

**SHANDON JOINT UNIFIED SCHOOL DISTRICT  
COUNTY OF SAN LUIS OBISPO  
SHANDON, CALIFORNIA**

**AUDIT REPORT  
June 30, 2023**



# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2023

### FINANCIAL SECTION

Independent Auditors' Report.....	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	3
Statement of Activities .....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	8
Notes to Basic Financial Statements .....	9

### REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule:	
General Fund .....	31
Schedule of Proportionate Share of Net Pension Liability .....	32
Schedule of Pension Contributions.....	34

### SUPPLEMENTARY INFORMATION SECTION

Combining Fund Financial Statements and Individual Fund Schedules:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	38
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	40
Individual Nonmajor Fund Budgetary Comparison Schedules:	
Associated Student Body Fund.....	41
Cafeteria Fund .....	42
Bond Interest and Redemption Fund .....	43
Capital Facilities Fund.....	44
Organization .....	45
Schedule of Average Daily Attendance .....	46
Schedule of Instructional Time .....	47
Schedule of Financial Trends and Analysis .....	48
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	50
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	52
Independent Auditors' Report on State Compliance.....	54

### FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs .....	57
Schedule of Prior Fiscal Year Audit Findings and Questioned Costs .....	60



**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Shandon Joint Unified School District  
Shandon, California

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shandon Joint Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Supplementary Information***

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Shandon Joint Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Shandon Joint Unified School District.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of the Shandon Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Moss, Remy & Hartgen LLP*

Santa Maria, California  
November 29, 2023

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
<b>Assets</b>	
Cash in county treasury	\$ 10,778,930
Revolving cash fund	1,500
Cash on hand and in banks	56,781
Accounts receivable	1,094,638
Land	15,422
Construction in progress	305,422
Buildings and improvements	4,845,259
Equipment	1,084,707
Less accumulated depreciation	(4,009,843)
Total assets	<u>14,172,816</u>
<b>Deferred Outflows of Resources</b>	
Pensions	1,548,896
Total deferred outflows of resources	<u>1,548,896</u>
<b>Liabilities</b>	
Accounts payable	3,956,452
Unearned revenue	341,031
Interest payable	87,670
Long-term liabilities:	
Due within one year:	
Bond premium	30,319
General obligation bonds payable	80,000
Total due within one year	<u>4,495,472</u>
Due after one year:	
Compensated absences payable	14,957
General obligation bonds payable	6,615,000
Bond premium	513,959
Net pension liability	4,163,622
Total due after one year	<u>11,307,538</u>
Total liabilities	<u>15,803,010</u>
<b>Deferred Inflows of Resources</b>	
Pensions	760,453
Total deferred inflows of resources	<u>760,453</u>
<b>Net Position</b>	
Net investment in capital assets	(1,661,144)
Restricted for:	
Educational programs	1,159,889
Child nutrition	198,148
Capital projects	171,596
Debt service	772,294
Associated Student Body	56,781
Unrestricted	(1,539,315)
Total net position	<u>\$ (841,751)</u>

The accompanying notes are an integral part of this statement.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 2,718,341	\$ 2,314	\$ 1,153,052	\$ -
Instruction-related services:				
Instructional library, media, and technology	52,064		3,606	(48,458)
School site administration	592,799		69,397	(523,402)
Pupil services:				
Home to school transportation	243,873	33	7,911	(235,929)
Food services	277,581	296	426,106	148,821
All other pupil services	315,026	417	147,664	(166,945)
General administration:				
Centralized data processing	32,000			(32,000)
All other general administration	393,700	766	107,944	(284,990)
Plant services	816,078	9	26,727	(789,342)
Ancillary services	32,470			(32,470)
Community services	37,800			(37,800)
Interest on long-term debt	178,870			(178,870)
Other outgo	217,743	17,629	101,181	(98,933)
Depreciation (unallocated)	223,549			(223,549)
Total governmental activities	<u>\$ 6,131,894</u>	<u>\$ 21,464</u>	<u>\$ 2,043,588</u>	<u>\$ -</u>

### General revenues:

#### Taxes and subventions:

Taxes levied for general purposes	2,708,145
Taxes levied for debt service	329,817
Federal and state aid not restricted to specific purposes	2,214,271
Interest and investment earnings	16,320
Miscellaneous	106,183
<b>Total general revenues</b>	<u>5,374,736</u>
Change in net position	1,307,894
Net position, beginning of fiscal year	<u>(2,149,645)</u>
Net position, end of fiscal year	<u>\$ (841,751)</u>

The accompanying notes are an integral part of this statement.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 6,407,985	\$ 3,339,385	\$ 1,031,560	\$ 10,778,930
Cash on Hand and in Banks	-	-	56,781	56,781
Cash in Revolving Fund	1,500	-	-	1,500
Accounts Receivable	1,029,177	-	65,461	1,094,638
Due from Other Funds	13,503	-	-	13,503
Total Assets	<u>\$ 7,452,165</u>	<u>\$ 3,339,385</u>	<u>\$ 1,153,802</u>	<u>\$ 11,945,352</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts Payable	\$ 3,952,275	\$ 2,218	\$ 1,959	\$ 3,956,452
Due to Other Funds	-	-	13,503	13,503
Deferred Revenue	341,031	-	-	341,031
Total Liabilities	<u>4,293,306</u>	<u>2,218</u>	<u>15,462</u>	<u>4,310,986</u>
Fund Balances:				
Nonspendable	1,500	-	-	1,500
Restricted	1,308,038	3,337,167	1,138,340	5,783,545
Unassigned	1,849,321	-	-	1,849,321
Total Fund Balances	<u>3,158,859</u>	<u>3,337,167</u>	<u>1,138,340</u>	<u>7,634,366</u>
Total Liabilities and Fund Balances	<u>\$ 7,452,165</u>	<u>\$ 3,339,385</u>	<u>\$ 1,153,802</u>	<u>\$ 11,945,352</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds \$ 7,634,366

