present information about a topic?

Performance Level	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Exceeded Standard	4.67 %	10.33 %	5.42 %	6.59 %	4.65 %	0.91 %	4.35 %	5.71 %
Met Standard	49.53 %	47.28 %	42.77 %	41.92 %	51.16 %	45.45 %	28.26 %	45.57 %
Nearly Met Standard	45.79 %	42.39 %	51.81 %	51.50 %	44.19 %	53.64 %	67.39 %	48.72 %

[English Language Arts/Literacy Area Achievement Level Descriptors](#)





## Overall Achievement

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	17	16	13	15	N/A	N/A	N/A	61
of Stude	17	15	12	13	N/A	N/A	N/A	57
of Stude	17	15	12	13	N/A	N/A	N/A	57
Mean Sca	2435.6	2469.6	2519.2	2508.6	N/A	N/A	N/A	N/A
Standard	35%	33%	33%	15%	N/A	N/A	N/A	30%
Standard	12%	20%	33%	31%	N/A	N/A	N/A	23%
Standard	35%	20%	8%	23%	N/A	N/A	N/A	23%
Standard	18%	27%	25%	31%	N/A	N/A	N/A	25%

English

## Areas

Area

READING: How well do students understand stories and information that they read?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	29%	40%	50%	42%	N/A	N/A	N/A	39%
of Standard	53%	33%	25%	25%	N/A	N/A	N/A	36%
of Standard	18%	27%	25%	33%	N/A	N/A	N/A	25%

WRITING: How well do students communicate in writing?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	24%	33%	42%	8%	N/A	N/A	N/A	27%
of Standard	41%	33%	33%	67%	N/A	N/A	N/A	43%
of Standard	35%	33%	25%	25%	N/A	N/A	N/A	30%

LISTENING: How well do students understand spoken information?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	41%	20%	42%	25%	N/A	N/A	N/A	32%
of Standard	59%	73%	42%	67%	N/A	N/A	N/A	61%
of Standard	0%	7%	17%	8%	N/A	N/A	N/A	7%

RESEARCH/INQUIRY: How well can students find and present information about a topic?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	19%	13%	25%	25%	N/A	N/A	N/A	20%
of Standard	50%	60%	58%	58%	N/A	N/A	N/A	56%
of Standard	31%	27%	17%	17%	N/A	N/A	N/A	24%

English

## Achi

3rd

Mathemat

Data Detail - All Students (accessible data)

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
of Stude	17	16	13	15	N/A	N/A	N/A	61
of Stude	17	15	12	13	N/A	N/A	N/A	57
of Stude	17	15	12	12	N/A	N/A	N/A	56
Mean Sca	2453.5	2466.6	2532	2577.8	N/A	N/A	N/A	N/A
Standard	12%	13%	25%	33%	N/A	N/A	N/A	20%
Standard	53%	40%	33%	33%	N/A	N/A	N/A	41%
Standard	24%	13%	17%	25%	N/A	N/A	N/A	20%
Standard	12%	33%	25%	8%	N/A	N/A	N/A	20%

Mathemat

## Areas

Area


CONCEPTS & PROCEDURES: How well do students use mathematical rules and ideas?

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	24%	27%	33%	36%	N/A	N/A	N/A	29%
of Standard	59%	27%	33%	36%	N/A	N/A	N/A	40%
of Standard	18%	47%	33%	27%	N/A	N/A	N/A	31%

PROBLEM SOLVING AND MODELING & DATA ANALYSIS: How well can students show and apply the

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
of Standard	29%	40%	42%	50%	N/A	N/A	N/A	39%
of Standard	59%	33%	25%	42%	N/A	N/A	N/A	41%
of Standard	12%	27%	33%	8%	N/A	N/A	N/A	20%

COMMUNICATING REASONING: How well can students think logically and express their thoughts in or

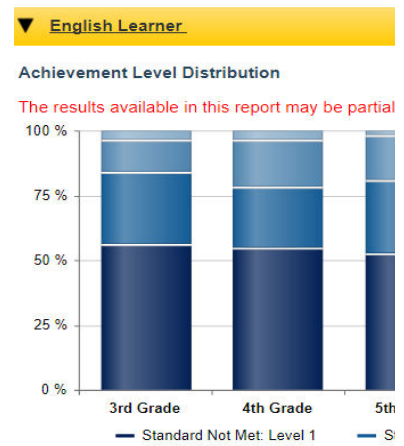
	Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
	Above Standard	29%	27%	25%	50%	N/A	N/A	N/A	32%
	At Standard	59%	40%	42%	42%	N/A	N/A	N/A	46%
	Below Standard	12%	33%	33%	8%	N/A	N/A	N/A	21%

[Mathematics Area](#)  
[Achievement Level](#)  
[Descriptor](#)  
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Cell A1 ELA  
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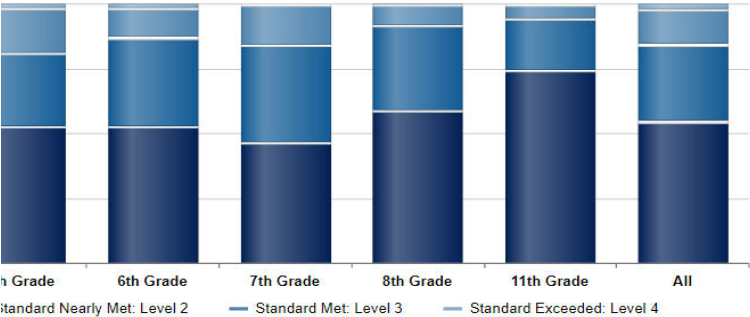
**Overall Achievement**

3rd Grade	
# of Students Enrolled	233
RESEARCH/INQUIRY: How well can students l	
Area Performance Level	3rd Grade
Above Standard	4.67 %
Near Standard	49.53 %
Below Standard	45.79 %





I. The California Department of Education will release complete data publicly in September 2017.



English Language Arts/Literacy Achievement Level Descriptors

4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
191	172	173	131	112	51	1,063

find and present information about a topic?

4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
10.33 %	5.42 %	6.59 %	4.65 %	0.91 %	4.35 %	5.71 %
47.28 %	42.77 %	41.92 %	51.16 %	45.45 %	28.26 %	45.57 %
42.39 %	51.81 %	51.50 %	44.19 %	53.64 %	67.39 %	48.72 %

English Language Arts/Literacy Area Achievement Level Descriptors

## Overall Achievement

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
Number of	16	14	16	17	N/A	N/A	N/A	63
Number of	16	14	13	17	N/A	N/A	N/A	60
Number of	16	13	13	17	N/A	N/A	N/A	59
Mean Score	2457.6	2506.8	2524.9	2549.8	N/A	N/A	N/A	N/A
Standard	38%	46%	38%	24%	N/A	N/A	N/A	36%
Standard	31%	23%	31%	47%	N/A	N/A	N/A	34%
Standard	19%	8%	8%	18%	N/A	N/A	N/A	14%
Standard	13%	23%	23%	12%	N/A	N/A	N/A	17%

English

## Areas

Area

### Reading: Demonstrating understanding of literary and non-fictional texts

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	44%	46%	46%	35%	N/A	N/A	N/A
Near Standard	38%	31%	31%	47%	N/A	N/A	N/A
Low Standard	19%	23%	23%	18%	N/A	N/A	N/A

### Writing: Producing clear and purposeful writing

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	19%	38%	23%	41%	N/A	N/A	N/A
Near Standard	63%	38%	54%	41%	N/A	N/A	N/A
Low Standard	19%	23%	23%	18%	N/A	N/A	N/A

### Listening: Demonstrating effective communication skills

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	38%	62%	31%	35%	N/A	N/A	N/A
Near Standard	56%	31%	62%	59%	N/A	N/A	N/A
Low Standard	6%	8%	8%	6%	N/A	N/A	N/A

### Research/Inquiry: Investigating, analyzing, and presenting information

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	44%	23%	38%	29%	N/A	N/A	N/A
Near Standard	44%	62%	38%	59%	N/A	N/A	N/A
Low Standard	13%	15%	23%	12%	N/A	N/A	N/A

English

## Achi

3rd

Mathemat

### Data Detail - All Students (accessible data)

Achieve	3rd	4th	5th	6th	7th	8th	11th	All
Number of	16	14	16	17	N/A	N/A	N/A	63
Number of	16	14	13	17	N/A	N/A	N/A	60
Number of	16	14	12	17	N/A	N/A	N/A	59
Mean Score	2461.8	2501.7	2531	2592.1	N/A	N/A	N/A	N/A
Standard	19%	29%	33%	47%	N/A	N/A	N/A	32%
Standard	44%	29%	25%	29%	N/A	N/A	N/A	32%
Standard	25%	29%	25%	12%	N/A	N/A	N/A	22%
Standard	13%	14%	17%	12%	N/A	N/A	N/A	14%

Mathemat

## Areas

Area

### CONCEPTS & PROCEDURES: Applying mathematical concepts and procedures

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	31%	50%	33%	47%	N/A	N/A	N/A
Near Standard	44%	21%	33%	35%	N/A	N/A	N/A
Low Standard	25%	29%	33%	18%	N/A	N/A	N/A

### PROBLEM SOLVING & MODELING/DATA ANALYSIS: Using appropriate tools and strategies to

Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Standard	50%	29%	25%	53%	N/A	N/A	N/A
Near Standard	44%	57%	58%	35%	N/A	N/A	N/A
Low Standard	6%	14%	17%	12%	N/A	N/A	N/A

### COMMUNICATING REASONING: Demonstrating ability to support mathematical conclusions



Performance	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade
Exceeds Standard	38%	43%	25%	47%	N/A	N/A	N/A
Near Standard	56%	43%	50%	47%	N/A	N/A	N/A
Below Standard	6%	14%	25%	6%	N/A	N/A	N/A



[Mathematics Area](#)  
[Achievement Level](#)  
[Descriptor](#)  
[s](#)

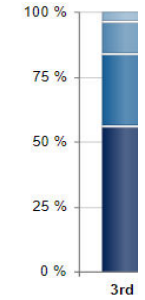
California  
Department of  
Education  
1430  
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Street | Sacramento  
CA  
95814

For subgroups highlight and cut  
and paste from  
"Overall Achivement" to "Level  
Descriptors"  
Cell A1 ELA  
Cell A49 Math

English Le

Achievement I

The results ava



All  
42%  
37%  
20%

All  
31%  
49%  
20%

All  
41%  
53%  
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All  
34%  
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15%



Overall Achiv

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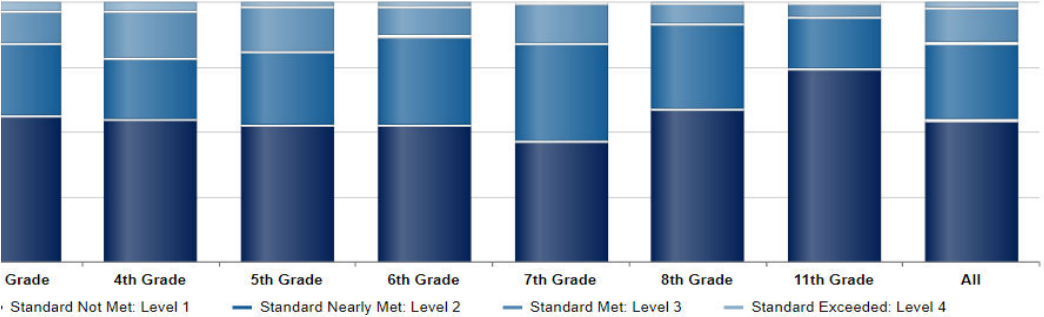
All  
41%  
34%  
25%

o solve rea  
All  
41%  
47%  
12%

All
39%
49%
12%

Level Distribution

Available in this report may be partial. The California Department of Education will release complete data publicly in September 2017.



[English Language Arts/Literacy Achievement Level Descriptors](#)

Level Distribution

	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Enrolled	233	191	172	173	131	112	51	1,063

INQUIRY: How well can students find and present information about a topic?

Performance Level	3rd Grade	4th Grade	5th Grade	6th Grade	7th Grade	8th Grade	11th Grade	All
Exceeded Standard	4.67 %	10.33 %	5.42 %	6.59 %	4.65 %	0.91 %	4.35 %	5.71 %
Met Standard	49.53 %	47.28 %	42.77 %	41.92 %	51.16 %	45.45 %	28.26 %	45.57 %
Nearly Met Standard	45.79 %	42.39 %	51.81 %	51.50 %	44.19 %	53.64 %	67.39 %	48.72 %

[English Language Arts/Literacy Area Achievement Level Descriptors](#)







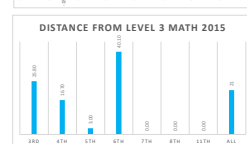
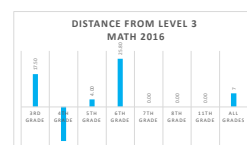
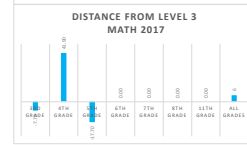
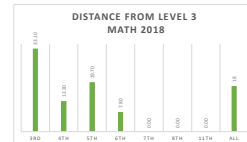
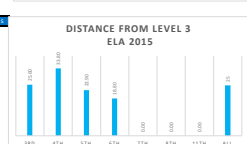
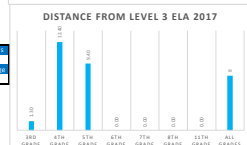
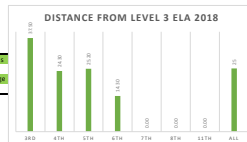
	Lowest achievable score ELA	Achieved score ELA	Distance from level 3 ELA	Lowest achievable score Math	Achieved score Math	Distance from level 3 Math
2018						
3rd Grade	2432	2469.3	37.50	2430	2469.3	39.30
4th Grade	2473	2497.3	24.30	2480	2497.2	17.20
5th Grade	2500	2527.0	27.30	2520	2547.0	27.00
6th Grade	2531	2545.3	14.30	2532	2559.8	27.80
7th Grade	2552	N/A		2562	N/A	
8th Grade	2567	N/A		2586	N/A	
11th Grade	2583	N/A		2620	N/A	
All Grades	2525	2547.3	22.30	2564	2599.3	35.30
Distance from Level 3	25			Distance from Level 3	38	
2017						
3rd Grade	2432	2433.3	1.30	2436	2428.3	-7.70
4th Grade	2473	2482.4	11.40	2485	2526.9	41.90
5th Grade	2500	2511.4	9.40	2526	2550.3	24.30
6th Grade	2531			2552		
7th Grade	2552	N/A		2567	N/A	
8th Grade	2567	N/A		2586	N/A	
11th Grade	2583	N/A		2620	N/A	
All Grades	2525	2517.3	-7.70	2564	2574.3	10.30
Distance from Level 3	8			Distance from Level 3	10	
2016						
3rd Grade	2432	2433.3	1.30	2436	2432.3	-3.70
4th Grade	2473	2469.6	-3.40	2485	2466.6	-18.40
5th Grade	2500	2519.2	19.20	2526	2532	6.00
6th Grade	2531	2508.6	-22.40	2552	2577.8	25.80
7th Grade	2552	N/A		2567	N/A	
8th Grade	2567	N/A		2586	N/A	
11th Grade	2583	N/A		2620	N/A	
All Grades	2525	2510.3	-14.70	2564	2569.3	5.30
Distance from Level 3	1			Distance from Level 3	5	
2015						
3rd Grade	2432	2437.3	5.30	2436	2461.3	25.30
4th Grade	2473	2506.8	33.80	2485	2501.7	16.70
5th Grade	2500	2524.3	24.30	2526	2531	5.00
6th Grade	2531	2549.8	18.80	2552	2552.1	0.10
7th Grade	2552	N/A		2567	N/A	
8th Grade	2567	N/A		2586	N/A	
11th Grade	2583	N/A		2620	N/A	
All Grades	2525	2534.3	9.30	2564	2569.3	5.30
Distance from Level 3	25			Distance from Level 3	21	

ELA Status	Math Status
17.62	12.70

ELA Status	Math Status
8.20	6.50
ELA Change	Math Change
8.85	-1.22

ELA Status	Math Status
-1.25	-7.33
ELA Change	Math Change
-26.53	-14.18

ELA Status	Math Status
25.28	21.40



<b>2014-2015</b>	<b>ELA Standard Exceeded: Level 4</b>	<b>ELA Standard Met: Level 3</b>	<b>ELA Standard Nearly Met: Level 2</b>	<b>ELA Standard Not Met Level 1</b>
3rd Grade	38%	31%	19%	13%
4th Grade	46%	23%	8%	23%
5th Grade	38%	31%	8%	23%
6th Grade	24%	47%	18%	12%
7th Grade	N/A	N/A	N/A	N/A
8th grade	N/A	N/A	N/A	N/A
Average	37%	33%	13%	18%

<b>2015-2016</b>	<b>ELA Standard Exceeded: Level 4</b>	<b>ELA Standard Met: Level 3</b>	<b>ELA Standard Nearly Met: Level 2</b>	<b>ELA Standard Not Met Level 1</b>
3rd Grade	35%	12%	35%	18%
4th Grade	33%	20%	20%	27%
5th Grade	33%	33%	8%	25%
6th Grade	15%	31%	23%	31%
7th Grade	N/A	N/A	N/A	N/A
8th grade	N/A	N/A	N/A	N/A
Average	29%	24%	22%	25%

<b>2016-2017</b>	<b>ELA Standard Exceeded: Level 4</b>	<b>ELA Standard Met: Level 3</b>	<b>ELA Standard Nearly Met: Level 2</b>	<b>ELA Standard Not Met: Level 1</b>
3rd Grade	42%	17%	0%	42%
4th Grade	32%	26%	21%	21%
5th Grade	40%	13%	13%	33%
6th Grade	*	*	*	*
7th Grade	N/A	N/A	N/A	N/A
8th grade	N/A	N/A	N/A	N/A
All	35%	20%	16%	29%

<b>2017-2018</b>	<b>ELA Standard Exceeded: Level 4</b>	<b>ELA Standard Met: Level 3</b>	<b>ELA Standard Nearly Met: Level 2</b>	<b>ELA Standard Not Met: Level 1</b>
3rd Grade	53%	20%	13%	13%
4th Grade	42%	17%	8%	33%
5th Grade	28%	44%	0%	28%
6th Grade	19%	38%	25%	19%
7th Grade	N/A	N/A	N/A	N/A
8th grade	N/A	N/A	N/A	N/A
All	34%	31%	11%	23%

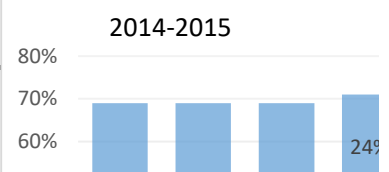
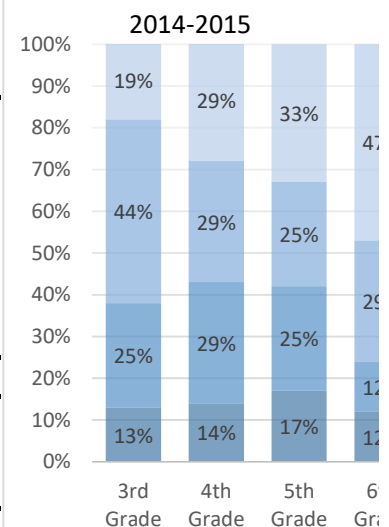
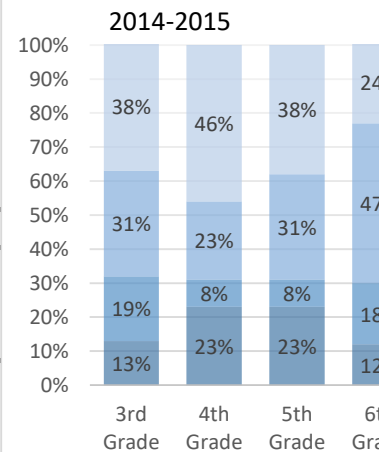


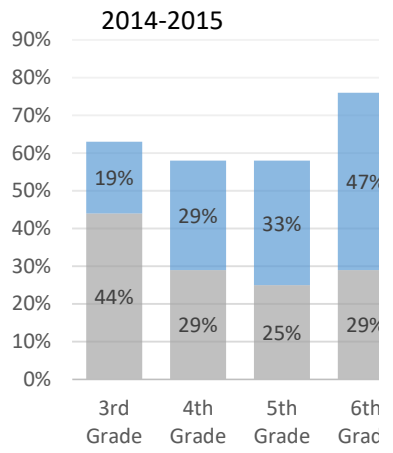
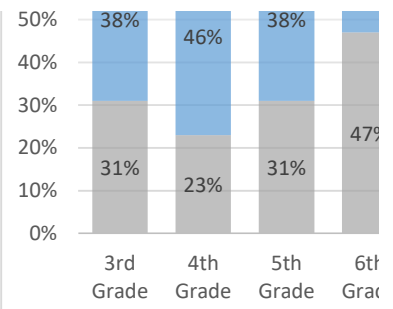
Math Standard Exceeded: Level 4	Math Standard Met: Level 3	Math Standard Nearly Met: Level 2	Math Standard Not Met: Level 1
19%	44%	25%	13%
29%	29%	29%	14%
33%	25%	25%	17%
47%	29%	12%	12%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
32%	32%	23%	14%

Math Standard Exceeded: Level 4	Math Standard Met: Level 3	Math Standard Nearly Met: Level 2	Math Standard Not Met: Level 1
12%	53%	24%	12%
13%	40%	13%	33%
25%	33%	17%	25%
33%	33%	25%	8%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
21%	40%	20%	20%

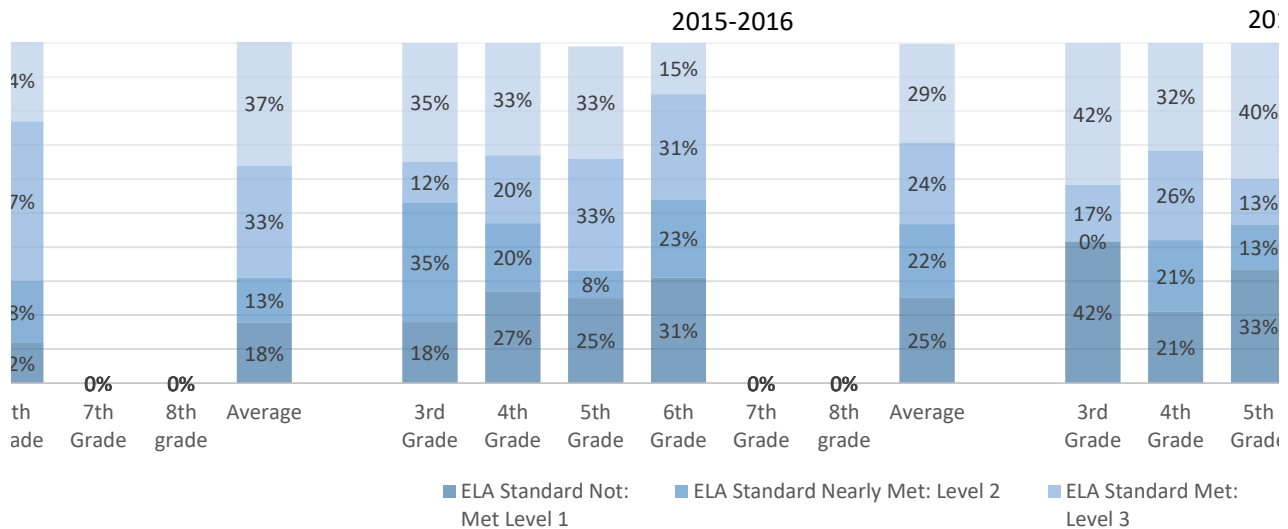
Math Standard Exceeded: Level 4	Math Standard Met: Level 3	Math Standard Nearly Met: Level 2	Math Standard Not Met: Level 1
17%	17%	50%	17%
32%	53%	11%	5%
27%	27%	20%	27%
*	*	*	*
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
24%	31%	27%	18%

Math Standard Exceeded: Level 4	Math Standard Met: Level 3	Math Standard Nearly Met: Level 2	Math Standard Not Met: Level 1
46%	23%	8%	23%
36%	0%	55%	9%
33%	28%	28%	11%
31%	38%	13%	19%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
36%	24%	24%	16%