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

Capital assets at historical cost	\$	6,250,810	
Accumulated depreciation		4,009,843	
		4,009,843	
Net			2,240,967

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	\$	14,957	
General obligation bonds payable		6,695,000	
Unamortized bond premium		544,278	
Net pension liability		4,163,622	(11,417,857)

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

Deferred inflows of resources relating to pension	\$	(760,453)	
Deferred outflows of resources relating to pension		1,548,896	788,443
		1,548,896	

In governmental funds, interest on long-term debt is recognized until the period in which it matures and is paid. In the government-wide statement of net position, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(87,670)

Total net position - governmental activities \$ (841,751)

The accompanying notes are an integral part of this statement.

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

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
<b>LCFF Sources:</b>				
State Apportionment or State Aid	\$ 2,096,324	\$ -	\$ -	\$ 2,096,324
Education Protection Account Funds	55,542	-	-	55,542
Local Sources	2,708,145	-	-	2,708,145
Federal Revenue	451,101	-	172,151	623,252
Other State Revenue	1,405,024	-	104,467	1,509,491
Other Local Revenue	284,589	18,001	401,723	704,313
<b>Total Revenues</b>	<u>7,000,725</u>	<u>18,001</u>	<u>678,341</u>	<u>7,697,067</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	2,913,911	-	-	2,913,911
Instruction - Related Services	681,548	-	-	681,548
Pupil Services	518,349	-	248,192	766,541
Ancillary Services	51,834	-	59,197	111,031
Community Services	37,800	-	-	37,800
General Administration	432,263	-	-	432,263
Plant Services	588,269	235,600	6,067	829,936
Other Outgo	217,743	-	-	217,743
Capital Outlay	40,227	148,650	-	188,877
<b>Debt Service:</b>				
Principal	-	-	80,000	80,000
Interest	-	-	182,825	182,825
<b>Total Expenditures</b>	<u>5,481,944</u>	<u>384,250</u>	<u>576,281</u>	<u>6,442,475</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>1,518,781</u>	<u>(366,249)</u>	<u>102,060</u>	<u>1,254,592</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Bonds	-	1,940,000	251,118	2,191,118
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,940,000</u>	<u>251,118</u>	<u>2,191,118</u>
<b>Net Change in Fund Balances</b>	1,518,781	1,573,751	353,178	3,445,710
<b>Fund Balances, July 1</b>	1,640,078	1,763,416	785,162	4,188,656
<b>Fund Balances, June 30</b>	<u>\$ 3,158,859</u>	<u>\$ 3,337,167</u>	<u>\$ 1,138,340</u>	<u>\$ 7,634,366</u>

The accompanying notes are an integral part of this statement.

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

Total net change in fund balances - governmental funds	\$ 3,445,710
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense \$(223,549) is greater than additions to capital assets of \$169,676 in the period.	(53,873)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	(11,761)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$1,715.	(1,715)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	24,935
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:	15,716
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures of repayment of the principal portion of long-term debt were:	80,000
In governmental funds, proceeds from debt are recognized as Other Financial Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:	<u>(2,191,118)</u>
Change in net position - governmental activities	<u>\$ 1,307,894</u>

The accompanying notes are an integral part of this statement.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

The reporting entity is the Shandon Joint Unified School District. There are no component units included in this report which meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

C. Basis of Presentation

*Government-wide Financial Statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. Government-wide financial statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds.

The government-wide financial 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 exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:*

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

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

D. Basis of Accounting

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

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Basis of Accounting (Continued)

#### *Revenues – exchange and non-exchange transactions:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On 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 collectible within the current period or within one year after fiscal year end.

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

#### *Unearned revenue:*

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

#### *Pensions:*

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### *Expenses/expenditures:*

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and nonmajor funds, as follows:

#### *Major Governmental Funds:*

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Fund Accounting (Continued)

##### *Nonmajor Governmental Funds:*

**Special Revenue Funds** are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund. The District maintains two nonmajor special revenue funds:

1. The Associated Student Body Fund is used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.
2. The Cafeteria Fund is used to account for revenues and expenditures to operate the District's cafeteria.

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

The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District Bonds, interest, and related costs.

**Capital Projects Funds** are used to account for the acquisition and/or construction of all major governmental capital assets. The District maintains one nonmajor capital projects fund:

The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under the provisions of the California Environmental Quality Act (CEQA).

#### F. 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 fiscal year to give consideration to unanticipated income and expenditures.

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

#### G. Encumbrances

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

#### H. Estimates

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

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

#### 1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

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

Information regarding the amount of dollars invested in derivatives with the San Luis Obispo County Treasury was not available.