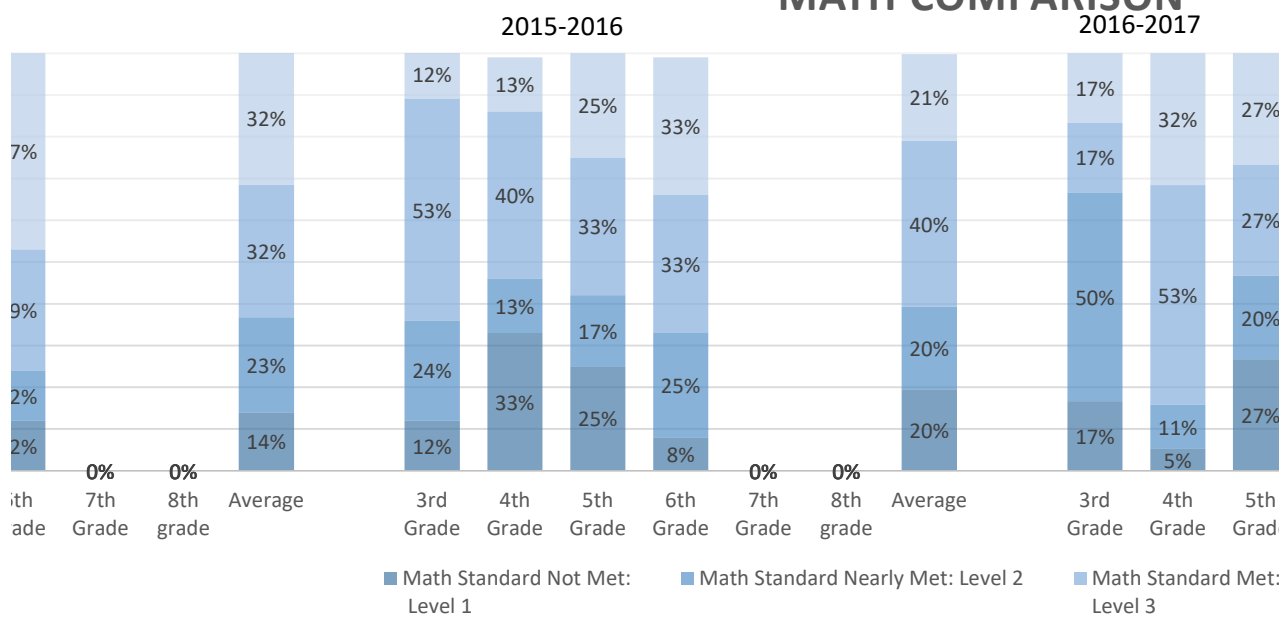




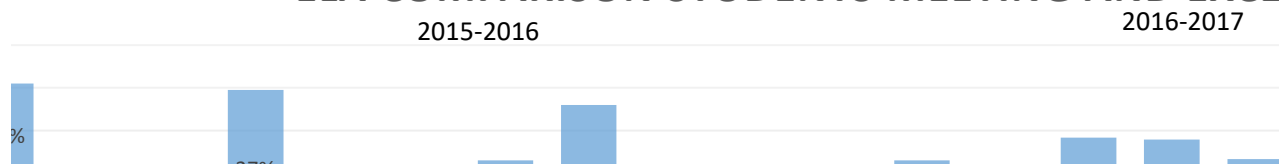
## ELA COMPARISON



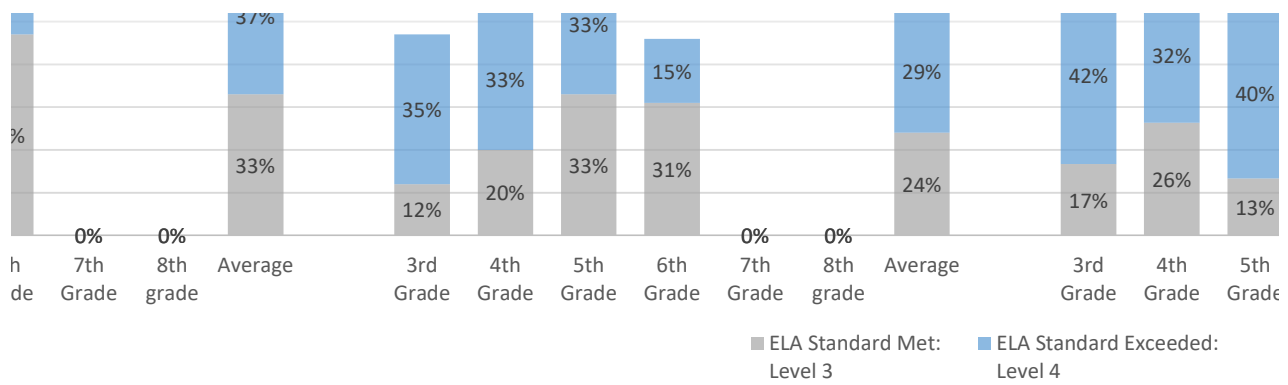
## MATH COMPARISON



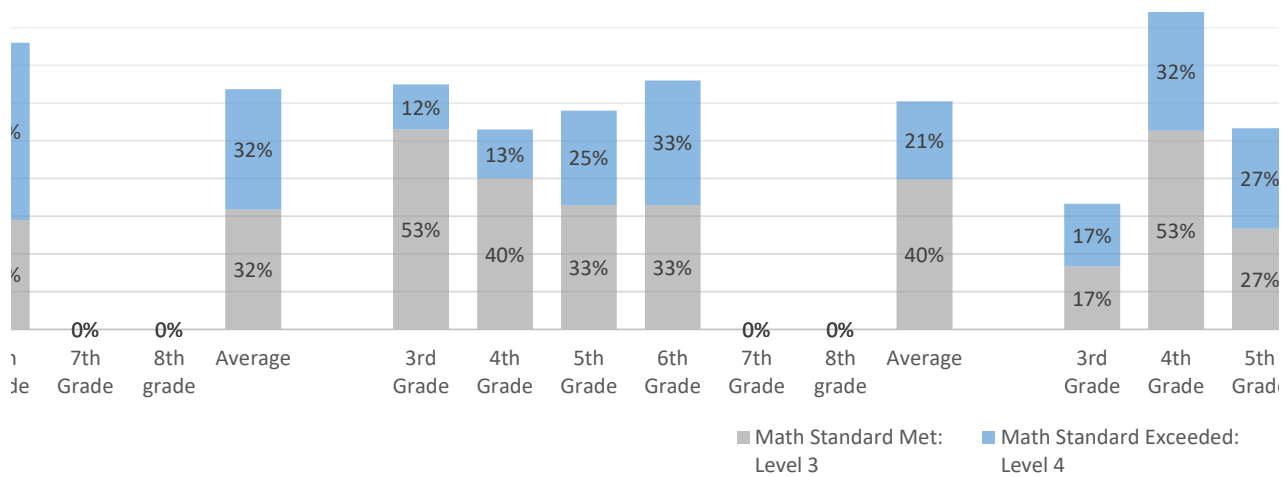
## ELA COMPARISON STUDENTS MEETING AND EXCEEDING





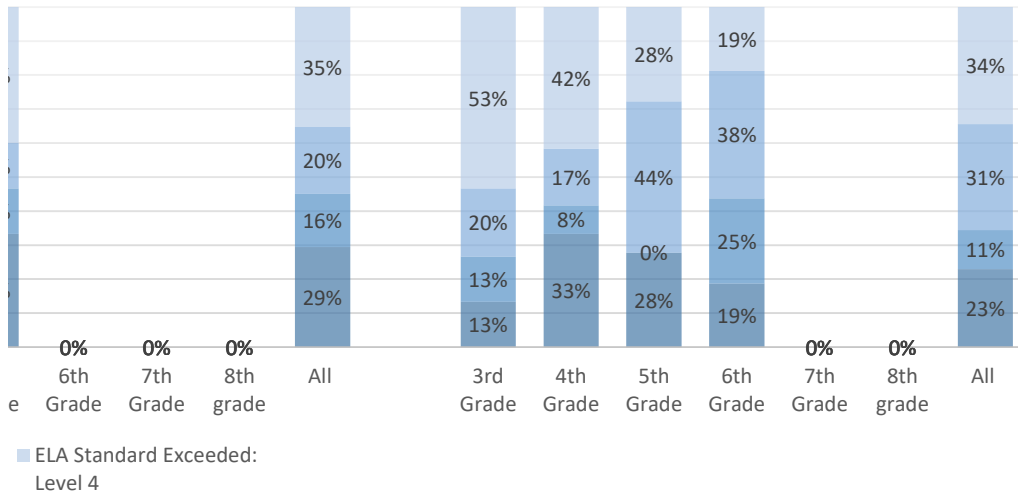


## MATH COMPARISON STUDENTS MEETING AND EXC

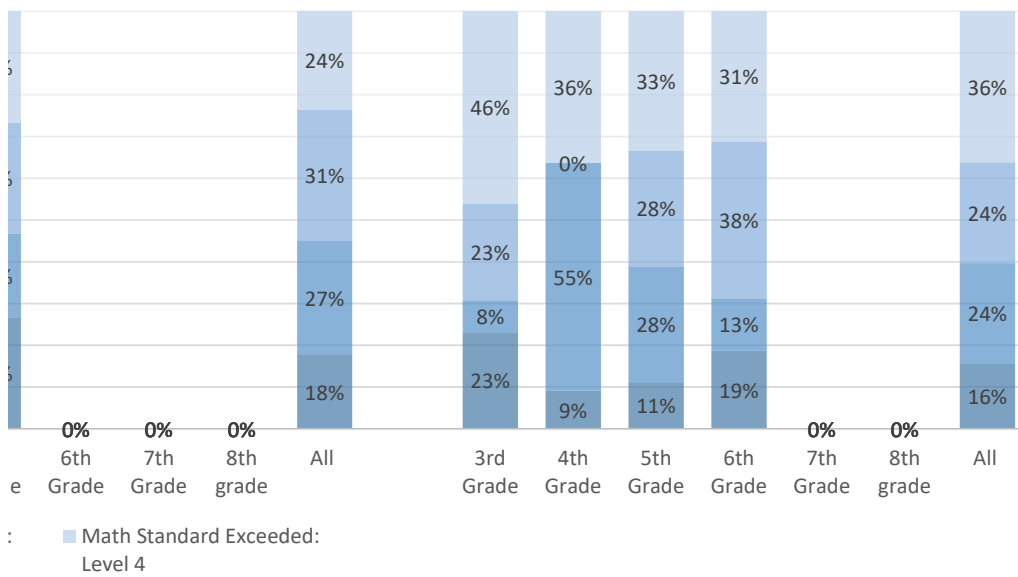


16-2017

2017-2018

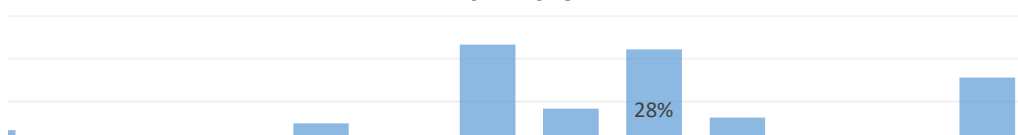


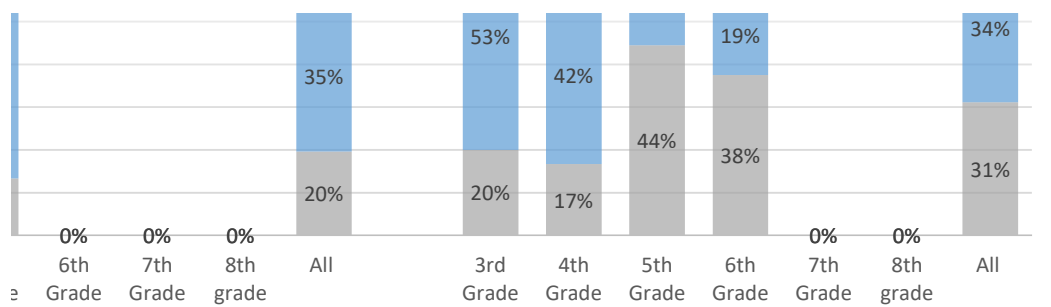
2017-2018



EDING STANDARDS

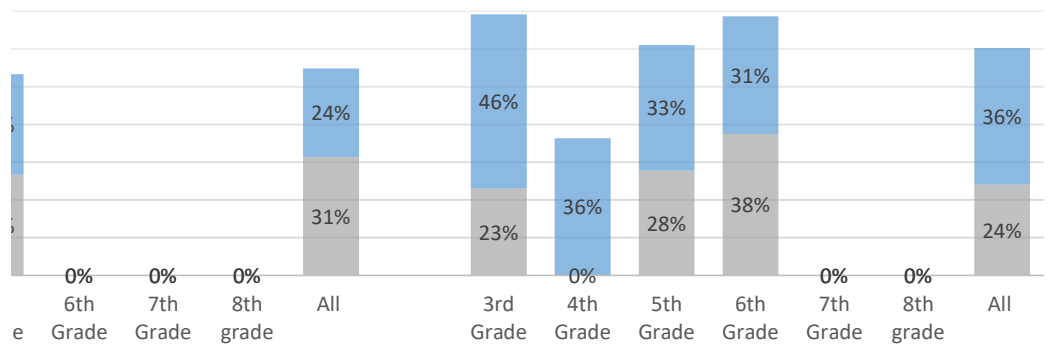
2017-2018



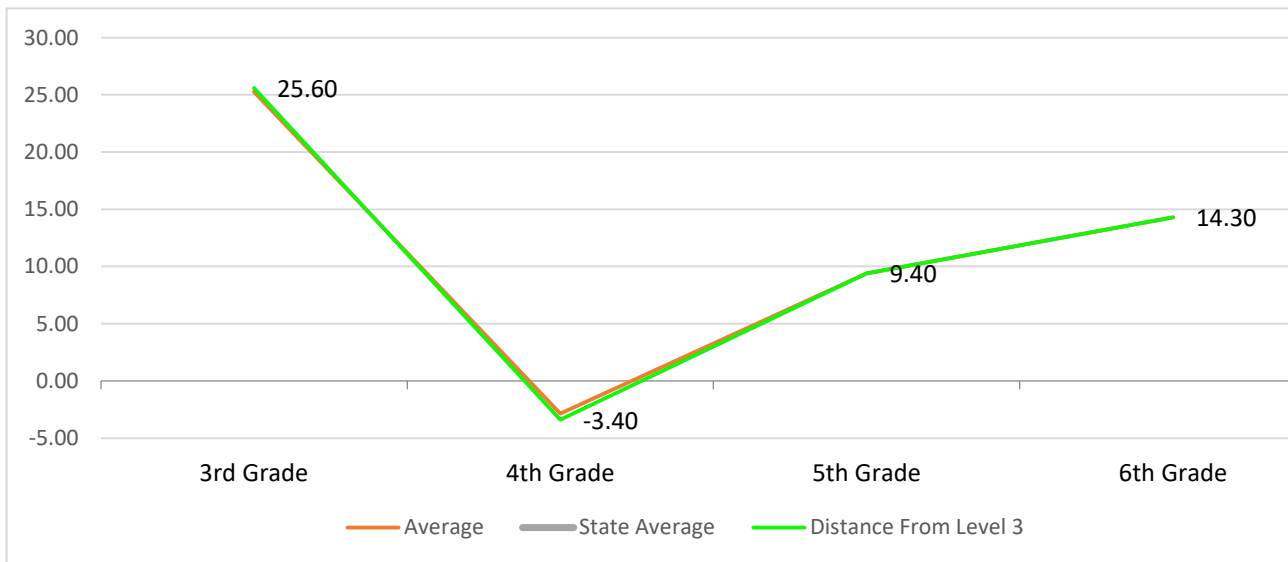


## READING STANDARDS

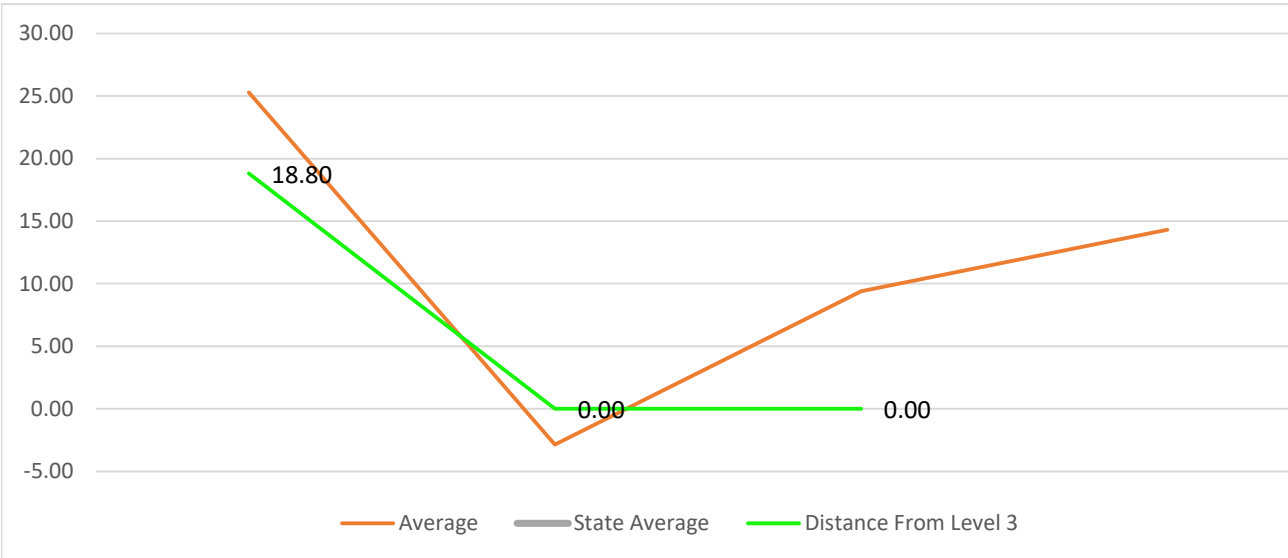
2017-2018



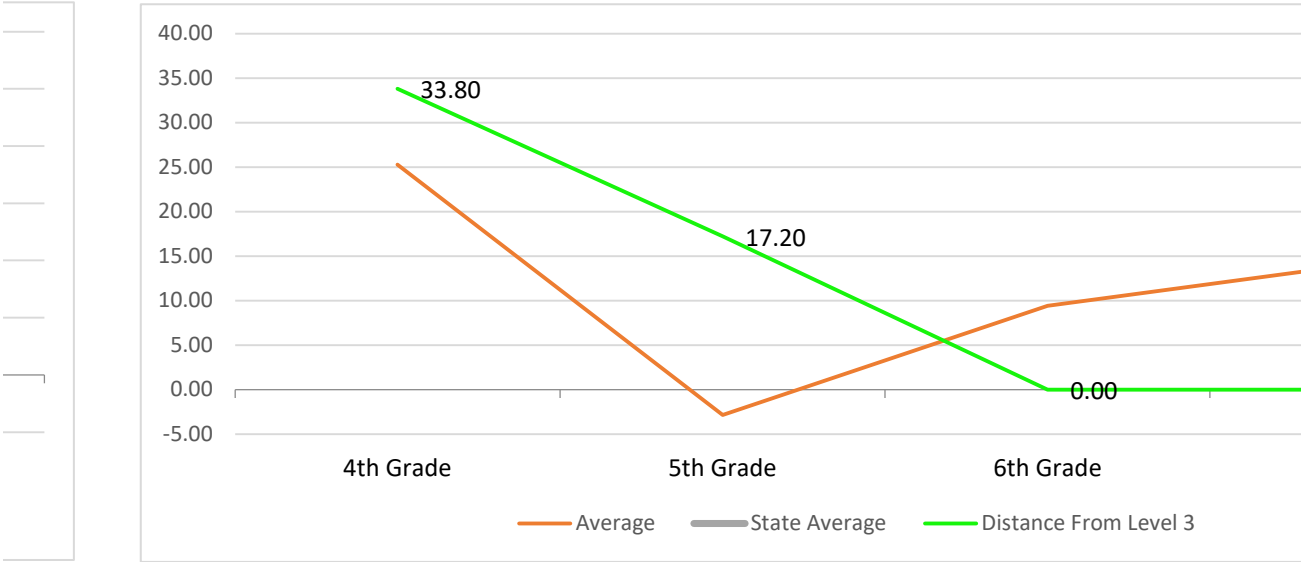
Distance From Level 3	2014-2015	2015-2016	2016-2017	2017-2018
Starting 3rd Grade	25.60	-3.40	9.40	14.30
Starting 4th Grade	33.80	17.20		
Starting 5th Grade	22.90	-22.40		
Starting 6th Grade	18.80			
Starting 7th Grade				
Starting 8th Grade				
Average	25.28	-2.87	9.40	14.30
State Average				

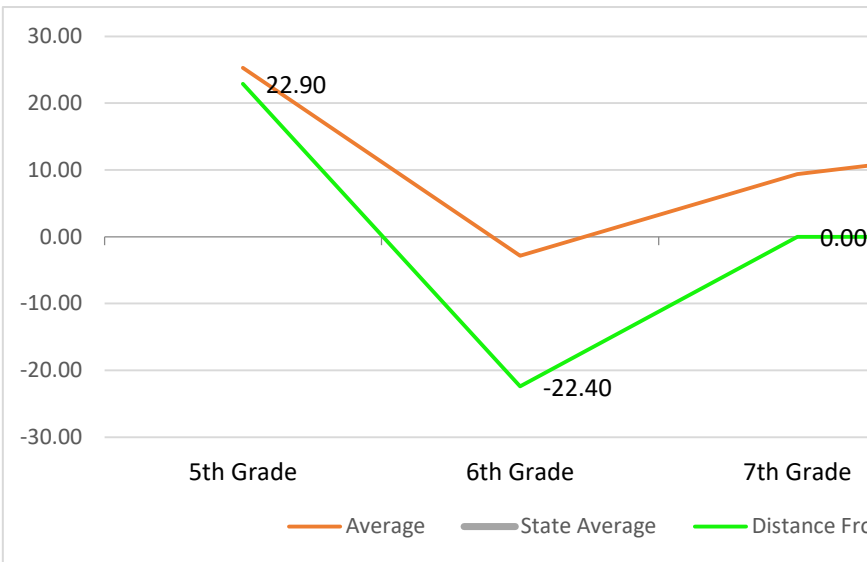
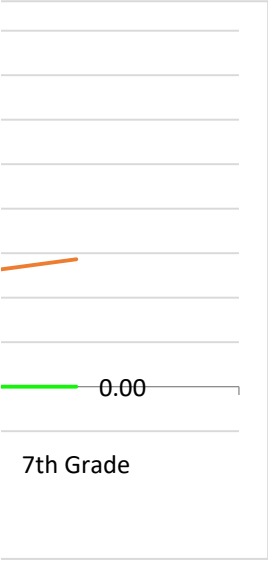


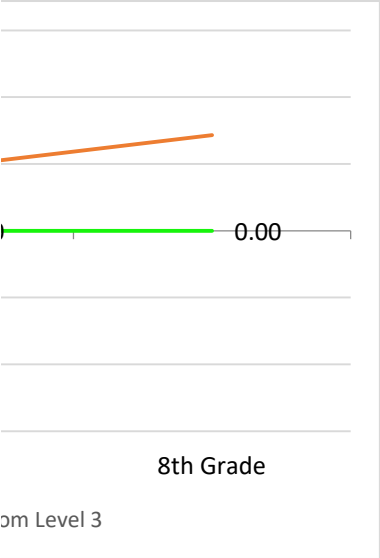
#### Graduated 2018



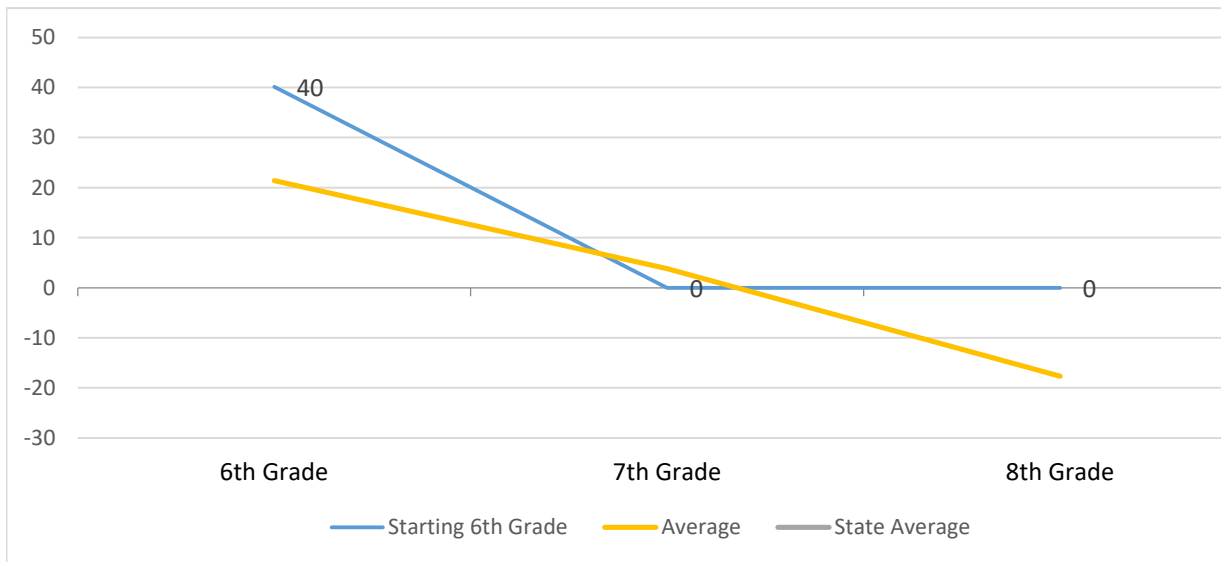
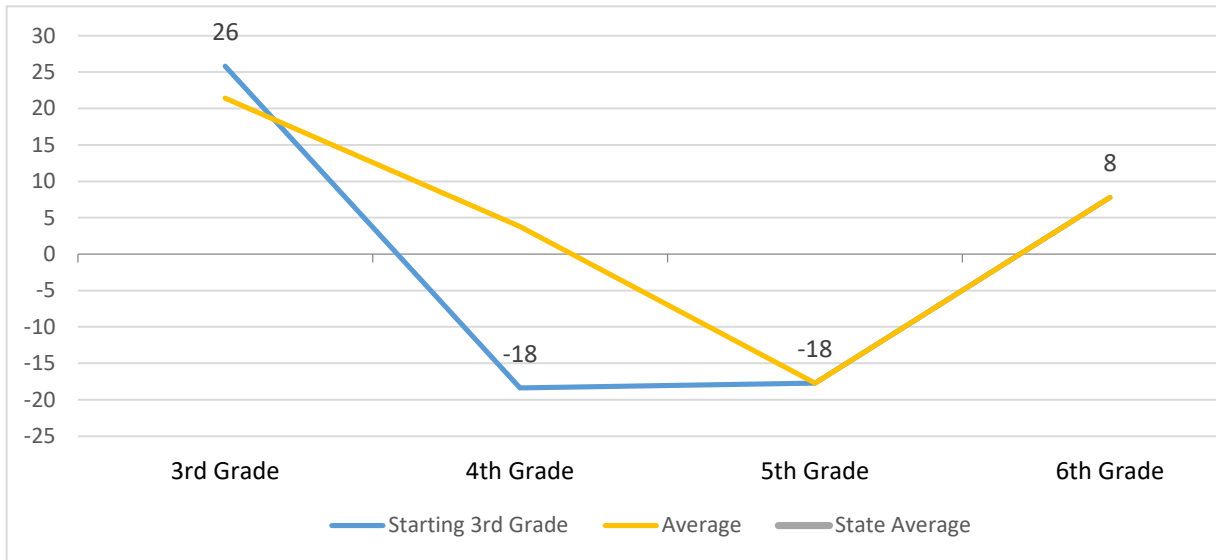
Grade
3rd Grade
4th Grade
5th Grade
6th Grade
7th Grade
8th Grade







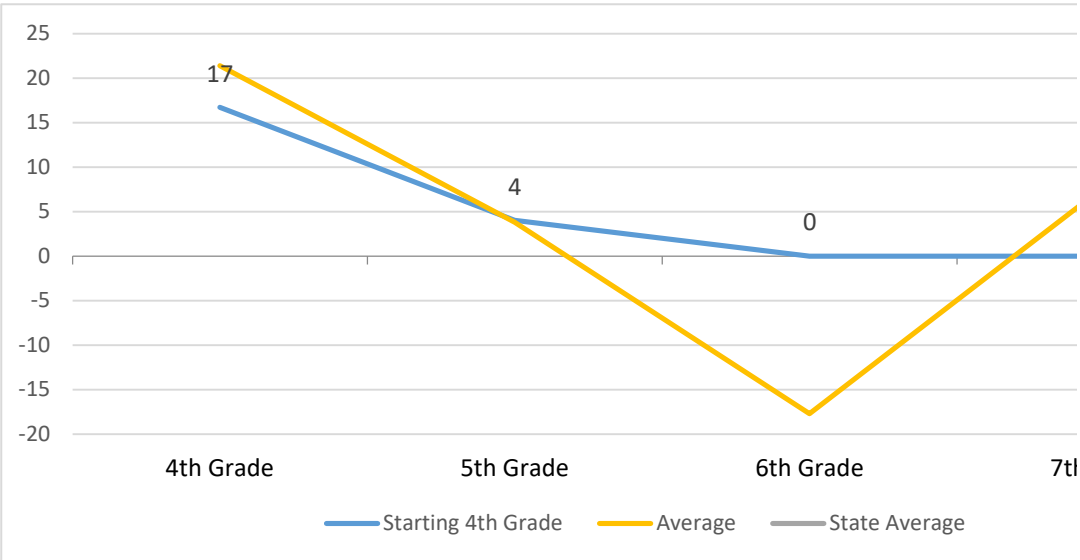
Distance From Level 3	2014-2015	2015-2016	2016-2017	2017-2018
Starting 3rd Grade	26	-18	-18	8
Starting 4th Grade	17	4		
Starting 5th Grade	3	26		
Starting 6th Grade	40			
Starting 7th Grade				
Starting 8th Grade				
Average	21	4	-18	8
State Average				

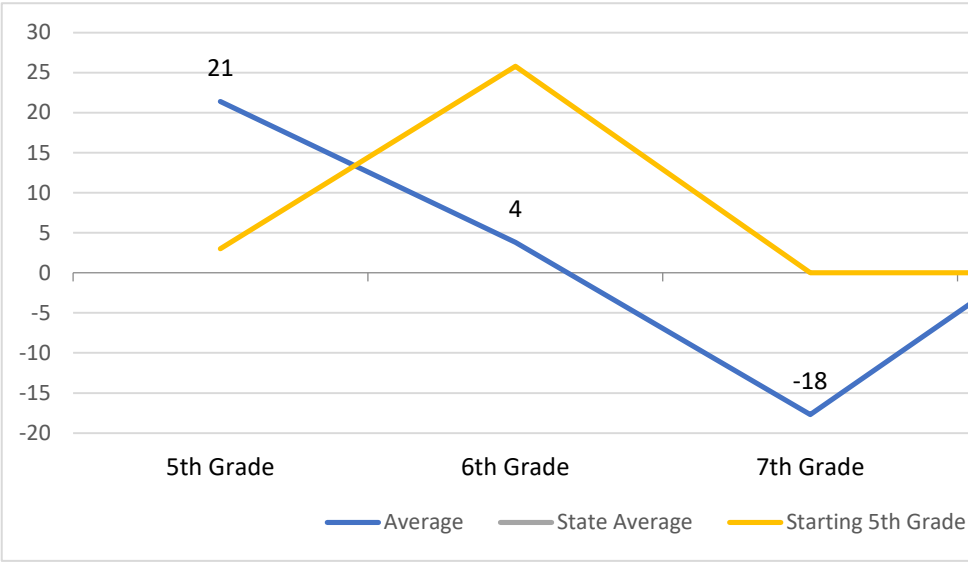
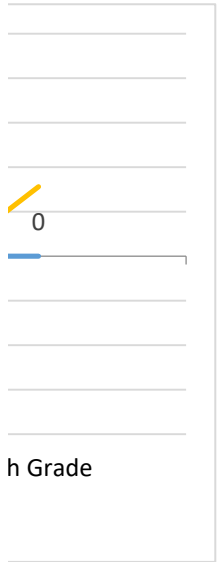




Labels
3rd Grade
4th Grade
5th Grade
6th Grade
7th Grade
8th Grade

State Average





8

8th Grade

A coordinate plane with a horizontal yellow line at  $y = 2$  and a blue line passing through  $(0, 1)$  and  $(4, 5)$ . The lines intersect at  $(2, 2)$ . The x-axis is labeled "8th Grade" and the y-axis has a tick mark labeled "8".

2015 Reading	Above Standard	Near Standard	Below Standard
3rd Grade	44%	38%	19%
4th Grade	46%	31%	23%
5th Grade	46%	31%	23%
6th Grade	35%	47%	18%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	42%	37%	20%

2015 Writing	Above Standard	Near Standard	Below Standard
3rd Grade	19%	63%	19%
4th Grade	38%	38%	23%
5th Grade	23%	54%	23%
6th Grade	41%	41%	18%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	31%	49%	20%

2015 Listening	Above Standard	Near Standard	Below Standard
3rd Grade	38%	56%	6%
4th Grade	62%	31%	8%
5th Grade	31%	62%	8%
6th Grade	35%	59%	6%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	41%	53%	7%

2015 Research/Inquiry	Above Standard	Near Standard	Below Standard
3rd Grade	44%	44%	13%
4th Grade	23%	62%	15%
5th Grade	38%	38%	23%
6th Grade	29%	59%	12%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	34%	51%	15%

## Math Claims

2015 Concepts & Procedures	Above Standard	Near Standard	Below Standard
3rd Grade	31%	44%	25%
4th Grade	50%	21%	29%
5th Grade	33%	33%	33%
6th Grade	47%	35%	18%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	41%	34%	25%

2015 Problem Solving	Above Standard	Near Standard	Below Standard
3rd Grade	50%	44%	6%
4th Grade	29%	57%	14%
5th Grade	25%	58%	17%
6th Grade	53%	35%	12%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	41%	47%	12%

2015 Communicating Reasoning	Above Standard	Near Standard	Below Standard
3rd Grade	38%	56%	6%
4th Grade	43%	43%	14%
5th Grade	25%	50%	25%
6th Grade	47%	47%	6%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	39%	49%	12%

## ELA Claims

2016 Reading	Above Standard	Near Standard	Below Standard
3rd Grade	29%	53%	18%
4th Grade	40%	33%	27%
5th Grade	50%	25%	25%
6th Grade	42%	25%	33%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	39%	36%	25%

2016 Writing	Above Standard	Near Standard	Below Standard
3rd Grade	24%	41%	35%
4th Grade	33%	33%	33%
5th Grade	42%	33%	25%
6th Grade	8%	67%	25%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	27%	43%	30%

2016 Listening	Above Standard	Near Standard	Below Standard
3rd Grade	41%	59%	0%
4th Grade	20%	73%	7%
5th Grade	42%	42%	17%
6th Grade	25%	67%	8%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	32%	61%	7%

2016 Research/Inquiry	Above Standard	Near Standard	Below Standard
3rd Grade	19%	50%	31%
4th Grade	13%	60%	27%
5th Grade	25%	58%	17%
6th Grade	25%	58%	17%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	20%	56%	24%

2016 Concepts & Procedures	Above Standard	Near Standard	Below Standard
3rd Grade	24%	59%	18%
4th Grade	27%	27%	47%
5th Grade	33%	33%	33%
6th Grade	36%	36%	27%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	29%	40%	31%

2016 Problem Solving	Above Standard	Near Standard	Below Standard
3rd Grade	29%	59%	12%
4th Grade	40%	33%	27%
5th Grade	42%	25%	33%
6th Grade	50%	42%	8%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	39%	41%	20%

2016 Communicating Reasoning	Above Standard	Near Standard	Below Standard
3rd Grade	29%	59%	12%
4th Grade	27%	40%	33%
5th Grade	25%	42%	33%
6th Grade	50%	42%	8%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	32%	46%	21%

2017 Reading	Above Standard	Near Standard	Below Standard
3rd Grade	41.67%	16.67%	41.67%
4th Grade	36.84%	52.63%	10.53%
5th Grade	40.00%	26.67%	33.33%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	37.25%	33.33%	29.41%

2017 Writing	Above Standard	Near Standard	Below Standard
3rd Grade	16.67%	41.67%	41.67%
4th Grade	26.32%	52.63%	21.05%
5th Grade	46.67%	26.67%	26.67%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	29.41%	43.14%	27.45%

2017 Listening	Above Standard	Near Standard	Below Standard
3rd Grade	33.33%	50.00%	16.67%
4th Grade	26.32%	57.89%	15.79%
5th Grade	33.33%	53.33%	13.33%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	29.41%	54.90%	15.69%

2017 Research/Inquiry	Above Standard	Near Standard	Below Standard
3rd Grade	50.00%	8.33%	41.67%
4th Grade	26.32%	63.16%	10.53%
5th Grade	40.00%	20.00%	40.00%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	33.33%	37.25%	29.41%

2017 Concepts & Procedures	Above Standard	Near Standard	Below Standard
3rd Grade	25.00%	33.33%	41.67%
4th Grade	63.16%	31.58%	5.26%
5th Grade	46.67%	13.33%	40.00%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	43.14%	29.41%	27.45%



2017 Problem Solving	Above Standard	Near Standard	Below Standard
3rd Grade	33.33%	50.00%	16.67%
4th Grade	52.63%	42.11%	5.26%
5th Grade	40.00%	33.33%	26.67%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	39.22%	43.14%	17.65%

2017 Communicating Reasoning	Above Standard	Near Standard	Below Standard
3rd Grade	16.67%	50.00%	33.33%
4th Grade	36.84%	52.63%	10.53%
5th Grade	26.67%	40.00%	33.33%
6th Grade	*	*	*
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	25.49%	49.02%	25.49%

2018 Reading	Above Standard	Near Standard	Below Standard
3rd Grade	53.33%	33.33%	13.33%
4th Grade	50.00%	25.00%	25.00%
5th Grade	50.00%	27.78%	22.22%
6th Grade	25.00%	50.00%	25.00%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	44.26%	34.43%	21.31%

2018 Writing	Above Standard	Near Standard	Below Standard
3rd Grade	33.33%	46.67%	20.00%
4th Grade	33.33%	58.33%	8.33%
5th Grade	44.44%	33.33%	22.22%
6th Grade	37.50%	37.50%	25.00%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	37.70%	42.62%	19.67%

2018 Listening	Above Standard	Near Standard	Below Standard
3rd Grade	53.33%	33.33%	13.33%
4th Grade	41.67%	41.67%	16.67%
5th Grade	22.22%	72.22%	5.56%
6th Grade	18.75%	81.25%	0.00%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	32.79%	59.02%	8.20%

2018 Research/Inquiry	Above Standard	Near Standard	Below Standard
3rd Grade	46.67%	40.00%	13.33%
4th Grade	41.67%	25.00%	33.33%
5th Grade	38.89%	50.00%	11.11%
6th Grade	37.50%	37.50%	25.00%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	40.98%	39.34%	19.67%

2018 Concepts & Procedures	Above Standard	Near Standard	Below Standard
3rd Grade	69.23%	7.69%	23.08%
4th Grade	36.36%	18.18%	45.45%
5th Grade	38.89%	38.89%	22.22%
6th Grade	50.00%	18.75%	31.25%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	48.28%	22.41%	29.31%

2018 Problem Solving	Above Standard	Near Standard	Below Standard
3rd Grade	53.85%	23.08%	23.08%
4th Grade	36.36%	45.45%	18.18%
5th Grade	44.44%	33.33%	22.22%
6th Grade	31.25%	50.00%	18.75%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	41.38%	37.93%	20.69%

2018 Communicating Reasoning	Above Standard	Near Standard	Below Standard
3rd Grade	46.15%	46.15%	7.69%
4th Grade	36.36%	36.36%	27.27%
5th Grade	38.89%	61.11%	0.00%
6th Grade	31.25%	50.00%	18.75%
7th Grade	N/A	N/A	N/A
8th grade	N/A	N/A	N/A
Averages	37.93%	50.00%	12.07%

## **TEMPORARY BORROWING AGREEMENT**

Due to the timing of the receipt of various apportionments, local funding and miscellaneous accounts receivable, as well as limited borrowing options in the months of May and June, the Pacific Elementary School District may experience a cash-flow shortage in the fiscal year ending June 30, 2019.

E.C. 42622 authorizes the County Superintendent of Schools, with the approval of the County Board of Education, to make an apportionment to a school district from the County School Service Fund, conditional upon the repayment to the Fund during the next succeeding fiscal year of the amount apportioned to the District and shall, during the next succeeding fiscal year, transfer the amount of such apportionment from the General Fund of the District to the County School Service Fund.

Therefore, to assist the District, the County Superintendent of Schools will make a temporary apportionment to the District from the County School Service Fund in the amount of \$200,000, to cover the current cash needs of the District. The County Office will reverse the transaction at the earliest time that the District has access to sufficient cash.

The County Office of Education will receive from the District interest equivalent to the lost interest that would have been earned in the County Pool.

\_\_\_\_\_  
District Superintendent/CBO

\_\_\_\_\_  
Date

\_\_\_\_\_  
Santa Cruz County Office of Ed Superintendent/CBO

\_\_\_\_\_  
Date



**BOARD OF EDUCATION**

Ms. Jane Royer Barr  
Ms. Rose Filicetti  
Ms. Sandra Nichols  
Ms. Sue Roth  
Mr. Dana M. Sales  
Mr. Abel Sanchez  
Mr. Bruce Van Allen

Dr. Faris Sabbah, Superintendent • 400 Encinal Street, Santa Cruz, CA 95060 • Tel (831) 466-5600 • Fax (831) 466-5607 • [www.santacruzcoe.org](http://www.santacruzcoe.org)

January 31, 2019

Gwyan Rhabyt  
Governing Board  
Pacific Elementary School District  
456 Swanton Road  
Davenport, CA 95017

SUBJECT: Review of the 2018-19 First Interim Financial Report for the Pacific Elementary School District

Dear Mr. Rhabyt:

In accordance with Education Code Section 42131, the Santa Cruz County Office of Education has reviewed the First Interim Financial Report for the Pacific Elementary School District for fiscal year 2018-19. The Education Code requires that the County Superintendent review the district Interim Report and concur or not concur with the district certification of the financial status based on the following:

Determine whether the financial report complies with the standards and criteria established pursuant to Education Code Section 33127.

Determine whether the Interim Report indicates that the district will be able to meet its financial obligations during the current fiscal year and subsequent two fiscal years.

Based upon our review at this time, we concur with the **POSITIVE** certification for the 2018-19 First Interim Financial Report for the Pacific Elementary School District. Please see the attached documents for additional comments and information related to our review.

We have conducted our review based upon the specifics of the State Enacted Budget for 2018-19, and we have used the FCMAT Local Control Funding Formula (LCFF) calculator in our analysis. We have also included information from the Governor's proposed budget for 2019-20.

Governor Newsom's proposed 2019-20 budget provides some unexpected good news for education. The projected statutory cost of living adjustment (COLA) reflects a slight increase in 2019-20 and 2020-21 with a dip in 2021-22. In addition, the projected State Budget includes approximately a 1% decrease in the STRS rate, which will mitigate 1% of the increase in both the 2019-20 and 2020-21 fiscal years; there are also expected increases in the out years as well. This 1% change is equal to 1% of certificated salaries for each district. Other changes that may affect districts are Special Education Grants that are targeted for districts with high percentages of both students with disabilities and

## REVIEW AND APPROVAL OF FISCAL YEAR 2018/2019 1ST INTERIM REPORT

TO THE GOVERNING BOARD:

Pacific Elementary School District

FROM:

Mary Hart, Deputy Superintendent, Business  
Santa Cruz County Office of Education

In accordance with the provisions of Education Code Section 42131, this office has completed a review of the **FIRST INTERIM** report for your district. A report on that review follows.

### 1. TYPE OF APPROVAL

- ☒ The Interim budget has been certified as **POSITIVE**.  
Based on current projections, this district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- ☐ The Interim budget has been certified as Qualified.  
Based on current projections, this district may not meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- ☐ The Interim budget has been certified as Negative.  
Based on current projections, this district will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year.

### 2. GENERAL FUND BALANCES / RESERVES

We have made the following computation of budget year reserves based upon updated prior year information. Adjustments made after this date could further impact the projected ending reserve fund balance.

		Unrestricted	Restricted
Beginning fund balance per unaudited actuals:		\$786,558	\$38,997
Projected Increase/decrease in fund balance per Interim:		(\$72,249)	\$1,164
Ending fund balance per Interim:		\$714,309	\$40,161
State required unrestricted reserves:	\$ 43,881		
District Reserves for Economic Uncertainty (9789) Fund 01:		\$75,000	
District Reserves for Economic Uncertainty (9789) Fund 17:			
REU percentage per state criteria and standards:	5.00%		
District REU percentage per Interim:	9.94%		
Restricted funds (9780/9740):			40,161
Other unrestricted nonspendable, assigned and committed funds:		\$157,747	
Unassigned funds (9790):		\$481,562	

3. STATEWIDE CRITERIA AND STANDARDS (Ed. Code 33127)

We have reviewed your board Interim report evaluation based upon state mandated budget criteria and standards for fiscal stability, including narrative(s), if any.

- ☒ We accept your Summary Review Document calculations as complete and narrative(s) as reasonable.
- ☐ We have made recalculations based upon updated information for the prior fiscal year. See attached.
- ☐ We were unable to base our evaluation on the criteria and standards, as the information was not completed. The district provided no narratives.

☐ RECOMMENDATION AND TECHNICAL CORRECTIONS

A. Unrestricted Reserves Available through the multi-year projections (MYP)

- ☒ Appear to be adequate (as recalculated).
- ☐ Are below state recommended levels for your size district (See Section 5, below).  
Level: 5% of budgeted expenditures or: \$ 67,000, whichever is greater.

B. Revenue and Expenditures through the multi-year projections (MYP)

- ☐ The revenue appears to be overstated (see Section 5, below).
- ☐ The total expenditures appear to be understated (see Section 5, below).
- ☒ The proposed expenditures and transfers out exceed the estimated total revenue.
- ☒ Total available reserves appear adequate to offset this condition.
- ☐ Total available reserves do not appear adequate to offset this condition, (see Section 5, below).

C. ADA: We recommend budgeting no more revenue limit funding than the state guarantee (prior year ADA). **The average daily attendance upon which this budget is based:** 113.3

- ☒ ADA budgeted represents the state guaranteed level of ADA revenue limit funding.
- ☐ With our prior concurrence, this level of ADA is above the state guaranteed level of revenue limit funding by \_\_\_\_\_ ADA. Actual ADA should be monitored closely.
- ☐ This level of ADA exceeds the state guaranteed level of revenue limit funding by \_\_\_\_\_ ADA (see Section 5, below).

D. Other Recommendations

- ☒ See Section 5 for details.

# REVIEW AND APPROVAL OF FISCAL YEAR 2018/2019 1ST INTERIM REPORT

Pacific Elementary School District

Page 3

## E. Technical Corrections

☐

Other technical corrections have been noted in our review as explained in Section 5, below.

## 5. DESCRIPTION OF RECOMMENDATIONS AND TECHNICAL CORRECTIONS

SECTION & COMMENT NUMBER	DESCRIPTION
A-1	The district has historically maintained its unrestricted reserves in both the general fund and in Fund 17, the Special Reserve for Other than Capital Outlay. This year the district is setting aside the fund balance in Fund 17 for anticipated costs over the next few years, so that the district has funds to draw from and won't need to dramatically reduce costs in any one year. The district is setting aside funds for the increases in the STRS and PERS pension costs, which are increasing over the next few years and will approach 20% of salaries very soon. The district is also setting aside funds in the event that a student with special needs is placed in the SELPA's regional programs as those costs can be significant and can impact the budget of a small district in particular. The district is currently projecting a fund balance of approximately \$362,000 in the Special Reserve fund in the current year. The district has adequate reserves in all three years displayed in the multi-year projections (MYP).
B-1	The district is projecting to deficit spend in the unrestricted resources in the current year by \$72,249, in the subsequent year by \$38,494 and in 2020-21 by \$32,589. The district is cautioned against returning to a deficit spending expenditure pattern.
C-1	The district is projecting that ADA will decrease by 5 in the current year over prior year P-2 ADA. In the multi-year projections (MYP), ADA is projected to remain flat in 2019-20 and increase by 1 in 2020-21.
D-1	Contributions to restricted programs are projected to increase in the current year 12.7% over prior year actuals and increase by just under 6% over the Adopted Budget. In the multi-year projections, they are projected to increase by 9% in 2019-20 and by just under 5% in 2020-21. The district's contributions are mainly due to the costs of Special Education (75.8%), VAPA (11%), which augments revenue from Parent club donations, Psychological Services (10.6%), REAP (1%) and Title II (1%). Contributions in the current year total \$120,259.
D-2	According to the district's criteria & standards document, the unrestricted salary and benefits ratio as compared to total unrestricted expenditures is projected at 82.2% in the current year, 85.3% in 2019-20 and 85.1% in 2020-21.
	Continued on next page...

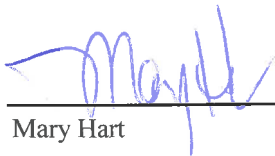


5. DESCRIPTION OF RECOMMENDATIONS AND TECHNICAL CORRECTIONS continued...

SECTION & COMMENT NUMBER	DESCRIPTION
	Continued from previous page...
D-3	The district has settled compensation issues in the current year with its unrepresented groups and those costs are included in the budget. No other potential increases beyond step and column have been identified in the subsequent years in the MYP. The district is projecting a 9% increase in the cost of health and welfare benefits in the MYP.
D-4	The district is currently not projecting any cash flow issues.

EXAMINED BY COUNTY SUPERINTENDENT OF SCHOOLS:

BY:



Mary Hart

Deputy Superintendent, Business Services

Date:

1/31/19

cc:

Dr. Faris Sabbah, County Superintendent of Schools

Eric Gross, Superintendent/Pacific Elementary School District

Jean S. Gardner, Senior Director of Fiscal Services/SCCOE

SANTA CRUZ COUNTY SCHOOLS  
PACIFIC ELEMENTARY SCHOOL DISTRICT

FINANCIAL ANALYSIS OF GENERAL FUND UNRESTRICTED AND RESTRICTED MONIES

GENERAL FUND	2017-18			2018-19			2018-19			2019-20			2020-21		
	Unaudited Actuals			Adopted Budget @ 17-18 UA			1st Interim			Projected @ 18-19 1I			Projected @ 18-19 1I		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Revenues</b>															
8010-8099 Local Control Funding Formula	\$ 977,983	\$ -	\$ 977,983	\$ 1,052,724	\$ -	\$ 1,052,724	\$ 1,058,453	\$ -	\$ 1,058,453	\$ 1,071,845	\$ -	\$ 1,071,845	\$ 1,102,011	\$ -	\$ 1,102,011
8100-8299 Federal	1,676	43,178	44,854	-	41,660	41,660	1,522	41,404	42,926	-	41,404	41,404	-	39,720	39,720
8300-8599 Other State	35,927	53,064	88,992	37,212	51,671	88,883	41,647	56,229	97,876	20,800	58,439	79,239	20,800	60,760	81,560
8600-8799 Other Local	116,090	64,416	180,507	72,021	57,269	129,290	79,286	113,075	192,361	64,811	102,575	167,386	64,811	77,575	142,386
8910-8929 Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8930-8979 Other Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8980-8998 Contributions	(106,719)	106,719	-	(113,569)	113,569	-	(120,259)	120,259	-	(131,044)	131,044	-	(137,325)	137,325	-
<b>Total Revenue, Transfers, and Other Sources</b>	\$ 1,024,958	\$ 267,378	\$ 1,292,336	\$ 1,048,388	\$ 264,169	\$ 1,312,557	\$ 1,060,649	\$ 330,967	\$ 1,391,616	\$ 1,026,412	\$ 333,462	\$ 1,359,874	\$ 1,050,297	\$ 315,380	\$ 1,365,677
<b>Expenditures</b>															
1000-1999 Certificated Salary	\$ 447,701	\$ 67,397	\$ 515,099	\$ 450,007	\$ 61,079	\$ 511,086	\$ 455,277	\$ 66,515	\$ 521,792	\$ 464,382	\$ 67,845	\$ 532,227	\$ 473,670	\$ 67,382	\$ 541,052
2000-2999 Classified Salary	138,001	54,405	192,406	154,997	54,419	209,416	186,379	54,619	240,998	191,970	53,374	245,344	195,810	54,441	250,251
3000-3999 Employee Benefit	193,405	70,771	264,177	199,624	66,063	265,687	204,987	69,268	274,254	225,533	76,457	301,990	243,821	80,439	324,260
4000-4999 Books & Supplies	38,812	7,252	46,065	25,160	7,824	32,984	30,866	58,374	89,240	32,070	53,244	85,314	33,539	27,620	61,159
5000-5899 Services & Other Operating Expenditures	114,259	217,788	332,047	114,738	108,907	223,645	152,381	80,277	232,658	120,068	77,945	198,013	126,046	80,112	206,158
6000-6599 Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7100-7299 Other Outgo	154	-	154	250	-	250	250	-	250	250	-	250	250	-	250
7300-7399 Direct & Indirect Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7610-7629 Interfund Transfers Out	9,750	750	10,500	102,759	750	103,509	102,759	750	103,509	30,633	750	31,383	9,750	750	10,500
7630-7699 Other Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments (Form MYP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures, Transfers, and Other Uses</b>	\$ 942,083	\$ 418,364	\$ 1,360,447	\$ 1,047,535	\$ 299,042	\$ 1,346,576	\$ 1,132,898	\$ 329,802	\$ 1,462,701	\$ 1,064,906	\$ 329,615	\$ 1,394,521	\$ 1,082,886	\$ 310,744	\$ 1,393,630
<b>Excess (Deficiency)</b>	\$ 82,875	\$ (150,986)	\$ (68,112)	\$ 854	\$ (34,873)	\$ (34,019)	\$ (72,249)	\$ 1,165	\$ (71,085)	\$ (38,494)	\$ 3,847	\$ (34,647)	\$ (32,589)	\$ 4,636	\$ (27,953)
<b>Beginning Balance</b>	\$ 703,683	\$ 189,983	\$ 893,666	\$ 786,558	\$ 38,997	\$ 825,555	\$ 786,558	\$ 38,997	\$ 825,555	\$ 714,309	\$ 40,161	\$ 754,470	\$ 675,814	\$ 44,008	\$ 719,823
Audit Adjustments / Restatements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	\$ 786,558	\$ 38,997	\$ 825,555	\$ 787,411	\$ 4,124	\$ 791,535	\$ 714,309	\$ 40,161	\$ 754,470	\$ 675,814	\$ 44,008	\$ 719,823	\$ 643,225	\$ 48,644	\$ 691,870
<b>Reserves:</b>															
Minimum Reserve Level per Criteria & Standards	3%			3%			3%			3%			3%		
<b>Recommended REU (Computed in C&amp;S)</b>	\$ 40,813			\$ 40,397			\$ 43,831			\$ 41,836			\$ 41,809		
<b>Reserves per District (REU 9789)</b>	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable (Rev. Cash, Prepaid, Stores)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	38,997	38,997	-	38,654	38,654	-	40,161	40,161	-	44,008	44,008	-	48,644	48,644
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	245,720	-	245,720	168,139	-	168,139	157,747	-	157,747	-	-	-	-	-	-
Unassigned	465,838	-	465,838	544,273	-	544,273	481,562	-	481,562	675,814	-	675,814	643,225	-	643,225
Excess (Deficiency) above state recommended REU	745,744	-	745,744	747,014	-	747,014	670,428	-	670,428	633,979	-	633,979	601,416	-	601,416
Contributions to Restricted Programs			106,719			113,569			120,259			131,044			137,325
<b>Average Daily Attendance</b>															
Total P-2 ADA			113			110			108			108			109
ADA Transfer (COE)			-			-			-			-			-
District Only P-2 ADA			113			110			108			108			109
Funded ADA (District Only)			113			113			113			108			109
Net Shift of Charter ADA (to and from District)			-			-			-			-			-
Prior Year ADA Guarantee			101			113			113			108			108
Total Charter ADA			-			-			-			-			-
CBEDS Enrollment			120			117			114			114			115
Enrollment to ADA Ratio			94.39%			94.39%			94.39%			94.39%			94.39%
<b>Special Reserve Fund 17</b>	\$ -			\$ -			\$ -			\$ -			\$ -		

## FINANCIAL ANALYSIS OF GENERAL FUND

Special Reserve Fund 17 REU (9789)