#### 2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

#### 3. Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefitted.

#### 4. Amortization of Bond Premium

The bond premium is being amortized on the straight line method over the life of the bonds on the government-wide statements.

#### 5. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed capital assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of a capital asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression system	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

#### 5. Capital Assets (Continued)

Asset Class	Examples	Estimated Useful Life in Years
Machinery and tools	Shop and maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

#### 6. Unearned Revenue

Cash is received for federal and state special projects and programs and is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

#### 7. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed list of the deferred inflows of revenues the District has recognized.

#### 8. Compensated Absences

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

Accumulated employee 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.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

##### 9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

##### 10. Fund Balances

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

**Unassigned Fund Balance** – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

##### 11. Property Taxes

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 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 on October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### J. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 99 "Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100 "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101 "Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

## NOTE 2 — CASH AND INVESTMENTS

The District's cash and investments at June 30, 2023 consisted of the following:

Cash on hand and in banks	\$ 58,281
Cash and investments with the County Treasurer	<u>10,778,930</u>
Total cash and investments	<u>\$ 10,837,211</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash in County Treasury, statement of net position	\$ 10,778,930
Cash in revolving fund, statement of net position	1,500
Cash on hand and in banks, statement of net position	<u>56,781</u>
Total cash and investments	<u>\$ 10,837,211</u>

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. 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. The District did not have investments that is measured under Level 1, Level 2, or Level 3.

### Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Luis Obispo County Treasury as part of the common investment pool (\$10,778,930 as of June 30, 2023). The fair value of this pool as of that date, as provided by the plan sponsor, was \$10,778,930. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County 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, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 2 — CASH AND INVESTMENTS (Continued)

### Cash on Hand, in Banks, and in Revolving Fund

Cash balance on hand and in banks (\$56,781 as of June 30, 2023) and in the revolving fund (\$1,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

### Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of San Luis Obispo. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo County Investment Pool	\$ 10,778,930	\$ 10,778,930	\$ -	\$ -	\$ -
Total	\$ 10,778,930	\$ 10,778,930	\$ -	\$ -	\$ -

### Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
San Luis Obispo County Investment Pool	\$10,778,930	N/A	\$ -	\$ -	\$ -	\$10,778,930
Total	\$10,778,930		\$ -	\$ -	\$ -	\$10,778,930

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 2 — CASH AND INVESTMENTS (Continued)

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the 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 deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as San Luis Obispo County Investment Pool).

## NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds, are as follows:

Fund	Excess Expenditures
Major Funds:	
Building Fund	
Services and Other Operating Expenditures	\$ 193,800
Nonmajor Fund:	
Associated Student Body Fund	
Books and Supplies	\$ 59,197
Bond Interest and Redemption Fund	
Principal	\$ 80,000
Interest	\$ 182,825

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	General Fund	Building Fund	Other Governmental Funds
Federal Government:			
Federal programs	\$ 171,766	\$ -	\$ 27,628
State Government:			
LCFF	819,625		
Categorical aid programs	14,297		37,833
Lottery	7,768		
Local Sources:			
Cuesta grant	1,000		
Miscellaneous	14,721		
Totals	<u>\$ 1,029,177</u>	<u>\$ -</u>	<u>\$ 65,461</u>

### NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 15,422	\$ -	\$ -	\$ 15,422
Construction in progress	196,794	108,628		305,422
Total capital assets, not being depreciated	<u>\$ 212,216</u>	<u>\$ 108,628</u>	<u>\$ -</u>	<u>\$ 320,844</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,835,962	\$ 9,297	\$ -	\$ 4,845,259
Equipment	1,032,956	51,751		1,084,707
Total capital assets, being depreciated	<u>5,868,918</u>	<u>61,048</u>		<u>5,929,966</u>
Less accumulated depreciation for:				
Buildings and improvements	3,047,587	145,253		3,192,840
Equipment	738,707	78,296		817,003
Total accumulated depreciation	<u>3,786,294</u>	<u>223,549</u>		<u>4,009,843</u>
Total capital assets, being depreciated	<u>\$ 2,082,624</u>	<u>\$ (162,501)</u>	<u>\$ -</u>	<u>\$ 1,920,123</u>
Governmental activities, capital assets, net	<u>\$ 2,294,840</u>	<u>\$ (53,873)</u>	<u>\$ -</u>	<u>\$ 2,240,967</u>

Depreciation expense was charged to governmental activities, as follows:

#### Governmental Activities:

Unallocated

Total depreciation expense	<u>\$ 223,549</u>
	<u>\$ 223,549</u>

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 6 – 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 or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2023, are as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	\$ 13,503	\$ -
Nonmajor Fund:		
Cafeteria Fund		13,503
	<u>\$ 13,503</u>	<u>\$ 13,503</u>

## NOTE 7 – BONDED DEBT

The outstanding general obligation bonded debt of the Shandon Joint Unified School District at June 30, 2023, is:

Date Of Issue	Interest Rate %	Maturity Date	Amount Of Original Issue	Outstanding July 1, 2022	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2023
2017	4.0% - 8.0%	2046	\$ 3,150,000	\$2,775,000	\$ -	\$ 10,000	\$ 2,765,000
2021	2.125% - 5.0%	2047	2,060,000	2,060,000		70,000	1,990,000
2023	5.0%	2037	1,940,000		1,940,000		1,940,000
			<u>\$ 7,150,000</u>	<u>\$4,835,000</u>	<u>\$1,940,000</u>	<u>\$ 80,000</u>	<u>\$ 6,695,000</u>