**PACIFIC ELEMENTARY SCHOOL DISTRICT**  
**All Funds Summary**  
**2018-19**  
**1st Interim**

	01	12	13	14	17	21	25	Total All Funds
	General	Child Development	Cafeteria	Deferred Maintenance	Special Reserve	Building Fund	Capital Facilities	
<b>Revenue</b>								
8000-8099 Local Control Funding Formula	1,058,453	-	-	10,000	-	-	-	1,068,453
8100-8299 Federal Revenue	42,926	-	24,000	-	-	-	-	66,926
8300-8599 State Revenue	97,876	65,000	51,486	-	-	-	-	214,362
8600-8699 Local Revenue	192,361	62,960	50,300	1,035	4,400	1,400	985	313,441
<b>Total Revenue</b>	<b>1,391,616</b>	<b>127,960</b>	<b>125,786</b>	<b>11,035</b>	<b>4,400</b>	<b>1,400</b>	<b>985</b>	<b>1,663,182</b>
<b>Expenditures</b>								
1000 Certificated Salaries	521,792	-	-	-	-	-	-	521,792
2000 Classified Salaries	240,998	73,566	38,974	-	-	-	-	353,538
3000 Employee Benefits	274,254	38,280	15,195	-	-	-	-	327,730
4000 Books & Supplies	89,240	9,000	88,636	-	-	-	-	186,876
5000 Services & Other Oper.	232,658	546	3,160	32,000	-	21,120	20	289,504
6000 Equipment	-	-	-	-	-	-	-	-
7100-7299 Other Outgo (74XX)	250	-	-	-	-	-	-	250
7300 Indirect Costs	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,359,192</b>	<b>121,392</b>	<b>145,965</b>	<b>32,000</b>	<b>-</b>	<b>21,120</b>	<b>20</b>	<b>1,679,689</b>
<b>Surplus (Deficit)</b>	<b>32,424</b>	<b>6,568</b>	<b>(20,179)</b>	<b>(20,965)</b>	<b>4,400</b>	<b>(19,720)</b>	<b>965</b>	<b>(16,507)</b>
<b>Other Sources/Uses</b>								
89XX Transfers In	-	-	11,700	-	93,009	-	-	104,709
8930-8979 Other Sources	-	-	-	-	-	-	-	-
7610-7629 Transfers Out	103,509	1,200	-	-	-	-	-	104,709
7630-7699 Other Uses	-	-	-	-	-	-	-	-
<b>Total Other Sources/Uses</b>	<b>(103,509)</b>	<b>(1,200)</b>	<b>11,700</b>	<b>-</b>	<b>93,009</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Incr (Decr) in Fund Balance</b>	<b>(71,085)</b>	<b>5,368</b>	<b>(8,479)</b>	<b>(20,965)</b>	<b>97,409</b>	<b>(19,720)</b>	<b>965</b>	<b>(16,507)</b>
<b>Beginning Fund Balance</b>	<b>825,555</b>	<b>30,646</b>	<b>31,680</b>	<b>25,685</b>	<b>264,661</b>	<b>64,069</b>	<b>2,364</b>	<b>1,244,658</b>
Audit Adjustments/Restatements	-	-	-	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>754,470</b>	<b>36,013</b>	<b>23,201</b>	<b>4,720</b>	<b>362,070</b>	<b>44,349</b>	<b>3,329</b>	<b>1,228,151</b>
Deficit (Surplus) as % of Fund Balance	3.93%	21.43%	-63.70%	-81.62%	1.66%	-30.78%	40.83%	-1.33%

PACIFIC ELEMENTARY SCHOOL DISTRICT

COUNTY OF SANTA CRUZ  
DAVENPORT, CALIFORNIA

ANNUAL FINANCIAL REPORT  
JUNE 30, 2018

ROBERTSON & ASSOCIATES, CPAs  
A Professional Corporation

PACIFIC ELEMENTARY SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2018

The Pacific Elementary School District (District) was established in September 1905 and comprises an area located in Santa Cruz County. There were no changes in the boundaries of the District during the current year. The District currently operates one elementary school.

**BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Gwyan Rhabyt	President	November, 2020
Mr. Don Croll	Clerk	November, 2022
Ms. Cari Napoles	Trustee	November, 2022

**ADMINISTRATION**

<u>Name</u>	<u>Title</u>	<u>Tenure</u>
Mr. Eric Gross	Superintendent	3 Years
Ms. Elizabeth Andrews	Business Manager	4 Years

**ADDRESS OF DISTRICT OFFICE**

50 Ocean Street  
P.O. Box H  
Davenport, CA 95017

PACIFIC ELEMENTARY SCHOOL DISTRICT  
JUNE 30, 2018

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PACIFIC ELEMENTARY SCHOOL DISTRICT  
JUNE 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Pacific Elementary School District  
Davenport, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pacific Elementary School District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pacific Elementary School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned 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.

### *Other 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section 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 are the responsibility 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 January 29, 2019 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

*Robertson & Associates, CPAs*

Lakeport, California  
January 29, 2019

**Pacific Elementary School District  
Management's Discussion and Analysis  
June 30, 2018**

**INTRODUCTION**

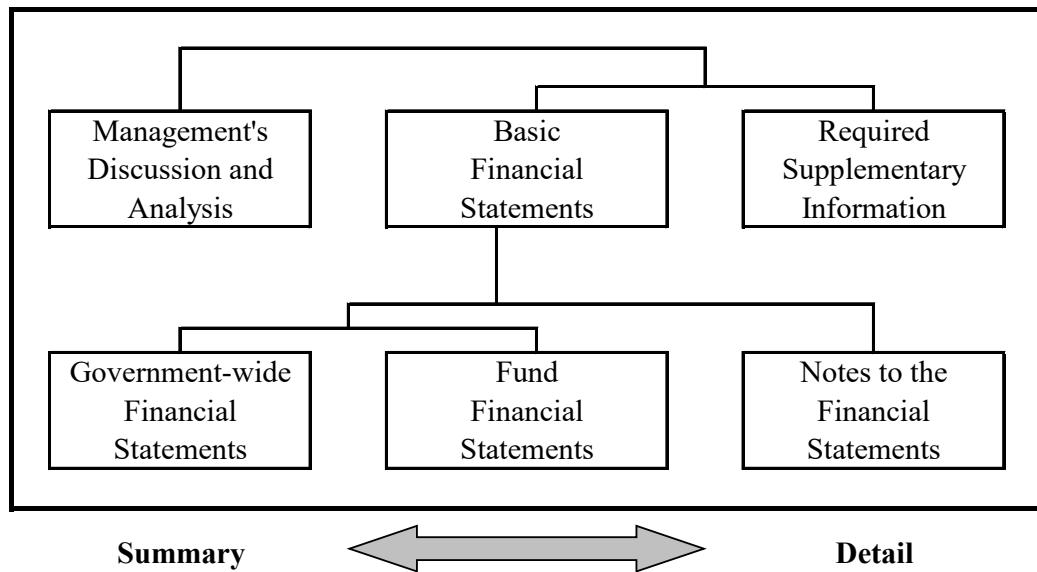
Our discussion and analysis of Pacific Elementary School District (District's) financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$505,070 at June 30, 2018. This was a decrease of \$90,560 from the prior year.
- ❑ Overall revenues were \$1,566,524, overall expenses were \$1,657,084.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**



This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental fund** statements tell how general government services were financed in the short term as well as what remains for future spending.

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

### **Government-Wide Statements**

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

The two government-wide statements report the District’s net position and how they have changed. Net position, the difference between assets and liabilities, is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial health is improving or deteriorating, respectively. The net position of the District has decreased by 15% in the past year. The District completed the Proposition 39 project lighting and HVAC system. The \$161,000 expense paid under restricted funds decreased net position. Also, the increase in STRS/PERS pension liability further reduced net position.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities. The District’s average daily attendance has increased by 12 ADA in the past year. The change in personnel for the 6<sup>th</sup> graders improved enrollment tremendously from the prior year. The parent’s club donations for instructional materials and services encouraged better attendance.

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

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant governmental funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs.

- Some funds are required to be established by State law and by bond covenants.
- The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The District has one type of fund:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources than previously to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds' statements that explains the relationship (or differences) between them.

The financial performance of the District is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,266,537 as compared to the prior year's ending fund balance of \$1,302,197.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was \$505,070 at June 30, 2018.

	Governmental Activities		
	2018	2017	Net Change
<b>ASSETS</b>			
Cash and Equivalents	\$ 1,318,914	\$ 1,253,106	\$ 65,808
Other Current Assets	47,555	169,500	(121,945)
Capital Assets,			
Net of Accumulated Depreciation	1,324,019	1,390,580	(66,561)
<b>TOTAL ASSETS</b>	<b>\$ 2,690,488</b>	<b>\$ 2,813,186</b>	<b>\$ (122,698)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow of Resources - Pensions	\$ 540,178	\$ 275,979	\$ 264,199
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 540,178</b>	<b>\$ 275,979</b>	<b>\$ 264,199</b>
<b>LIABILITIES</b>			
Current Liabilities	\$ 112,730	\$ 133,207	\$ (20,477)
Long-Term Liabilities	2,254,237	1,942,203	312,034
<b>TOTAL LIABILITIES</b>	<b>\$ 2,366,967</b>	<b>\$ 2,075,410</b>	<b>\$ 291,557</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Pensions	\$ 358,629	\$ 418,125	\$ (59,496)
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 358,629</b>	<b>\$ 418,125</b>	<b>\$ (59,496)</b>
<b>NET POSITION</b>			
Invested in Capital Assets,			
Net of Related Debt	\$ 287,515	\$ 562,109	\$ (274,594)
Restricted	215,318	381,550	(166,232)
Unrestricted	2,237	(348,029)	350,266
<b>TOTAL NET POSITION</b>	<b>\$ 505,070</b>	<b>\$ 595,630</b>	<b>\$ (90,560)</b>

## Changes in Net Position

	Governmental Activities		
	2018	2017	Net Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 89,401	\$ 86,835	\$ 2,566
Operating Grants and Contributions	276,274	409,594	(133,320)
General Revenues:			
Property Taxes	287,024	276,335	10,689
Unrestricted Federal and State Aid	782,968	740,843	42,125
Miscellaneous and Other Local	130,857	104,250	26,607
TOTAL REVENUES	<u>1,566,524</u>	<u>1,617,857</u>	<u>(51,333)</u>
EXPENSES			
Instruction	917,644	1,022,280	(104,636)
Instruction-Related Services	181,681	206,268	(24,587)
Pupil Services	119,872	150,408	(30,536)
General Administration	107,181	116,813	(9,632)
Plant Services	241,003	88,968	152,035
Community Services	31,856	35,498	(3,642)
Transfers Between Agencies	154	102	52
Interest on Long-Term Debt	56,293	54,038	2,255
TOTAL EXPENSES	<u>1,657,084</u>	<u>1,674,375</u>	<u>(17,291)</u>
INCREASE (DECREASE) IN NET POSITION	(90,560)	(56,518)	(34,042)
NET POSITION - BEGINNING	<u>595,630</u>	<u>652,148</u>	<u>(56,518)</u>
NET POSITION - ENDING	<u>\$ 505,070</u>	<u>\$ 595,630</u>	<u>\$ (90,560)</u>



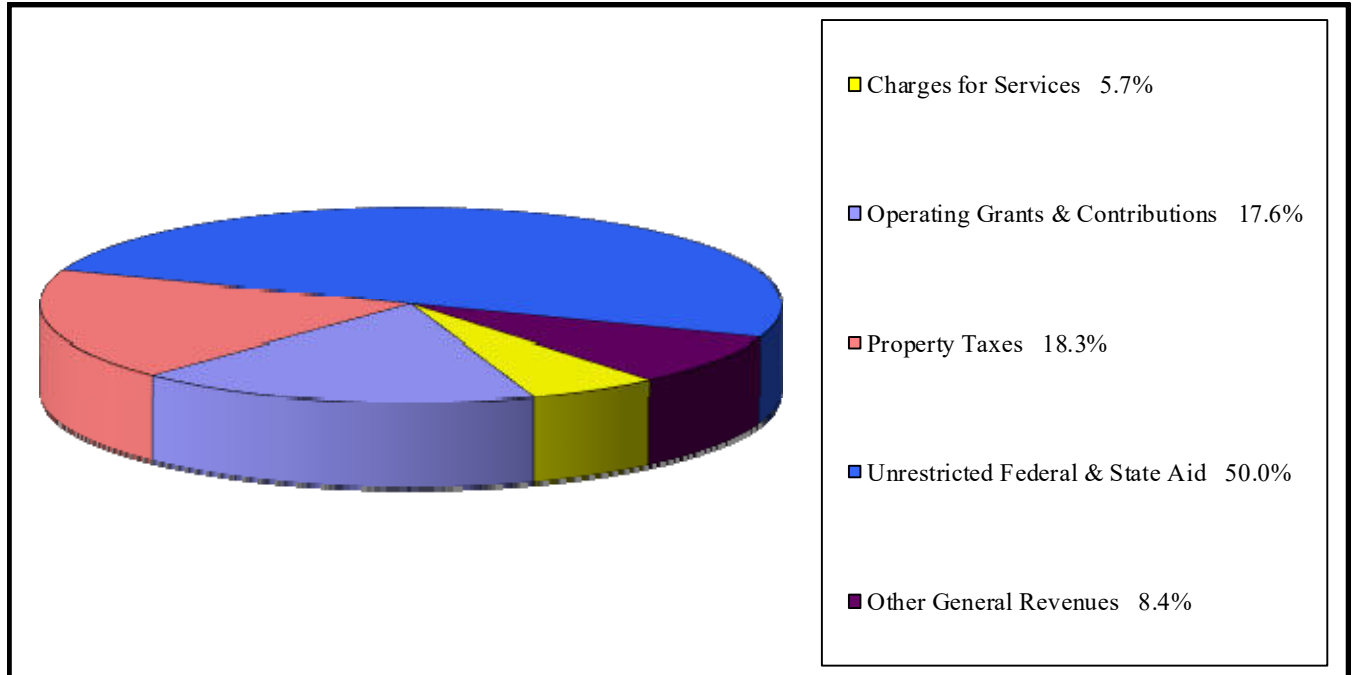
## Governmental Activities

Net cost is total cost less fees generated by the related activity. The net cost reflects amounts funded by charges for services, operating grants and capital grants and contributions.

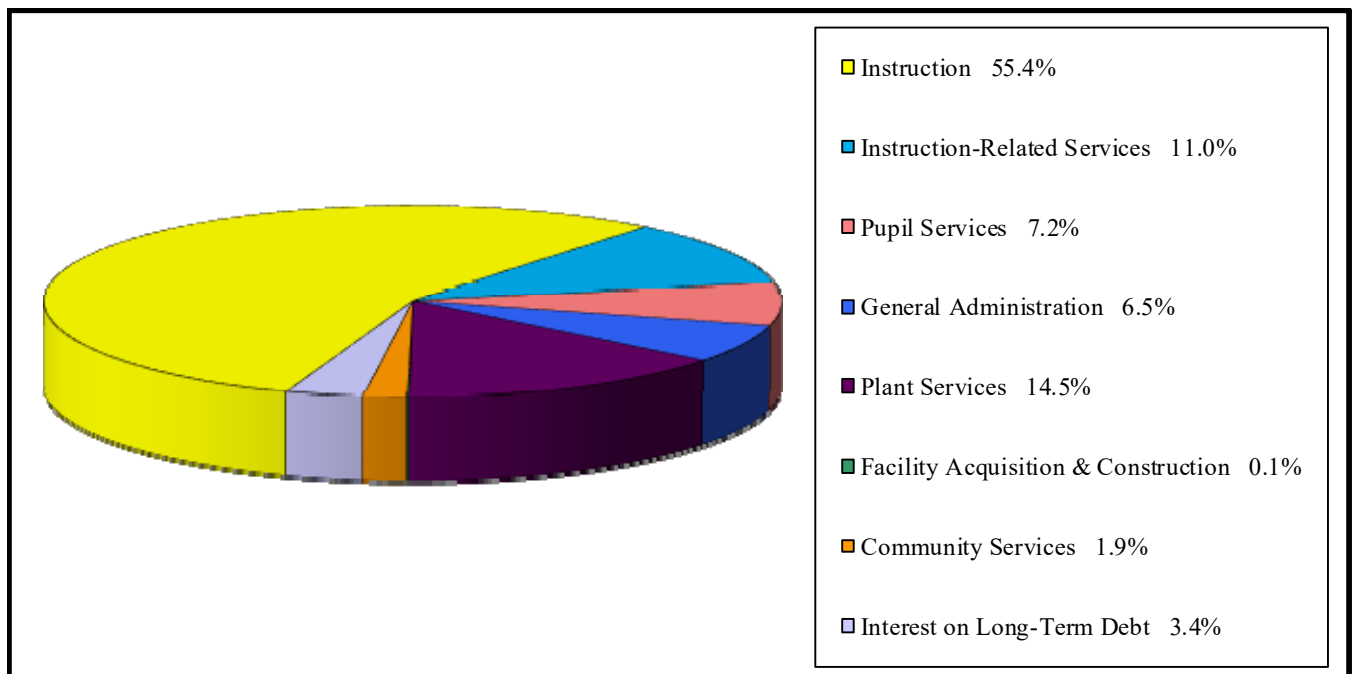
### Net Cost of Services

	Net Cost of Services		Net Change
	2018	2017	
NET COST OF SERVICES			
Instruction	\$ 700,867	\$ 824,447	\$ (123,580)
Instruction-Related Services	172,750	194,897	(22,147)
Pupil Services	30,772	61,012	(30,240)
General Administration	103,204	110,513	(7,309)
Plant Services	237,839	(42,034)	279,873
Facility Acquisition and Construction	(1,944)	(60,151)	58,207
Community Services	31,856	35,498	(3,642)
Transfers Between Agencies	154	102	52
Interest on Long-Term Debt	56,293	54,038	2,255
Other Outgo	(40,382)	(376)	(40,006)
TOTAL NET COSTS OF SERVICES	<u>\$ 1,291,409</u>	<u>\$ 1,177,946</u>	<u>\$ 113,463</u>

## 2017/2018 Summary of Revenues for Governmental Activities



## 2017/2018 Summary of Expenses for Governmental Activities



## Fund Balance Comparison

The District currently maintains the following funds:

	Ending Fund Balance		Net Change
	2018	2017	
FUNDS			
Governmental:			
General	\$ 1,090,216	\$ 1,110,630	\$ (20,414)
Child Development	30,646	27,241	3,405
Cafeteria Special Revenue	31,680	19,506	12,174
Deferred Maintenance	25,685	7,033	18,652
Building	63,559	109,077	(45,518)
Capital Facilities	2,364	2,335	29
Bond Interest and Redemption	22,387	26,375	(3,988)
Total Governmental	1,266,537	1,302,197	(35,660)
TOTAL FUNDS	\$ 1,266,537	\$ 1,302,197	\$ (35,660)

## General Fund

The General Fund experienced a slight decrease in fund balance due to the Proposition 39 final expenditures. Even though Unrestricted funding from LCFF revenue and donations had increased and Unrestricted expenditures were kept within budget, the final payment for the Proposition 39 project used Restricted funds which reduced overall fund balance.

## Other Governmental Funds

Other governmental funds had the following activity and changes for the year ended June 30, 2018:

The Child Development Fund experienced no significant changes during the year.

The Cafeteria Special Revenue Fund had a slight increase due to the Friends of Food Lab program.

The Deferred Maintenance Fund received insurance reimbursements and continue to pay for repairs to the roof. The District will continue to transfer LCFF funds to pay for future maintenance projects.

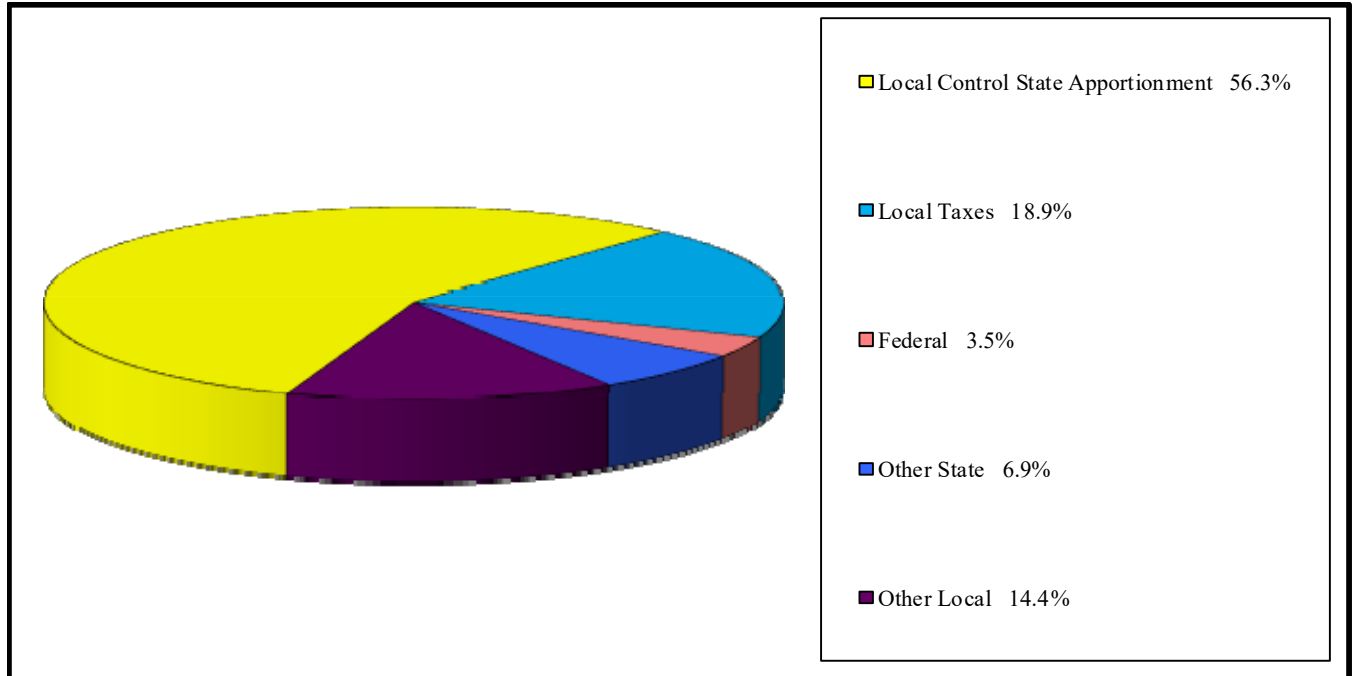
The Building Fund returned the balance of borrowed funds to Fund 17.