The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 80,000	\$ 242,836	\$ 322,836
2025	155,000	268,500	423,500
2026	190,000	259,200	449,200
2027	170,000	249,375	419,375
2028	150,000	240,325	390,325
2029-2033	1,085,000	1,042,144	2,127,144
2034-2038	1,765,000	714,437	2,479,437
2039-2043	1,350,000	410,758	1,760,758
2044-2048	1,750,000	133,570	1,883,570
	<u>\$ 6,695,000</u>	<u>\$ 3,561,145</u>	<u>\$10,256,145</u>

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 8 – PENSION PLANS

### State Teachers' Retirement System (CalSTRS)

#### A. General Information about the Pension Plan

**Plan Descriptions** – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation. 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.

**Benefits Provided** – The CALSTRS Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefit.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

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

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	55-65
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.00%
Required employee contributions rates	10.25%	10.205%
Required employer contribution rates	19.10%	19.10%
Required state contributions rates	10.828%	10.828%

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS Annual Comprehensive Annual Financial Report (ACFR). The CalSTRS' ACFR is available online at <http://www.calstrs.com/comprehensive-annual-financial-report>.

**Contributions** – Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in the Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

**On-Behalf Payments** – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 8 – PENSION PLANS (Continued)**

**State Teachers’ Retirement System (CalSTRS) (Continued)**

**A. General Information about the Pension Plan (Continued)**

For the fiscal year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

Contribution-employer	\$ 308,237
Contribution-state	\$ 175,470

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

As of June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 2,184,197
State's proportionate share of the net pension liability associated with the District	<u>1,188,032</u>
Total	<u><u>\$ 3,372,229</u></u>

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District’s proportion was .0031%, which increased by .0002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$212,399. At June 30, 2023, 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>
Difference between expected and actual experience	\$ 1,791	\$ 163,738
Changes of assumptions	108,236	
Net difference between projected and actual earning on pension plan investments		106,878
Changes in proportion and differences between District contributions and proportionate share of contributions	449,644	401,856
District contributions subsequent to the measurement date	<u>321,298</u>	
Total	<u><u>\$ 880,969</u></u>	<u><u>\$ 672,472</u></u>

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 8 – PENSION PLANS (Continued)

### State Teachers' Retirement System (CalSTRS) (Continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$321,298 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 fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 11,687
2025	(75,662)
2026	(162,587)
2027	173,074
2028	(53,199)
2029	(6,114)
	<u>\$ (112,801)</u>

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. In January 31, 2020, the CalSTRS' retirement board changed the mortality assumptions based on the July 1, 2015 through June 30, 2018 Experience Analysis. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries. For further details, see CalSTRS July 1, 2015 through June 30, 2018 Experience Analysis on the CalSTRS 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. 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 normally 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 January 31, 2020, 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:

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 8 – PENSION PLANS (Continued)

### State Teachers' Retirement System (CalSTRS) (Continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	42 %	4.80 %
Private Equity	13 %	6.30 %
Real Estate	15 %	3.60 %
Inflation Sensitive	6 %	3.30 %
Fixed Income	12 %	1.30 %
Cash/Liquidity	2 %	-0.40 %
Absolute Return	10 %	1.80 %
	100 %	

\*10 year geometric average

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, 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:

1% Decrease	6.10%
Net Pension Liability	\$ 3,709,575
Current Discount Rate	7.10%
Net Pension Liability	\$ 2,184,197
1% Increase	8.10%
Net Pension Liability	\$ 917,673

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

#### C. Payable to the Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 8 – PENSION PLANS (Continued)

#### California Public Employee Retirement System (CalPERS)

##### A. General Information About the Pension Plan

**Plan Description** - The Shandon Joint Unified School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Benefits Provided** – The CalPERS Defined Benefit Program has two benefit formulas:

CalPERS 2% at 55: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalPERS.

CalPERS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalPERS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

A family benefit is available if an active member dies and has at least one year of credited service.

Members' accumulated contributions are refundable with interest upon separation from CalPERS. The board determines the credited interest rate each fiscal year.

The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalPERS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.

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

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.17% to 2.5%	1.00% to 2.5%
Required employee contribution rates	7%	8%
Required employer contribution rates	25.37%	25.37%

Specific details for retirement, disability or death benefit calculations for each of the pension plans are available in the CalPERS' Annual Comprehensive Financial Report (ACFR). The CalPERS' ACFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

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

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 8 – PENSION PLANS (Continued)**

**California Public Employee Retirement System (CalPERS) (Continued)**

**A. General Information About the Pension Plan (Continued)**

For the fiscal year ended June 30, 2023, the contributions recognized as part of pension expense was as follows:

Contribution-employer	\$ 204,627
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**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2023, the District reported net pension liability for its proportionate shares of the net pension liability of \$1,979,425.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District’s proportion was .0058%, which increased by .0001% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$247,836. At June 30, 2023, 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>
Difference between expected and actual experience	\$ 8,946	\$ 49,251
Changes of assumptions	146,427	
Net difference between projected and actual earning on pension plan investments	233,717	
Changes in proportion and differences between District contributions and proportionate share of contributions	33,151	38,730
District contributions subsequent to the measurement date	<u>245,686</u>	
Total	<u>\$ 667,927</u>	<u>\$ 87,981</u>

\$245,686 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 fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2024	\$ 61,037
2025	77,239
2026	53,472
2027	<u>142,512</u>
	<u>\$ 334,260</u>

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 8 – PENSION PLANS (Continued)

### California Public Employees' Retirement System (CalPERS) (Continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Discount Rate	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies
Post-retirement Benefit Increases	Up to 2.00% until purchasing power protection Allowance flows purchasing power applies, 2.30% thereafter

#### **Change in Assumptions**

For the measurement date of June 30, 2022, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing the plans, the tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term project portfolio return.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

## NOTE 8 – PENSION PLANS (Continued)

### California Public Employees' Retirement System (CalPERS) (Continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The expected real rates of return by asset class are as followed:

Asset Class	New Strategic Allocation	Expected Real Rate of Return Years 1-10(a)(b)
Global Equity - cap weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% was used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, 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:

1% Decrease	5.90%
Net Pension Liability	\$ 2,859,379
Current Discount Rate	6.90%
Net Pension Liability	\$ 1,979,425
1% Increase	7.90%
Net Pension Liability	\$ 1,252,175

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

#### C. Payable to the Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 9 – LONG-TERM LIABILITIES –SCHEDULE OF CHANGES**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within one year
Bonds payable	\$ 4,835,000	\$ 1,940,000	\$ 80,000	\$ 6,695,000	\$ 80,000
Bond premium	308,876	251,118	15,716	544,278	30,319
Net pension liability	2,490,973	1,672,649		4,163,622	
Compensated absences payable	13,242	26,626	24,911	14,957	
	<u>\$ 7,648,091</u>	<u>\$ 3,890,393</u>	<u>\$ 120,627</u>	<u>\$11,417,857</u>	<u>\$ 110,319</u>

**NOTE 10 – NET POSITION**

The government-wide and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the District, not restricted for any project or other purpose.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

## NOTE 11 – FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Revolving cash	\$ 1,500	\$ -	\$ -	\$ 1,500
<b>Restricted</b>				
ESSA: Title IV, Part A	1,329			1,329
Lottery: instructional materials	45,881			45,881
Special education	45,365			45,365
Arts, Music, and Instructional Materials	57,207			57,207
A-G Access/Success Grant	75,000			75,000
A-G Learning Loss Mitigation Grant	74,000			74,000
Learning Recovery Emergency Block Grant	486,740			486,740
Expanded Learning Opportunities Program	246,206			246,206
Educator Effectiveness	98,071			98,071
Child nutrition	148,149		49,999	198,148
Other state	2,250			2,250
Other local	27,840			27,840
Debt service			859,964	859,964
Capital projects		3,337,167	171,596	3,508,763
ASB			56,781	56,781
<b>Unassigned</b>	1,849,321			1,849,321
Total	<u>\$ 3,158,859</u>	<u>\$ 3,337,167</u>	<u>\$ 1,138,340</u>	<u>\$ 7,634,366</u>

## NOTE 12 – JOINT VENTURES (Joint Powers Agreements)

The Shandon Joint Unified School District participates in two joint ventures under joint powers agreements (JPAs); the Self-Insurance Program for Employees and the Self-Insured Schools of California II. The relationship between the Shandon Joint Unified School District and the JPAs are such that none of the JPAs is a component unit of the Shandon Joint Unified School District for financial reporting purposes.

Self-Insurance Program for Employees (S.I.P.E.)— The S.I.P.E. was established to provide the services and other items necessary and appropriate for the development, operation, and maintenance of self-insurance system for workers' compensation claims against the public educational agencies who are members thereof. The participants consist of the Office of the County Superintendent of Schools, school districts, and a community college. Each participant may appoint one representative to the governing board. The governing board is responsible for establishing premium rates and making budgeting decisions.

Self-Insured Schools of California II (S.I.S.C.II) – S.I.S.C. II arranges for and provides property and liability insurance for its member school districts. The Shandon Joint Unified School District pays a premium commensurate with the level of coverage requested.