The Capital Facilities Fund experienced no significant changes during the year.

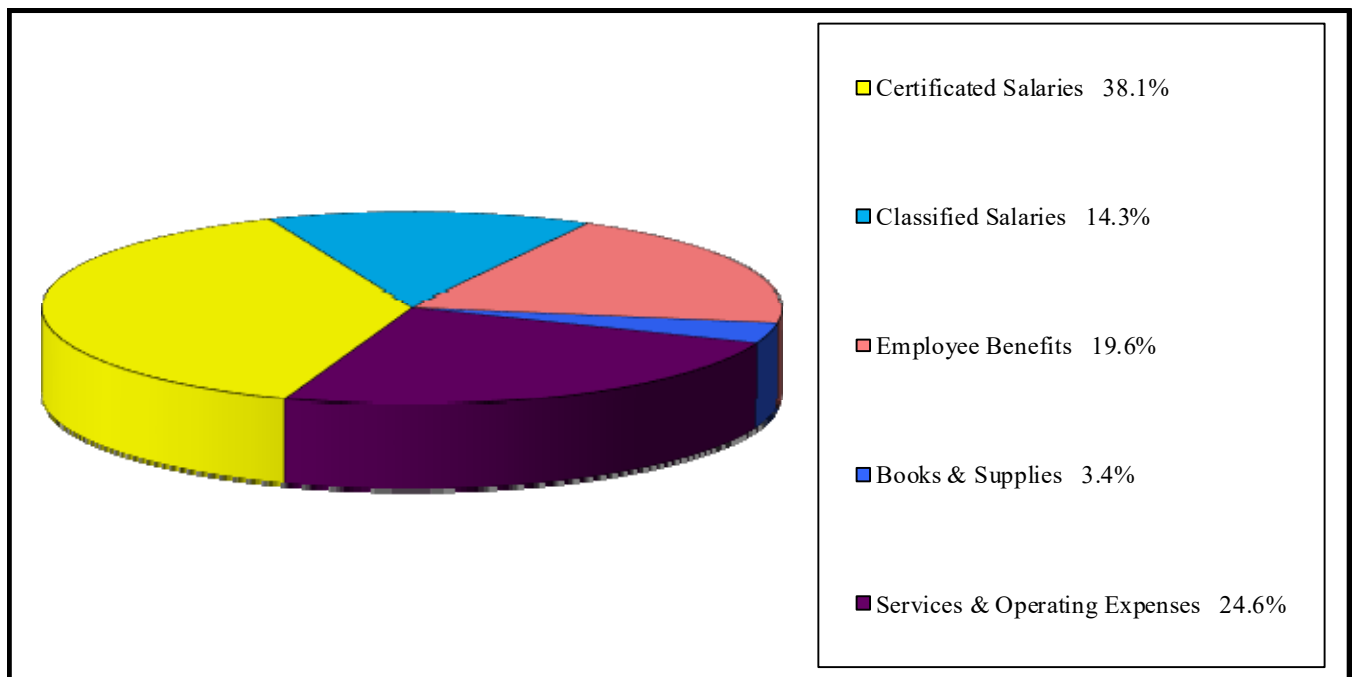
The Bond Interest and Redemption Fund is maintained by the Santa Cruz County Treasurer. The first principal payment was made during the year.

The following charts graphically depict revenues and expenditures, both by major object as well as by function.

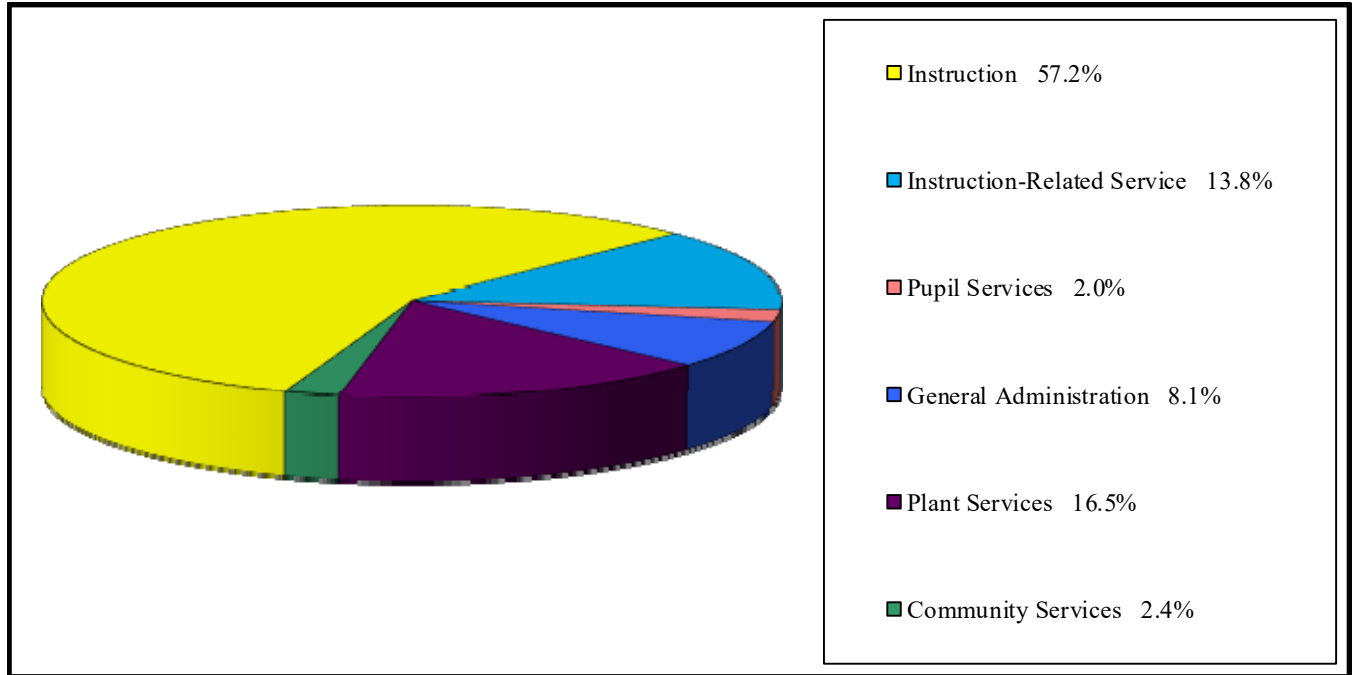
### 2017/2018 General Fund Revenues



### 2017/2018 General Fund Expenditures by Object



## 2017/2018 General Fund Expenditures by Function



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the District had \$1,324,019 invested, net of accumulated depreciation, in capital assets. Current year depreciation expense is \$65,161. The Multi-purposed building was completed in 2016/17. A portion of the expense was capitalized and should not have been included. The reduction was the correction of the asset value.

	Governmental Activities		
	2018	2017	Net Change
<b>CAPITAL ASSETS</b>			
Land Improvements	\$ 115,548	\$ 115,548	\$ -
Buildings And Improvements	2,020,296	2,021,696	(1,400)
Accumulated Depreciation	(811,825)	(746,664)	(65,161)
<b>NET CAPITAL ASSETS</b>	<b>\$ 1,324,019</b>	<b>\$ 1,390,580</b>	<b>\$ (66,561)</b>

### Long-Term Debt

At June 30, 2018, the District had \$2,254,237 in long-term debt. The General Obligation Bonds are held in the Bond Interest and Redemption Fund maintained by Santa Cruz County Treasurer. Changes are associated with the accrual and payment of interest. The premium on the bond was split out and reduced for 2017/18 by the first principal payment on the bond. With the implementation of GASB 68, the District must reflect its amount of unfunded STRS/PERS liability with the State of California. Currently, the District's Net Pension Liability or their portion of the unfunded STRS/PERS liability is \$1,217,733 which is an increase of \$291,826 from the prior year.

	Governmental Activities		
	2018	2017	Net Change
<b>LONG-TERM DEBT</b>			
General Obligation Bonds Payable	\$ 946,707	\$ 919,408	\$ 27,299
Premium On General Obligation Bonds	89,797	96,888	(7,091)
Net Pension Liability	1,217,733	925,907	291,826
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 2,254,237</b>	<b>\$ 1,942,203</b>	<b>\$ 312,034</b>

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference in the original versus final budget amounts and actual versus budget amounts is primarily due to the following:

- ❑ The July 1<sup>st</sup> budget LCFF calculation used a lower 1718 P-2 Tax revenue and higher SSC COLA rates, these assumptions reduced the final budget, but not enough as the final calculation lowered the estimate further.
- ❑ The July 1<sup>st</sup> budget did not include Parent Donations and by the end of the year, actual contributions were much higher.
- ❑ The final budget included additional Special Education Aides salaries that were not needed by the end of the year.

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved June 18, 2018. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- ❑ The District received an unexpected \$55,000 donation to fund teacher enrichment programs and for instructional materials.
- ❑ The District received a \$45,000 grant in the Cafeteria program and increased costs for the purchase of a new stove/oven. However, the duct work for the oven was not included in the grant and the district will budget the cost in Fund 01 \$23,000 and Fund 14 \$22,000.
- ❑ The District gave a 3% COLA after the July 1<sup>st</sup> budget was completed

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

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Eric Gross, P.O. Box H, 50 Ocean Street, Davenport, CA 95017, phone 831-425-7002.

## FINANCIAL SECTION



PACIFIC ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 1,318,914
Accounts receivable	47,555
Capital assets:	
Depreciable, net of accumulated depreciation	<u>1,324,019</u>
Total Assets	<u><u>\$ 2,690,488</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - Pensions	<u>\$ 540,178</u>
Total Deferred Outflows of Resources	<u><u>\$ 540,178</u></u>
LIABILITIES	
Accounts payable	\$ 99,932
Interest payable	12,798
Long-term debt:	
Due after one year	<u>2,254,237</u>
Total Liabilities	<u><u>\$ 2,366,967</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - Pensions	<u>\$ 358,629</u>
Total Deferred Inflows of Resources	<u><u>\$ 358,629</u></u>
NET POSITION	
Net Investment in capital assets	\$ 287,515
Restricted for:	
Capital projects	65,923
Debt service	22,387
Educational programs	69,643
Other purposes (expendable)	57,365
Unrestricted	<u>2,237</u>
Total Net Position	<u><u>\$ 505,070</u></u>

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 917,644	\$ 25,109	\$ 191,668	\$ (700,867)
Instruction-related services:				
Supervision of instruction	5,333	-	2,847	(2,486)
Instructional library, media and technology	14,536	-	-	(14,536)
School site administration	161,812	196	5,888	(155,728)
Pupil services:				
Food services	92,634	43,292	37,117	(12,225)
All other pupil services	27,238	1,638	7,053	(18,547)
General administration:				
Data processing	2,195	-	-	(2,195)
All other general administration	104,986	-	3,977	(101,009)
Plant services	241,003	1,432	1,732	(237,839)
Facility acquisition and construction	1,400	(545)	3,889	1,944
Community services	31,856	-	-	(31,856)
Transfers between agencies	154	-	-	(154)
Interest on long-term debt	56,293	-	-	(56,293)
Other outgo	-	18,279	22,103	40,382
Total Governmental Activities	<u>\$ 1,657,084</u>	<u>\$ 89,401</u>	<u>\$ 276,274</u>	<u>(1,291,409)</u>
<b>GENERAL REVENUES</b>				
Taxes and subventions:				
Property taxes levied for general purposes				255,095
Property taxes levied for debt service				30,947
Taxes levied for other specific purposes				982
Federal and state aid not restricted to specific purposes				782,968
Interest and investment earnings				14,165
Interagency revenues				1,902
Miscellaneous				114,790
Total General Revenues				<u>1,200,849</u>
Change in Net Position				(90,560)
Net Position - Beginning				<u>595,630</u>
Net Position - Ending				<u>\$ 505,070</u>

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018

	General Fund	Child Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,140,936	\$ 34,150	\$ 143,828	\$ 1,318,914
Accounts receivable	41,162	1,496	4,897	47,555
Due from other funds	-	5,316	-	5,316
Total Assets	<u>\$ 1,182,098</u>	<u>\$ 40,962</u>	<u>\$ 148,725</u>	<u>\$ 1,371,785</u>
LIABILITIES				
Accounts payable	\$ 86,566	\$ 10,316	\$ 3,050	\$ 99,932
Due to other funds	5,316	-	-	5,316
Total Liabilities	<u>91,882</u>	<u>10,316</u>	<u>3,050</u>	<u>105,248</u>
FUND BALANCES				
Non spendable				
Restricted	38,997	30,646	97,603	167,246
Assigned				
Other assignments	510,380	-	48,072	558,452
Unassigned				
Reserve for economic uncertainties	75,000	-	-	75,000
Unassigned amount	465,839	-	-	465,839
Total Fund Balance	<u>1,090,216</u>	<u>30,646</u>	<u>145,675</u>	<u>1,266,537</u>
Total Liabilities and Fund Balance	<u>\$ 1,182,098</u>	<u>\$ 40,962</u>	<u>\$ 148,725</u>	<u>\$ 1,371,785</u>

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Detail</u>	<u>Total</u>
Total fund balances - governmental funds		\$ 1,266,537
Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in governmental funds as follows:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Historical cost of capital assets	\$ 2,135,844	
Accumulated depreciation	<u>(811,825)</u>	
		1,324,019
funds until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liabilities for the unmatured interest owing at the end of the period are included on the Statement of Net Position.		(12,798)
Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.		139,269
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, and deferred charges, are included in the Statement of Net Position.		
General obligation bonds payable	(946,707)	
Premium on General Obligation Bonds	(89,797)	
Net pension liability	<u>(1,217,733)</u>	
		(2,254,237)
The District's share of net differences between actual and expected experience are reported in the statement of net position as deferred outflows of resources.		15,552
The District's share of changes in assumptions are reported in the statement of net position as deferred outflows of resources.		151,388
The District's Change in employer's proportion and difference proportionate share contributions are reported in the statement of net position as deferred inflows of resources.		(29,575)
The District's share of net differences between projected and actual earnings on plan investments are reported in the statement of net position as deferred inflows and deferred outflows of resources.		<u>(95,085)</u>
Total net position, governmental activities		<u>\$ 505,070</u>

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Child Development Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local control sources:				
State apportionments	\$ 729,609	\$ -	\$ -	\$ 729,609
Local sources	245,095	-	10,000	255,095
Federal	44,854	-	27,180	72,034
Other state	88,992	39,065	17,676	145,733
Other local	186,484	70,483	107,086	364,053
Total Revenues	1,295,034	109,548	161,942	1,566,524
EXPENDITURES				
Instruction	771,356	103,962	-	875,318
Instruction related services:				
Supervision of instruction	5,606	-	-	5,606
Instructional library, media, and technology	14,536	-	-	14,536
School site administration	165,966	503	-	166,469
Pupil services:				
Food services	-	-	93,684	93,684
All other pupil services	27,238	-	-	27,238
General administration:				
Data processing	2,195	-	-	2,195
All other general administration	107,340	-	-	107,340
Plant services	223,001	478	17,524	241,003
Community services	32,556	-	-	32,556
Transfers between agencies	154	-	-	154
Interest on long-term debt	-	-	36,085	36,085
Total Expenditures	1,349,948	104,943	147,293	1,602,184
Excess (deficiency) of revenues over (under) expenditures	(54,914)	4,605	14,649	(35,660)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	45,000	-	11,700	56,700
Operating transfers out	(10,500)	(1,200)	(45,000)	(56,700)
Total Other Financing Sources (Uses)	34,500	(1,200)	(33,300)	-
Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(20,414)	3,405	(18,651)	(35,660)
Fund Balance - Beginning	1,110,630	27,241	164,326	1,302,197
Fund Balance - Ending	\$ 1,090,216	\$ 30,646	\$ 145,675	\$ 1,266,537

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Total</u>
Total change in fund balances - governmental funds	\$ (35,660)
Amounts reported for governmental activities differ from amounts reported in governmental funds as follows:	
Capital Outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(65,161)
Gain or loss from disposal of capital assets: In governmental the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:	(1,400)
Accreted interest on capital appreciation bonds is accrued as long-term debt in the government wide financials, increasing interest expense.	(27,299)
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	
Premium on General Obligation Bonds	7,091
Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.	139,269
Changes in the net pension liability, deferred outflows of and deferred inflows of resources are reported as pension expenses in the statement of activities.	<u>(107,400)</u>
Change in net position of governmental activities	<u><u>\$ (90,560)</u></u>

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES**

**A.   General Statement**

The Pacific Elementary School District is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a three-member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Santa Cruz County. The District was established in 1905 and serves students in grades K-6.

**B.   Accounting Policies**

The District prepares its basic financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

**C.   Reporting Entity**

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is therefore a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to: whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's general-purpose financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

**D.   Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Statement No. 83, *Certain Asset Retirement Obligations*

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset.

This Statement is effective for periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement is effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

In June of 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.



PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The District will analyze the impact of these new Statements prior to the effective dates listed above.

The provisions of these Statements generally are required to be applied retroactively for all periods presented. Early application, if allowable, was not adopted.

**E. Basis of Presentation**

**1. 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 nonfiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses, as appropriate.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The emphasis in fund financial statements is on the major funds in the activities categories. Non-major funds by category are summarized in to a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's accounts are organized into major and non-major governmental funds as follows:

a. 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.

The *Child Development Fund* is used to account for resources committed to child development programs maintained by the District.

**NOTE 1.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Non-major Governmental Funds

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue funds:

The *Cafeteria Fund* is used to account for revenues and expenditures associated with the District's food service program.

The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of the District's facilities.

*Capital Projects Funds* are used to account for the acquisition and construction of all major governmental capital assets. The District maintains the following non-major capital projects fund:

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings funded primarily with proceeds from the sale of bonds.

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).

*Debt Service Funds* are used to account for the accumulation of resources for, and the debt service payments related to, the District's debt issuances. The District maintains the following non-major debt service fund:

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 payments and redemption of principal of the District's general obligation bond issuance as discussed later in the Notes to Financial Statements.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F.   Basis of Accounting**

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

**1.   Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectable within the current period or with 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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

**2.   Unearned Revenue**

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Expenses/Expenditures

Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated revenue and expenditures. The original and final revised budgets for the General Fund are presented as required supplementary information in these financial statements.

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.

H. 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.

I. Assets, Liabilities, and Equity

1. Cash and Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

2. Receivables

Accounts receivable in governmental fund types consist primarily of receivables from federal, state and local governments for various programs.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Prepaid Expenditures

The District has the option of reporting expenditures for prepaid items in governmental funds either when paid or during the benefiting period. The District has chosen to report the expenditure when paid and, therefore, no asset is reported.

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$20,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis and an annual convention over the following estimated useful lives:

Land improvements	20
Buildings and improvements	20 - 50

5. Compensated Absences

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.