## NOTE 13 – COMMITMENTS AND CONTINGENCIES

### State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

### Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 1,488,510	\$ 2,096,324	\$ 2,096,324	\$ -
Education Protection Account Funds	50,032	55,542	55,542	-
Local Sources	2,523,451	2,708,145	2,708,145	-
Federal Revenue	230,108	490,282	451,101	(39,181)
Other State Revenue	279,756	1,561,553	1,405,024	(156,529)
Other Local Revenue	217,769	330,632	284,589	(46,043)
Total Revenues	<u>4,789,626</u>	<u>7,242,478</u>	<u>7,000,725</u>	<u>(241,753)</u>
Expenditures:				
Current:				
Certificated Salaries	1,794,533	1,988,258	1,972,104	16,154
Classified Salaries	874,203	855,556	853,197	2,359
Employee Benefits	1,279,740	1,302,937	1,298,643	4,294
Books And Supplies	253,812	457,336	404,626	52,710
Services And Other Operating Expenditures	650,434	837,648	695,404	142,244
Other Outgo	244,188	217,743	217,743	-
Capital Outlay	-	27,636	40,227	(12,591)
Total Expenditures	<u>5,096,910</u>	<u>5,687,114</u>	<u>5,481,944</u>	<u>205,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(307,284)</u>	<u>1,555,364</u>	<u>1,518,781</u>	<u>(36,583)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(42,263)</u>	-	-	-
Total Other Financing Sources (Uses)	<u>(42,263)</u>	-	-	-
Net Change in Fund Balance	(349,547)	1,555,364	1,518,781	(36,583)
Fund Balance, July 1	1,640,078	1,640,078	1,640,078	-
Fund Balance, June 30	<u>\$ 1,290,531</u>	<u>\$ 3,195,442</u>	<u>\$ 3,158,859</u>	<u>\$ (36,583)</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	.0058 %	.0057 %	.0056 %	.0061 %	.0059 %
Proportionate share of the net pension liability	\$ 1,979,425	\$ 1,150,938	\$ 1,708,461	\$ 1,772,512	\$ 1,566,782
Covered payroll	\$ 877,887	\$ 810,705	\$ 806,065	\$ 842,858	\$ 797,585
Proportionate share of the net pension liability as percentage of covered payroll	225.48 %	141.97 %	211.95 %	210.30 %	196.44 %
Plan's total pension liability	\$ 113,794,594,060	\$ 106,857,487,903	\$ 102,289,672,089	\$ 97,300,991,939	\$ 91,459,283,785
Plan's fiduciary net position	\$ 79,385,508,859	\$ 86,523,055,855	\$ 71,606,596,106	\$ 68,156,740,617	\$ 64,796,135,561
Plan fiduciary net position as a percentage of the total pension liability	69.76 %	80.97 %	70.00 %	70.05 %	70.85 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	.0055 %	.0064 %	.0060 %	.0060 %	
Proportionate share of the net pension liability	\$ 1,318,028	\$ 1,257,133	\$ 889,149	\$ 676,261	
Covered payroll	\$ 701,591	\$ 774,339	\$ 659,842	\$ 629,864	
Proportionate share of the net pension liability as percentage of covered payroll	187.86 %	162.35 %	134.75 %	107.37 %	
Plan's total pension liability	\$ 84,871,025,628	\$ 75,663,026,434	\$ 71,651,164,353	\$ 68,292,799,349	
Plan's fiduciary net position	\$ 60,998,386,333	\$ 55,912,964,588	\$ 56,911,065,643	\$ 56,940,364,500	
Plan fiduciary net position as a percentage of the total pension liability	71.87 %	73.90 %	79.43 %	83.38 %	

\*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Notes to Schedule

For fiscal year ending June 30, 2023, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	.0031 %	.0029 %	.0032 %	.0029 %	.0030 %
Proportionate share of the net pension liability	\$ 2,184,197	\$ 1,340,035	\$ 3,143,838	\$ 2,605,218	\$ 2,770,260
State's proportionate share of net pension liability associated with the District	<u>1,188,032</u>	<u>813,625</u>	<u>1,962,691</u>	<u>2,609,904</u>	<u>1,388,284</u>
Total	<u>\$ 3,372,229</u>	<u>\$ 2,153,660</u>	<u>\$ 5,106,529</u>	<u>\$ 5,215,122</u>	<u>\$ 4,158,544</u>
Covered payroll	\$ 1,821,732	\$ 1,657,950	\$ 1,693,848	\$ 1,613,950	\$ 1,541,538
Proportionate share of the net pension liability as percentage of covered payroll	119.90 %	80.82 %	185.60 %	161.42 %	179.71 %
Plan's total pension liability	\$ 369,543,996,000	\$ 355,802,665,000	\$ 343,894,793,000	\$ 329,179,470,000	\$ 316,777,450,000
Plan's fiduciary net position	\$ 300,056,284,995	\$ 310,293,452,995	\$ 246,983,743,995	\$ 238,851,887,995	\$ 224,868,634,995
Plan fiduciary net position as a percentage of the total pension liability	81.20 %	87.21 %	71.82 %	72.56 %	70.99 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	.0026 %	.0029 %	.0033 %	.0030 %	
Proportionate share of the net pension liability	\$ 2,411,737	\$ 2,337,079	\$ 2,219,638	\$ 1,708,378	
State's proportionate share of net pension liability associated with the District	<u>1,806,212</u>	<u>1,474,820</u>	<u>1,451,776</u>	<u>1,257,440</u>	
Total	<u>\$ 4,217,949</u>	<u>\$ 3,811,899</u>	<u>\$ 3,671,414</u>	<u>\$ 2,965,818</u>	
Covered payroll	\$ 1,459,086	\$ 1,431,445	\$ 1,521,273	\$ 1,368,388	
Proportionate share of the net pension liability as percentage of covered payroll	165.29 %	163.27 %	145.91 %	124.85 %	
Plan's total pension liability	\$ 302,770,146,000	\$ 269,994,690,000	\$ 259,146,248,000	\$ 248,910,844,000	
Plan's fiduciary net position	\$ 210,289,899,995	\$ 189,113,486,995	\$ 191,822,335,995	\$ 190,474,016,000	
Plan fiduciary net position as a percentage of the total pension liability	69.46 %	70.04 %	74.02 %	76.52 %	

\*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 245,686	\$ 201,124	\$ 167,816	\$ 158,964	\$ 152,237
Contribution in relation to the actuarially determined contributions	<u>(245,686)</u>	<u>(201,124)</u>	<u>(167,816)</u>	<u>(158,964)</u>	<u>(152,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 968,412	\$ 877,887	\$ 810,705	\$ 806,065	\$ 842,858
Contributions as a percentage of covered payroll	25.370 %	22.910 %	20.700 %	19.721 %	18.062 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution (actuarially determined)	\$ 123,873	\$ 97,437	\$ 91,736	\$ 77,670	
Contribution in relation to the actuarially determined contributions	<u>(123,873)</u>	<u>(97,437)</u>	<u>(91,736)</u>	<u>(77,670)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 797,585	\$ 701,591	\$ 774,339	\$ 659,842	
Contributions as a percentage of covered payroll	15.531 %	13.888 %	11.847 %	11.771 %	

\*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 321,298	\$ 308,237	\$ 267,759	\$ 289,648	\$ 262,751
Contribution in relation to the actuarially determined contributions	<u>(321,298)</u>	<u>(308,237)</u>	<u>(267,759)</u>	<u>(289,648)</u>	<u>(262,751)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,682,188	\$ 1,821,732	\$ 1,657,950	\$ 1,693,848	\$ 1,613,950
Contributions as a percentage of covered payroll	19.10 %	16.92 %	16.15 %	17.10 %	16.28 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution (actuarially determined)	\$ 222,444	\$ 183,553	\$ 153,594	\$ 135,089	
Contribution in relation to the actuarially determined contributions	<u>(222,444)</u>	<u>(183,553)</u>	<u>(153,594)</u>	<u>(135,089)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,541,538	\$ 1,459,086	\$ 1,431,445	\$ 1,521,273	
Contributions as a percentage of covered payroll	14.43 %	12.58 %	10.73 %	8.88 %	

\*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

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**SUPPLEMENTARY INFORMATION SECTION**



**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	Special Revenue Funds	Debt Service Fund <u>Bond Interest &amp; Redemption Fund</u>	Capital Projects Fund <u>Capital Facilities Fund</u>	Total Nonmajor Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ -	\$ 859,964	\$ 171,596	\$ 1,031,560
Cash on Hand and in Banks	56,781	-	-	56,781
Accounts Receivable	65,461	-	-	65,461
Total Assets	<u>\$ 122,242</u>	<u>\$ 859,964</u>	<u>\$ 171,596</u>	<u>\$ 1,153,802</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts Payable	\$ 1,959	\$ -	\$ -	\$ 1,959
Due to Other Funds	13,503	-	-	13,503
Total Liabilities	<u>15,462</u>	<u>-</u>	<u>-</u>	<u>15,462</u>
Fund Balances:				
Restricted	106,780	859,964	171,596	1,138,340
Total Fund Balances	<u>106,780</u>	<u>859,964</u>	<u>171,596</u>	<u>1,138,340</u>
Total Liabilities and Fund Balances	<u>\$ 122,242</u>	<u>\$ 859,964</u>	<u>\$ 171,596</u>	<u>\$ 1,153,802</u>

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

	Special Revenue Funds	Debt Service Fund  Bond Interest & Redemption Fund	Capital Projects Fund  Capital Facilities Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Federal Revenue	\$ 172,151	\$ -	\$ -	\$ 172,151
Other State Revenue	103,626	841	-	104,467
Other Local Revenue	66,777	315,092	19,854	401,723
Total Revenues	<u>342,554</u>	<u>315,933</u>	<u>19,854</u>	<u>678,341</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Pupil Services	248,192	-	-	248,192
Ancillary Services	59,197	-	-	59,197
Plant Services	6,067	-	-	6,067
<b>Debt Service:</b>				
Principal	-	80,000	-	80,000
Interest	-	182,825	-	182,825
Total Expenditures	<u>313,456</u>	<u>262,825</u>	<u>-</u>	<u>576,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,098</u>	<u>53,108</u>	<u>19,854</u>	<u>102,060</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Bonds	-	251,118	-	251,118
Total Other Financing Sources (Uses)	<u>-</u>	<u>251,118</u>	<u>-</u>	<u>251,118</u>
Net Change in Fund Balances	29,098	304,226	19,854	353,178
Fund Balances, July 1	77,682	555,738	151,742	785,162
Fund Balances, June 30	<u>\$ 106,780</u>	<u>\$ 859,964</u>	<u>\$ 171,596</u>	<u>\$ 1,138,340</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2023

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS:</b>			
Cash on Hand and in Banks	\$ 56,781	\$ -	\$ 56,781
Accounts Receivable	-	65,461	65,461
Total Assets	<u>\$ 56,781</u>	<u>\$ 65,461</u>	<u>\$ 122,242</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	\$ -	\$ 1,959	\$ 1,959
Due to Other Funds	-	13,503	13,503
Total Liabilities	<u>-</u>	<u>15,462</u>	<u>15,462</u>
Fund Balances:			
Restricted	56,781	49,999	106,780
Total Fund Balances	<u>56,781</u>	<u>49,999</u>	<u>106,780</u>
Total Liabilities and Fund Balances	<u>\$ 56,781</u>	<u>\$ 65,461</u>	<u>\$ 122,242</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Federal Revenue	\$ -	\$ 172,151	\$ 172,151
Other State Revenue	-	103,626	103,626
Other Local Revenue	66,462	315	66,777
Total Revenues	<u>66,462</u>	<u>276,092</u>	<u>342,554</u>
Expenditures:			
Current:			
Pupil Services	-	248,192	248,192
Ancillary Services	59,197	-	59,197
Plant Services	-	6,067	6,067
Total Expenditures	<u>59,197</u>	<u>254,259</u>	<u>313,456</u>
Net Change in Fund Balance	7,265	21,833	29,098
Fund Balances, July 1	49,516	28,166	77,682
Fund Balances, June 30	<u>\$ 56,781</u>	<u>\$ 49,999</u>	<u>\$ 106,780</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