6. 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 plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the State Teachers' Retirement System (STRS) and the California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Accrued Liabilities and Long-Term Obligations

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

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 is reported as other financing sources.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES** (Continued)

8. Deferred Outflows/Inflows of Resources

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

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

9. Fund Balance Classifications

The governmental fund financial statements present fund balances based on a classification hierarchy that depicts the extent to which the District is bound by spending constraints imposed on the use of its resources. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory and prepaid items. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact.

b. Restricted Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

c. Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the highest level of decision-making authority. The constraints giving rise to committed fund balance must be imposed no later than the end of the fiscal year. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

d. Assigned Fund Balance

The assigned fund balance classification reflects amounts that the District intends to be used for specific purposes. Assignments may be established either by the Board of Trustees or by a designee of the Board of Trustees and are subject to neither the restricted nor committed levels of constraint.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.     SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action may be delegated to another body or official.

e. Unassigned Fund Balance and Minimum Fund Balance Policy

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

The Reserve for Economic Uncertainties maintained by the District pursuant to the Criteria and Standards for fiscal solvency adopted by the State Board of Education is a stabilization-like arrangement of the "minimum fund balance policy" type. The Reserve for Economic Uncertainties does not meet the criteria to be reported as either restricted or committed because it is not an externally enforceable legal requirement, and because even where the Reserve for Economic Uncertainties is established by formal action of the District's highest level of decision-making authority, the circumstances in which the Reserve for Economic Uncertainties might be spent are by their nature neither specific nor non-routine. For this reason, the Reserve for Economic Uncertainties is reported as unassigned fund balance.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Board intends to maintain a minimum fund balance of 10% of the District's General Fund annual operating expenditures. If a fund balance drops below 10%, it shall be recovered at a rate of 1% minimally, each year.

The District's policy regarding the order in which spendable fund balances are spent when more than one classification is available for a specific purpose is that they are spent in restricted, committed, assigned, and then unassigned order.

10. Local Control Funding Formula / Property Taxes

The District's local control funding formula revenue is received from 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 January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the 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.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1.**     SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 control funding formula sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

**J.**   Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Cash in County Treasury pools are measured at fair value using level 1 inputs. Fair market value adjustments have not been recorded as they are determined immaterial to the District.

**K.**   Estimates

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



PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2.     CASH AND EQUIVALENTS**

Cash and equivalents at June 30, 2018 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>
Cash and Equivalents	
Pooled Funds:	
Cash in county treasury	<u>\$ 1,318,914</u>
Total Cash and Equivalents	<u><u>\$ 1,318,914</u></u>

**A.   Cash in County Treasury**

In accordance with *Education Code* 41001, the District maintains substantially all of its cash in the Santa Cruz County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, Investments were stated at cost, as the fair market value adjustment at the year-end was immaterial.

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

The Treasury is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2. CASH AND EQUIVALENTS (Continued)**

**B. Investments Authorized by the District's Investment Policy**

The table below identifies the investment types authorized for the District by the *California Government Code* Section 53601. This table also identifies certain provisions of the *California Government Code* that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper - Pooled Funds	270 days	40% of the agency's money	number rating by an NRSRO
Commercial Paper - Non-Pooled Funds	270 days	25% of the agency's money	number rating by an NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds\ Money Market Mutual Funds	N/A	20%	Multiple
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Power Authority Pools	N/A	None	Multiple
Local Agency Investment Funds (LAIF)	N/A	None	None

**C. 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 values to changes in market interest rates. As of June 30, 2018, the weighted average maturity of the investments contained in the Treasury investment pool was 194 days.

**D. Credit Risk**

Generally, credit risk, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2.**     CASH AND EQUIVALENTS (Continued)

E. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2018, the District's bank balances were fully insured.

F. Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

G. Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3. 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 netted as part of the reconciliation to the government wide financial statements.

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

As of June 30, 2018, interfund receivables and payables were as follows:

Due from	Due to	Amount	Purpose
General Fund	Child Development Fund	\$ 5,316	Child Development Fund overpaid H/W General Fund moved Expense/Cash.
Total		<u>\$ 5,316</u>	

All interfund receivables and payables are scheduled to be paid within one year.

**B. Interfund Transfers**

Permanent reallocations of resources between funds of the reporting District are classified as interfund transfers. As of June 30, 2018, interfund transfers are as follows:

Transfers In	Transfers Out	Amount	Purpose
Cafeteria Fund	General Fund	\$ 1,500	Transfer recreation funds to Cafeteria fund per budget.
Cafeteria Fund	General Fund	9,000	Transfer old TIIBG amount to Cafeteria Fund.
Cafeteria Fund	Child Development Fund	1,200	Transfer from Child Development fund to fund for breakfasts.
Other Than Capital Outlay Projects	Building Fund	45,000	Transfer as a return of funds for Building construction.
Total		<u>\$ 56,700</u>	

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 4.     CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2018, are shown below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital Assets Being Depreciated:				
Land improvements	\$ 115,548	\$ -	\$ -	\$ 115,548
Buildings and improvements	2,021,696	-	(1,400)	2,020,296
Total Capital Assets Being Depreciated	<u>2,137,244</u>	<u>-</u>	<u>(1,400)</u>	<u>2,135,844</u>
Less Accumulated Depreciation for:				
Land improvements	(115,548)	-	-	(115,548)
Buildings and improvements	(631,116)	(65,161)	-	(696,277)
Total Accumulated Depreciation	<u>(746,664)</u>	<u>(65,161)</u>	<u>-</u>	<u>(811,825)</u>
Total Capital Assets Being Depreciated, Net	<u>1,390,580</u>	<u>(65,161)</u>	<u>(1,400)</u>	<u>1,324,019</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,390,580</u>	<u>\$ (65,161)</u>	<u>\$ (1,400)</u>	<u>\$ 1,324,019</u>

Depreciation expense was charged to governmental activities as follows:

struction	<u>\$ 65,161</u>
Total Depreciation Expense	<u><u>\$ 65,161</u></u>

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5. GENERAL OBLIGATION BONDS**

In August 2013, the District issued General Obligation Bonds in the amount of \$828,471 for the purpose of financing the renovation, construction and improvement of school facilities in the District. The bonds were authorized pursuant to the election of the registered voters of the District held on November 6, 2012 and are payable from the ad valorem taxes to be levied annually upon all properties subject to taxation by the District. The current interest and capital appreciation bonds interest rates range between 5.25% and 12.00%. The bonds are scheduled to mature through August 2052.

The outstanding bonded debt of the District as of June 30, 2018 is as follows:

<b>General Obligation Bonds</b>	<b>Date of Issuance</b>	<b>Interest Rate %</b>	<b>Maturity Date August 1</b>	<b>Amount of Original Issue</b>	<b>Outstanding Principal and Accreted Interest June 30, 2017</b>	<b>Current Year Additions</b>	<b>Accreted Interest Current Year</b>	<b>Redeemed Current Year</b>	<b>Balance June 30, 2018</b>
2012 Current Interest	2013	5.25	2052	\$ 585,000	\$ 585,000	\$ -	\$ -	\$ -	\$ 585,000
2012 Capital Appreciation	2013	8.00 - 12.00	2047	1,635,000	334,408	-	27,299	-	361,707
Totals					<u>\$ 919,408</u>	<u>\$ -</u>	<u>\$ 27,299</u>	<u>\$ -</u>	<u>\$ 946,707</u>

Future debt service requirements related to this liability will continue to be accounted for in the District's Bond Interest and Redemption Fund and are as follows:

<b>For the Year Ended June 30:</b>	<b>Principal and Accreted Interest</b>	<b>Future Interest</b>	<b>Total</b>
2019	\$ 19,682	\$ 31,032	\$ 50,714
2020	-	30,714	30,714
2021	-	30,714	30,714
2022	-	30,714	30,714
2023	-	30,714	30,714
2024 - 2028	46,311	177,259	223,570
2029 - 2033	58,548	225,022	283,570
2034 - 2038	66,467	307,103	373,570
2039 - 2043	64,496	404,074	468,570
2044 - 2048	106,203	927,367	1,033,570
2049 - 2053	585,000	71,534	656,534
Totals	<u>\$ 946,707</u>	<u>\$ 2,266,247</u>	<u>\$ 3,212,954</u>

The District has sold its bonds at a total net premium of \$124,661. The premiums are being amortized using the straight-line method over the life of the related bond issue as a reduction in annual interest expense. Amortization of \$7,091 was recognized during the 2016-17 fiscal year.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6. PENSION PLANS**

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

**A. California State Teachers' Retirement System**

**1. Plan Description and Provisions**

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS 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 CalSTRS website.

**2. Benefits Provided**

The plan provides retirement, disability, and survivor benefits to beneficiaries. Beneficiaries of a retired member who elected an option receive a continuing lifetime benefit upon the member's death.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>After January 1, 2013</u>	<u>On Or Before December 31, 2012</u>
Hire Date		
Benefit Formula	2% @ age 62	2% @ age 60
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Payable upon retirement	Payable upon retirement
Retirement Age	Age 50 with at least 30 years service or age 55 with at least 5 years service	Age 55 with at least 5 years service
Monthly Benefits as a % of Eligible Compensation	Variable based on age factor 2.0% at age 62 to 2.4% at age 65	Variable based on age factor 2.0% at age 60 to 2.4% maximum
Required Employee Contribution Rates	9.205%	10.250%
Required Employer Contribution Rates	14.43%	14.43%
Required State Contribution Rates	9.328%	9.328%

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.**     PENSION PLANS (Continued)

3.   Contributions

Active plan members are required to contribute 9.21% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$     130,649
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4.   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 increase per Assembly Bill 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 State Teachers Retirement Plan's (STRP) 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.



PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.**     PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

	Asset Allocation	Long-Term Expected Real Rate of Return (20-year average)
Global Equity	47.00%	6.30%
Private Equity	13.00%	9.30%
Real Estate	13.00%	5.20%
Inflation Sensitive	4.00%	3.80%
Absolute Return	9.00%	2.90%
Fixed Income	12.00%	0.30%
Liquidity (Cash)	2.00%	-1.00%
Total	100%	

5. On Behalf Payment

The State of California makes contributions to STRS on behalf of the District. Under accounting principles generally accepted in the United States of America, these amounts have been recorded as revenue in the government-wide financial statements. For the year ended June 30, 2018 the District has recorded \$41,582 of State on behalf payments as revenue.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.     PENSION PLANS** (Continued)

**B. California Public Employees' Retirement System**

**1. Plan Description and Provisions**

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**2. Benefits Provided**

The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. 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 Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

Hire Date	<u>After January 1, 2013</u>	<u>On Or Before December 31, 2012</u>
Benefit Formula	2% @ age 62	2% @ age or 55
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly	Monthly
Retirement Age	Age 52 with at least 5 years service	Age 50 with at least 5 years service
	Variable based on age factor	Variable based on age factor
Monthly Benefits as a % of Eligible Compensation	2.0% at age 62 to 2.4% maximum	2.0% at age 55 to 2.5% maximum
Required Employee Contribution Rates	6.00%	7.00%
Required Employer Contribution Rates	13.89%	13.89%

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.**     PENSION PLANS (Continued)

3.   Contributions

Active plan members are required to contribute 6.00% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$       25,519
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4.   Discount Rate

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

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.     PENSION PLANS** (Continued)

In determining the long-term expected rate of return, staff 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 funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

	Asset Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Entity	47.00%	4.90%	5.38%
Private Equity	12.00%	6.60%	6.63%
Fixed Income	19.00%	0.80%	2.27%
Real Estate	11.00%	2.80%	5.21%
Liquidity	2.00%	-0.40%	-0.90%
Inflation Assets	6.00%	0.60%	1.39%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Total	100%		

(a) an expected inflation of 2.50% used for this period

(b) an expected inflation of 3.00% used for this period

**C. Social Security**

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

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.     PENSION PLANS** (Continued)

**D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

**1. Pension Liability**

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

CalSTRS	\$           871,580
CalPERS	<u>346,153</u>
Total District net pension liability	1,217,733
State's proportionate share of the CalSTRS net pension liability associated with the District	<u>515,620</u>
Total	<u><u>\$       1,733,353</u></u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportion - June 30, 2016	0.0008%	0.0014%
Proportion - June 30, 2017	0.0009%	0.0015%
Change - Increase (Decrease)	0.0001%	0.0001%

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.     PENSION PLANS** (Continued)

2. Pension Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the District recognized pension expense of \$107,400. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 139,269	\$ -
Differences between actual and expected experience	26,923	(11,371)
Changes in assumptions	158,708	(7,320)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share contributions	155,159	(184,734)
Net differences between projected and actual earnings on plan investments	<u>60,119</u>	<u>(155,204)</u>
Total	<u><u>\$ 540,178</u></u>	<u><u>\$ (358,629)</u></u>

The \$139,269 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

For the Year Ended June 30:

2019	\$ (11,549)
2020	34,768
2021	37,058
2022	(6,842)
2023	(4,605)
Thereafter	<u>(6,550)</u>
Totals	<u><u>\$ 42,280</u></u>

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6.     PENSION PLANS (Continued)**

3. Actuarial Assumptions.

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Measurement Period	July 1, 2010 through June 30, 2015	July 1, 2015 to June 30, 2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation Rate	2.75%	2.75%
Payroll Growth	3.50%	Varies by Entry Age and Service
Investment Rate of Return	7.10%	7.50%
Experience Study / Period Upon Which Actualial Experience Survey Assumptions Were Based	2010-2015  (Custom CalSTRS rates) See June 30, 2016 DB Program funding valuation for details	1997-2011  Derived using CalPERS' Membership Data for all Funds
Mortality Rate	2.00% simple for DB (Annually) Maintain 85% purchasing power level DB, Not applicable for DBS/CBB	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Post-retirement Benefit Increases		

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6. PENSION PLANS** (Continued)

4. 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 each Plan, calculated using the discount rate for each 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>CalSTRS</u>		<u>CalPERS</u>	
1% Decrease		6.10%		6.15%
Net Pension Liability	\$	1,279,757	\$	509,302
Current Discount Rate		7.10%		7.15%
Net Pension Liability	\$	871,580	\$	346,153
1% Increase		8.10%		8.15%
Net Pension Liability	\$	540,318	\$	210,807

5. Pension Plan Fiduciary Net Position

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

**NOTE 7. GENERAL LONG-TERM DEBT – SCHEDULE OF CHANGES**

A schedule of changes in long-term debt for the year ended June 30, 2018 is shown below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds Payable	\$ 919,408	\$ 27,299	\$ -	\$ 946,707	\$ 19,682
Premium on General Obligation Bonds	96,888	-	7,091	89,797	5,974
Net Pension Liability	925,907	291,826	-	1,217,733	-
Totals	<u>\$ 1,942,203</u>	<u>\$ 319,125</u>	<u>\$ 7,091</u>	<u>\$ 2,254,237</u>	<u>\$ 25,656</u>

General obligation bonds issued for governmental activity purposes are liquidated by the Bond Interest and Redemption Fund. The net pension liability is liquidated from the funds for which the related employees are compensated.



PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8.**     RESTRICTED NET POSITION

The government-wide statement of net position reports \$215,318 of restricted net position, of which \$22,387 is restricted by enabling legislation.

**NOTE 9.**     PACIFIC SCHOOL FOUNDATION

The Pacific School Foundation (PSF) was established as a 501(c)(3) non-profit organization in 1990 with the primary mission of providing additional financial support to the District. PSF has established an Endowment Fund the earnings of which are used to support the District, sponsors a variety of fundraising events throughout the school year, and seeks grants from businesses and foundations.

During the year ended June 30, 2018, PSF provided support in the amount of \$48,875 to the District. PSF donations covered salary and benefits for a substitute Aide; Instructors for Visual and Performing Arts; material costs for the Life Lab program; purchase of new Chrome books and charging cart; Library services and the purchase of Adopted textbooks. The donation increased by \$12,000 from the prior year.

**NOTE 10.**    JOINT POWERS AGREEMENTS

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2018, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

- The Southern Peninsula Region Property and Liability Insurance Group (SPRIG) arrange for and provide property and liability insurance coverage for its member agencies.
- The Santa Cruz - San Benito County Schools Insurance Group (SC-SBCSIG) is an insurance purchasing pool, the intent of which is to achieve the benefits of a reduced premium for the member agencies by virtue of its grouping and representation with other participants in the SC-SBCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the SC-SBCSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity-pooling fund" arrangement insures that each participant shares equally in the overall performance of the SC-SBCSIG.
- The Self-Insured Schools of California (SISC) SISC III arranges for and provides medical insurance coverage for its member school districts.
- The Santa Cruz County School Health Insurance Group (HIG) arranges for and provides dental and vision insurance coverage for its member school districts.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10.**     JOINT POWERS AGREEMENTS (Continued)

The District also participated in one JPAs for other administrative and program operations as follows:

- The North Santa Cruz County Special Education Local Plan Area arranges for and provides special education services for students of member school districts.

The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. Each joint venture is governed by a board consisting of representatives from various member Districts. Each board controls the operations of the JPA, including selection of management, 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 proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

**NOTE 11.**     STATE TEACHERS' RETIREMENT SYSTEM EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2017/2018, pursuant to California Education Code, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

**NOTE 12.**     COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

As of June 30, 2018 the District is not currently involved in any litigation.

C. Commitments

As of June 30, 2018 the District had no material commitments outstanding.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 13.**     SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the District through January 29, 2019 and concluded that no subsequent event(s) have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION SECTION

PACIFIC ELEMENTARY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Local control sources:				
State apportionments	\$ 768,010	\$ 749,472	\$ 729,609	\$ (19,863)
Local sources	216,160	236,395	245,095	8,700
Federal	45,038	39,874	44,854	4,980
Other state	70,978	84,821	88,992	4,171
Other local	136,221	164,344	186,484	22,140
Total Revenues	1,236,407	1,274,906	1,295,034	20,128
EXPENDITURES				
Certificated salaries	504,902	524,789	515,098	9,691
Classified salaries	199,042	207,660	192,406	15,254
Employee benefits	276,343	269,598	264,174	5,424
Books and supplies	34,250	54,701	46,066	8,635
Services and other operating expenditures	215,256	348,932	332,050	16,882
Other outgo	250	250	154	96
Total Expenditures	1,230,043	1,405,930	1,349,948	55,982
Excess (deficiency) of revenues over expenditures before other financing				
Sources (uses)	6,364	(131,024)	(54,914)	76,110
OTHER FINANCING SOURCES (USES)				
Transfers in	45,000	45,000	45,000	-
Transfers out	(10,500)	(10,500)	(10,500)	-
Total Other Financing Sources (Uses)	34,500	34,500	34,500	-
Net Increase (Decrease) in Fund Balance	40,864	(96,524)	(20,414)	76,110
Fund Balance - Beginning	1,110,630	1,110,630	1,110,630	-
Fund Balance - Ending	\$ 1,151,494	\$ 1,014,106	\$ 1,090,216	\$ 76,110

See accompanying notes to required supplementary information.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD DEVELOPMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Other state	\$ 40,000	\$ 32,000	\$ 39,065	\$ 7,065
Other local	59,800	70,900	70,483	(417)
Total Revenues	99,800	102,900	109,548	6,648
EXPENDITURES				
Classified salaries	71,174	71,195	68,425	2,770
Employee benefits	38,820	38,822	34,173	4,649
Books and supplies	2,600	1,100	1,364	(264)
Services and other operating expenditures	1,050	1,050	981	69
Total Expenditures	113,644	112,167	104,943	7,224
Excess (deficiency) of revenues over expenditures before other financing Sources (uses)	(13,844)	(9,267)	4,605	13,872
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,200)	(1,200)	(1,200)	-
Total Other Financing Sources (Uses)	(1,200)	(1,200)	(1,200)	-
Net Increase (Decrease) in Fund Balance	(15,044)	(10,467)	3,405	13,872
Fund Balance - Beginning	27,241	27,241	27,241	-
Fund Balance - Ending	\$ 12,197	\$ 16,774	\$ 30,646	\$ 13,872

See accompanying notes to required supplementary information.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>CALSTRS</b>				
District's proportion as percentage of the net pension liability	0.0010%	0.0011%	0.0008%	0.0009%
District's proportionate share of the net pension liability	\$ 584,370	\$ 740,564	\$ 649,406	871,580
State's proportionate share of the net pension liability associated with the District	<u>352,871</u>	<u>391,642</u>	<u>369,695</u>	<u>515,620</u>
Total	<u>\$ 937,241</u>	<u>\$ 1,132,206</u>	<u>\$ 1,019,101</u>	<u>1,387,200</u>
District's covered payroll	285,423	311,508	264,388	687,626
District's proportionate share of the net pension liability as a percentage of covered payroll	205%	238%	246%	126.75%
Plan's fiduciary net position	\$ 190,474,016,000	\$ 191,822,000,000	189,113,000,000	210,289,900,000
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%
<b>CALPERS</b>				
District's proportion as percentage of the net pension liability	0.0014%	0.0014%	0.0014%	0.0015%
District's proportionate share of the net pension liability	\$ 158,934	\$ 206,361	\$ 276,501	346,153
District's covered payroll	146,076	158,824	162,711	327,423
District's proportionate share of the net pension liability as a percentage of covered payroll	109%	130%	170%	105.72%
Plan's fiduciary net position	\$ 57,011,696,000	\$ 56,911,065,643	55,912,964,588	60,998,387,000
Plan fiduciary net position as a percentage of the total pension liability	83.5%	79.4%	73.9%	71.9%

See accompanying notes to required supplementary information.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSION  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>CALSTRS</b>				
Contractually required contribution (actuarially determined)	\$ 36,812	\$ 45,005	\$ 40,516	\$ 62,522
Contributions in relation to the actuarially determined contributions	<u>37,105</u>	<u>40,496</u>	<u>44,946</u>	<u>130,649</u>
Contribution deficiency (excess)	<u>(293)</u>	<u>4,509</u>	<u>(4,430)</u>	<u>(68,127)</u>
Covered Payroll	\$ 285,423	\$ 311,508	\$ 264,388	\$ 687,626
Contributions as a percentage of covered payroll*	13%	13%	17%	19%
<b>CALPERS</b>				
Contractually required contribution (actuarially determined)	\$ 17,200	\$ 18,873	\$ 19,571	\$ 25,637
Contributions in relation to the actuarially determined contributions	<u>17,237</u>	<u>18,900</u>	<u>19,688</u>	<u>45,479</u>
Contribution deficiency (excess)	<u>\$ (37)</u>	<u>\$ (27)</u>	<u>\$ (117)</u>	<u>\$ (19,842)</u>
Covered Payroll	146,076	158,824	162,711	327,423
Contributions as a percentage of covered payroll*	11.8%	11.9%	12.1%	14%

\* Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use the measure in schedules of required supplementary information. Statement No. 82 amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.



PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1.     PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION**

**A.   Budgetary Comparison Schedule**

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund that has a legally adopted budget. The originally adopted and final revised budgets are presented for such funds. 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 Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code.

**B.   Schedule of the District's Proportionate Share of the Net Pension Liability**

The Schedule of the District's Share of the Net Pension Liability presents multi-year trend information which compares, over time, the District's proportionate share of the net pension liability as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

**1.   Changes in Benefits Terms:**

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

Effective January 1, 2013, Chapter 296, Statutes of 2012 (AB 340-Furutani), was enacted in 2012. The law, known as the California Public Employees' Pension Reform Act (PEPRA) of 2013, reduces retirement benefits for educators who were hired after 2012. Specifically, for members subject to PEPRA (CalSTRS 2% at 62 members). Significant changes to the law compared to the CalSTRS 2% at 60 benefit formula include rising the normal retirement age from 60 to 62, reducing benefit factors at all ages less than age 65, final compensation is now based on a 36-month period, the definition of credible compensation is reduced, and places a limit on creditable compensation to 120 percent of the Social Security wage base annually adjusted for changes in the Consumer Price Index.

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

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1.**     PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION (Continued)

2. Changes in Assumptions:

a. CalSTRS

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. There were no changes in major assumptions.

b. CalPERS

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

C. Schedule of the District's Plan Contributions

The Schedule of the District's Plan Contributions presents multi-year trend information which compares, over time, required contributions and actual contributions as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented, as the current year information from the plan was not available. The excess or deficiency of contributions in relation to the actuarially determined contributions has not been recorded as deferred inflows or outflows as they have been determined immaterial.

**NOTE 2.**     EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2018, expenditures exceeded appropriations by the following amounts:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Child Development Fund	
Classified salaries	\$       264

These excess expenditures were offset by unexpended appropriations in other categories.

## SUPPLEMENTARY INFORMATION SECTION

PACIFIC ELEMENTARY SCHOOL DISTRICT  
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Other Governmental Funds
ASSETS						
Cash and equivalents	\$ 29,833	\$ 25,685	\$ 63,559	\$ 2,364	\$ 22,387	\$ 143,828
Accounts receivable	4,897	-	-	-	-	4,897
Total Assets	<u>\$ 34,730</u>	<u>\$ 25,685</u>	<u>\$ 63,559</u>	<u>\$ 2,364</u>	<u>\$ 22,387</u>	<u>\$ 148,725</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 3,050	\$ -	\$ -	\$ -	\$ -	\$ 3,050
Total Liabilities	<u>3,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,050</u>
Fund Balance:						
Non spendable						
Restricted	31,680	-	63,559	2,364	-	97,603
Assigned						
Other assignments	-	25,685	-	-	22,387	48,072
Total Fund Balance	<u>31,680</u>	<u>25,685</u>	<u>63,559</u>	<u>2,364</u>	<u>22,387</u>	<u>145,675</u>
Total Liabilities and Fund Balance	<u>\$ 34,730</u>	<u>\$ 25,685</u>	<u>\$ 63,559</u>	<u>\$ 2,364</u>	<u>\$ 22,387</u>	<u>\$ 148,725</u>

See accompanying notes to supplementary information.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Other Governmental Funds
<b>REVENUES</b>						
Local control sources:						
Local sources	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Federal	27,180	-	-	-	-	27,180
Other state	1,769	15,755	-	-	152	17,676
Other local	65,209	8,621	1,282	29	31,945	107,086
Total Revenues	94,158	34,376	1,282	29	32,097	161,942
<b>EXPENDITURES</b>						
Classified salaries	36,886	-	-	-	-	36,886
Employee benefits	14,025	-	-	-	-	14,025
Books and supplies	40,852	-	-	-	-	40,852
Services and other operating expenditures	1,921	15,724	1,800	-	-	19,445
Debt Service:						
Interest	-	-	-	-	36,085	36,085
Total Expenditures	93,684	15,724	1,800	-	36,085	147,293
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	474	18,652	(518)	29	(3,988)	14,649
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	11,700	-	-	-	-	11,700
Transfers out	-	-	(45,000)	-	-	(45,000)
Total Other Financing Sources (Uses)	11,700	-	(45,000)	-	-	(33,300)
Net Increase (Decrease) in Fund Balance	12,174	18,652	(45,518)	29	(3,988)	(18,651)
Fund Balance - Beginning	19,506	7,033	109,077	2,335	26,375	164,326
Fund Balance - Ending	\$ 31,680	\$ 25,685	\$ 63,559	\$ 2,364	\$ 22,387	\$ 145,675

See accompanying notes to supplementary information.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Grades TK / K-3:				
Regular Average Daily Attendance	66.25	N/A	65.98	N/A
Extended Year Special Education	0.04	N/A	0.04	N/A
Grades TK / K-3 Totals	66.29	N/A	66.02	N/A
Grades 4 - 6:				
Regular Average Daily Attendance	46.95	N/A	46.74	N/A
Extended Year Special Education	0.03	N/A	0.03	N/A
Grades 4 - 6 Totals	46.98	N/A	46.77	N/A
Total ADA	113.27	N/A	112.79	N/A

N/A - There were no audit findings resulted in necessary revisions to attendance.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Requirement	2017/2018 Actual Minutes	Number of Days Traditional Calendar <sup>1</sup>	Status
Kindergarten	36,000	37,800	180	In Compliance
Grade one	50,400	51,340	180	In Compliance
Grade two	50,400	51,340	180	In Compliance
Grade three	50,400	51,340	180	In Compliance
Grade four	54,000	54,740	180	In Compliance
Grade five	54,000	54,740	180	In Compliance
Grade six	54,000	54,740	180	In Compliance

<sup>1</sup> The District did not utilize a multitrack calendar during the 2017/2018 year.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018

General Fund:	(Budgeted) *			
	2018/2019	2017/2018	2016/2017	2015/2016
Revenues and Other Financing Sources	\$ 1,407,965	\$ 1,340,034	\$ 1,372,837	\$ 1,292,605
Expenditures	1,243,070	1,349,948	1,259,090	1,175,223
Other Uses and Transfers Out	103,509	10,500	8,953	7,073
Total Outgo	1,346,579	1,360,448	1,268,043	1,182,296
Change in Fund Balance	61,386	(20,414)	104,794	110,309
Ending Fund Balance	\$ 1,151,602	\$ 1,090,216	\$ 1,110,630	\$ 1,005,836
Available Reserves <sup>1</sup>	\$ 584,742	\$ 540,839	\$ 492,744	\$ 523,846
Reserve for Economic Uncertainties	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Unassigned Fund Balance	\$ 509,742	\$ 465,839	\$ 492,744	\$ 448,846
Available Reserves as a percentage of Total Outgo	43.4%	39.8%	38.9%	44.3%
Total Long-Term Debt	\$ 2,254,237	\$ 2,254,237	\$ 1,942,203	\$ 1,944,776
Average Daily Attendance at P-2	113	113	101	110

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

The General Fund balance has increased by \$84,380 over the past two years. The District has incurred an operating deficit in one of the past three years. The 2018/2019 General Fund budget projects a increase of \$61,386 (5.6%).

For a District of this size, the state recommends available reserves of at least 5% of total General Fund expenditures, transfers out, and other uses (other outgo).

Total long-term debt has increased by \$309,461 over the past two years.

Average daily attendance has increased by 3 ADA over the past two years. The ADA is anticipated to remain stable during the fiscal year 2018/2019.

\* The 2018/2019 budget is included for analytical purposes only and has not been subjected to audit.

<sup>1</sup> Available reserves consists of all unassigned fund balances and reserves for economic uncertainty that are contained within the governmental funds. Unassigned fund balances are typically only reported in the General Fund. However, other governmental funds may report negative unassigned fund balances and are included in the reported available reserves.



PACIFIC ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND  
BUDGET REPORT (SACS) WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects *
June 30, 2018 Annual Financial and Budget Report (SACS) Fund Balance	\$ 825,555	\$ 264,661
Adjustments and Reclassifications:		
Reclassification for financial statement presentation	264,661	(264,661)
June 30, 2018 Audited Financial Statement Fund Balance	<u>\$ 1,090,216</u>	<u>\$ -</u>

\* This audit reclassification is made for financial presentation purposes only, pursuant to GASB 54 which, when applied, does not recognize this fund as a special revenue fund type. Therefore, the fund balance is consolidated with the General Fund. However, the District is permitted under current State law to account for this fund as a special revenue fund type for interim reporting and budgeting purposes.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1.     PURPOSE OF SUPPLEMENTARY INFORMATION**

**A. Other Governmental Funds Financial Statements**

These statements provide information on the Pacific Elementary School District's (District) Governmental non-major funds, by object.

**B. Schedule of Average Daily Attendance**

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

**C. Schedule of Instructional Time**

This schedule presents information on the amount of instructional time and number of days offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46208. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and has not met its local control funding formula target.

**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. Reconciliation of Annual Financial and Budget Report (SACS) with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

**F. Schedule of Charter School**

This schedule represents a complete listing of all charter schools authorized by the District and indicates whether their financial activities and balances have been included in the District's annual audited financial statements for the year ended June 30, 2018. The District has not authorized any Charter Schools; therefore this schedule has not been included for 2017/2018.

## OTHER INDEPENDENT AUDITOR'S REPORTS

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Pacific Elementary School District  
Davenport, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pacific Elementary School District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

 Robertson & Associates, CPAs

Lakeport, California  
January 29, 2019

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Pacific Elementary School District  
Davenport, California

### Compliance

We have audited Pacific Elementary School District (District)'s compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a material effect on each of the District's state programs for the year ended June 30, 2018.

### Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the District's management.

### Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	No, See Below
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	No, See Below
Apprenticeship Program	Not Applicable
School Districts, County Office of Education and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study For Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" used above is to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Ratios of Administrative Employees to Teachers because the District has one or fewer administrators.

We did not perform testing for Transportation Maintenance of Effort because there were no expenditures in 2012/2013.

### **Opinion on State Programs**

In our opinion, the Pacific Elementary School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2018.

*Robinson & Associates, CPAs*

Lakeport, California

January 29, 2019



## FINDINGS AND RESPONSES SECTION

PACIFIC ELEMENTARY SCHOOL DISTRICT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

**Financial Statement Findings**

There were no findings or questioned costs relative to the financial statements.

**Federal Award Findings and Questioned Costs**

There were no findings or questioned costs relative to federal awards or programs.

**State Award Findings and Questioned Costs**

There were no findings or questioned costs relative to state awards or programs.

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	District Explanation, If Not Implemented
<p>2017-001    The District is recording the long-term independence Study on a negative based attendance. The District is recording absences and recording independent study credit, therefore not following the board approved independent study codes for recording long-term independent study complete or incomplete.</p> <p>These days cannot be recorded as unexcused or excused absences because the pupil is not absent, but on independent study – the days are either apportionment or non-apportionment days. The attendance recorded for these independent study days remain as non-apportionment days until the student work is evaluated by the supervising teacher, at which point the attendance record is changed to reflect independent study apportionment for each ADA credit given by the supervising teacher. Non-credited days are to remain as independent study non-apportionment, not unexcused.</p> <p>It was also noted that there was one pupil placed on independent study for short-term disabilities (i.e. broken arm, surgery, physical therapy).</p> <p>After the District did a full review and revision it is noted that supervising teacher has evaluated and granted 100% IS credit for all pupils for the year.</p> <p>The District should review the compliance requirements for independent study attendance accounting. In addition, the District should also review the independence study Board policies and guidelines to claim ADA.</p>	Implemented	
<p>2017-002    The District had one student that was retained in the current year. The District had on file a kindergarten continuance form but was missing the required date</p> <p>The District should take steps to ensure that kindergarten continuance forms are accurate and completed with dates and signatures. The District should revise the P-2 and Annual reports of attendance to the State to reflect a reduction in kindergarten ADA of 1.0 and 1.0, respectively.</p>	Implemented	

PACIFIC ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	District Explanation, If Not Implemented
<p>2017-003    The District's governing board held the required public hearing at 9 AM, which is during school hours and, therefore, doesn't allow for the attendance of teachers and parents and guardians of pupils.</p> <p>              The District's governing board should hold the public hearing at a time that will encourage the attendance of teachers and parents and guardians of pupils to attend.</p>	<p>Implemented</p>	

**Pacific Elementary School District  
Resolution # 2018-7**

**A RESOLUTION TO THE BOARD OF SUPERVISORS  
OF THE COUNTY OF SANTA CRUZ  
REGARDING THE CEMEX PLANT PROPERTY REUSE**

**WHEREAS**, we, the elected Board of Trustees of the Pacific Elementary School District, in Santa Cruz County, have an interest in the reuse of the CEMEX Cement Plant property, we are writing from the perspective of the school community, with the goal of highlighting potential opportunities and impacts to Pacific School District.

**WHEREAS**, the CEMEX property is located in the Pacific School Elementary District, which is one of the smallest in the County. Pacific has a current student enrollment 117. We are funded via Average Daily Attendance, so our budget is highly dependent upon having an enrollment that maximizes our capacity. Because the district is small and the number of K-6<sup>th</sup> grade children is also small and variable, the school has prided itself on providing a unique educational atmosphere that attracts students from nearby districts in order to assure that we have sufficient attendance to fund the school.

**WHEREAS**, the parents at Pacific Elementary are engaged and provide countless hours of volunteer work, direct donations, and fundraising appeals to provide for school programs and assist with maintenance and infrastructure. In a word, our school is dependent upon our community.

**WHEREAS**, we believe that the reuse of the CEMEX plant provides a unique opportunity to stabilize school enrollment, school funding and the Davenport community.

**NOW, THEREFORE, BE IT RESOLVED** that for the benefit of the school and the community, we strongly believe that any reuse plan should include residential development. While we recognize the importance of visitor-serving businesses, the community is in danger of losing itself in solely catering to North Coast tourism. While the proposed reuse plans include limited housing for business employees, we believe that the plan should go beyond this. Indeed, we feel that the reuse of the plant provides the opportunity to create a “Really Newtown Davenport” that would link the New and Old town communities that have been separated for a century. A modest influx of families with children will assure the viability of the district. This is particularly important, as K-6 enrollments have been declining in Santa Cruz County. Thus, we are resolved to strongly encourage the Board of Supervisors to consider a plan that includes permanent residences, at roughly 30% increase of current residents for the community. This will provide the needed infrastructure support, economy of scale, and stability of attendance to assure the long-term survival of our small Pacific Elementary School District.

Ayes: \_\_\_\_\_

Noes: \_\_\_\_\_

Abstentions: \_\_\_\_\_

Absences: \_\_\_\_\_

Date: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary to the Board of Trustees

\_\_\_\_\_  
President, Board of Trustees

## RESOLUTION OF THE BOARD OF TRUSTEES

### IN SUPPORT OF PROPOSITION 58 AND STATE BOARD OF EDUCATION'S EL ROADMAP

#### RESOLUTION 2019-6

**Whereas**, Proposition 58: EdGE (Education for a Global Economy) passed by an over 70% majority on November 8, 2016, reflecting California's strong support for preparing all students for college and careers in a multilingual 21st century economy;

**Whereas**, the California State Board of Education adopted an English Learner Roadmap in July 2017 calling for school districts to ensure that English Learner (EL) students attain high levels of English proficiency, mastery of grade level standards and have opportunities to develop proficiency in multiple languages starting in Early Childhood Education (ECE);

**Whereas**, approximately 15% of District students, ECE-6<sup>th</sup> grade, are currently learning academic English as a second language, leading to higher education and global careers as multilingual speakers;

**Whereas**, another approximately 10% of the District's students, ECE-6<sup>th</sup> grade, already have strong proficiency in English but also speak another language, these students can be better prepared to compete in the global workforce as multilingual speakers;

**Whereas**, the District is committed to aligning all of its programs and services for EL students with the State Board's EL Roadmap;

**Now, therefore, be it Resolved**, that the Governing Board of the Pacific Elementary School District hereby directs its Superintendent to:

1. Develop and strengthen language acquisition program options for the District's students, ECE-6<sup>th</sup> grade; and
2. Work with parents of English learner students in the development and improvement of the District's language acquisition programs and educate all parents regarding the District's language acquisition programs; and
3. Evaluate current programs and services for the District's EL students, in order to determine what changes may be needed in order to ensure alignment with the State Board's EL Roadmap; and
4. Implement changes needed to ensure alignment between the District's programs and services for EL students, ECE-6<sup>th</sup> grade, with the State Board's EL Roadmap to be included in the District's LCAP; and
5. Implement and expand recognition for attainment of proficiency in English and another language leading to the awarding of the State Seal of Biliteracy.

Ayes: \_\_\_\_\_

Noes: \_\_\_\_\_

Absences: \_\_\_\_\_

Abstentions: \_\_\_\_\_

Attest: \_\_\_\_\_

**PACIFIC ELEMENTARY SCHOOL DISTRICT**

**RESOLUTION # 2019-8**

Resolution in the Matter of the Santa Cruz County Office of Education of  
Providing Temporary Cash Loans to Pacific Elementary School District

**RESOLVED**, by the Board of Trustees of the Pacific Elementary School District, a  
School district in the County of Santa Cruz, State of California, that

**WHEREAS**, pursuant to Education Code Section 42620, when a school district does not have  
sufficient money to its credit to meet current expenses of maintenance of the district, the board of  
supervisors of the county shall order, and the auditor and treasurer of the county shall make, a temporary  
transfer from any funds of the county not immediately needed to pay claims against them, to the school  
fund of the amount needed, not exceeding 85% of the amount of money which will accrue to the school  
district during the fiscal year; and

**WHEREAS**, funds borrowed from County Treasury as defined above need to be repaid by April 30,  
2019; and

**WHEREAS**, the Santa Cruz County Office of Education has agreed to provide temporary cash loans to  
school districts residing within Santa Cruz County for funds needed for operating expenditures between  
the time frame of April 30 through June 30, 2019; and

**WHEREAS**, the Pacific Elementary School District may need to borrow the sum of up to \$200,000 to  
cover operating expenses to complete the 2018-19 fiscal year; and

**WHEREAS**, the Pacific Elementary School District will receive funding during the course of the 2018-  
19 fiscal year from both the state and local property tax sources, and will rely on those funds to repay  
temporary cash borrowing if any;

**NOW, THEREFORE, IT IS DETERMINED AND ORDERED** that the Governing Board of the  
Pacific Elementary School District requests temporary cash flow transfers as needed during the time  
frame of April 30 and June 30, 2019 to cover the current expenses of the district, to be repaid by way of a  
transfer made by the County Treasurer of any monies accruing to the district before any other obligation  
of the district are paid from those monies.

**BE IT FURTHER RESOLVED** that the loan shall be subject to interest at the pooled treasury rate.

**PASSED AND ADOPTED** by the Governing Board of the Pacific Elementary School District, County  
of Santa Cruz, State of California, this 19<sup>th</sup> day of February 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**ATTEST** \_\_\_\_\_