ASSOCIATED STUDENT BODY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ -	\$ 66,462	\$ 66,462
Total Revenues	<u>-</u>	<u>66,462</u>	<u>66,462</u>
Expenditures:			
Current:			
Books And Supplies	-	59,197	(59,197)
Total Expenditures	<u>-</u>	<u>59,197</u>	<u>(59,197)</u>
Net Change in Fund Balance	-	7,265	7,265
Fund Balance, July 1	-	49,516	49,516
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 56,781</u>	<u>\$ 56,781</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

CAFETERIA FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal Revenue	\$ 172,151	\$ 172,151	\$ -
Other State Revenue	103,626	103,626	-
Other Local Revenue	315	315	-
Total Revenues	<u>276,092</u>	<u>276,092</u>	<u>-</u>
Expenditures:			
Current:			
Classified Salaries	88,705	88,705	-
Employee Benefits	49,244	49,244	-
Books And Supplies	113,478	111,228	2,250
Services And Other Operating Expenditures	5,082	5,082	-
Total Expenditures	<u>256,509</u>	<u>254,259</u>	<u>2,250</u>
Net Change in Fund Balance	19,583	21,833	2,250
Fund Balance, July 1	28,166	28,166	-
Fund Balance, June 30	<u>\$ 47,749</u>	<u>\$ 49,999</u>	<u>\$ 2,250</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**BOND INTEREST AND REDEMPTION FUND**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other State Revenue	\$ -	\$ 841	\$ 841
Other Local Revenue	-	315,092	315,092
Total Revenues	<u>-</u>	<u>315,933</u>	<u>315,933</u>
Expenditures:			
Debt Service:			
Principal	-	80,000	(80,000)
Interest	-	182,825	(182,825)
Total Expenditures	<u>-</u>	<u>262,825</u>	<u>(262,825)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>53,108</u>	<u>53,108</u>
Other Financing Sources (Uses):			
Proceeds From Bond Sale	-	251,118	251,118
Total Other Financing Sources (Uses)	<u>-</u>	<u>251,118</u>	<u>251,118</u>
Net Change in Fund Balance	-	304,226	304,226
Fund Balance, July 1	555,738	555,738	-
Fund Balance, June 30	<u>\$ 555,738</u>	<u>\$ 859,964</u>	<u>\$ 304,226</u>

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
 CAPITAL FACILITIES FUND  
 CAPITAL PROJECTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 24,899	\$ 19,854	\$ (5,045)
Total Revenues	<u>24,899</u>	<u>19,854</u>	<u>(5,045)</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	24,899	19,854	(5,045)
Fund Balance, July 1	151,742	151,742	-
Fund Balance, June 30	<u>\$ 176,641</u>	<u>\$ 171,596</u>	<u>\$ (5,045)</u>

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2023

The Shandon Joint Unified School District was established in 1950, and is located in the northeastern section of San Luis Obispo County. There were no changes in the boundaries of the District during the current fiscal year. The District operates two elementary schools and one high school, serving students in grades kindergarten through twelve.

## GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Marlene Thomason	President	2024
Nataly Ramirez	Clerk	2026
Jesse Cuellar	Member	2026
Flint Speer	Member	2024
Jennifer Moe	Member	2026

## ADMINISTRATION

Kristina Benson  
Superintendent

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

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary		
Kindergarten through three	66.43	66.90
Grades four through six	59.34	59.09
Grades seven and eight	<u>41.22</u>	<u>41.08</u>
Elementary totals	<u>166.99</u>	<u>167.07</u>
Secondary		
Regular classes	<u>77.33</u>	<u>76.79</u>
Secondary totals	<u>77.33</u>	<u>76.79</u>
ADA totals	<u><u>244.32</u></u>	<u><u>243.86</u></u>

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

There were no audit findings which resulted in necessary revisions to attendance.

# SHANDON JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Grade Level	Ed. Code 46207 Minutes Requirement	2022-23 Actual Minutes	J-13* Credited Minutes	Total 2021-22 Minutes	Actual Number of days Traditional Calendar	J-13* Credited Days	Total Days	Status
Kindergarten	36,000	58,600	355	58,955	179	1	180	Not in compliance
Grade 1	50,400	55,700	340	56,040	179	1	180	Not in compliance
Grade 2	50,400	55,700	340	56,040	179	1	180	Not in compliance
Grade 3	50,400	55,700	340	56,040	179	1	180	Not in compliance
Grade 4	54,000	55,700	340	56,040	179	1	180	Not in compliance
Grade 5	54,000	55,700	340	56,040	179	1	180	Not in compliance
Grade 6	54,000	55,915	340	56,255	179	1	180	Not in compliance
Grade 7	54,000	63,225	375	63,600	179	1	180	Not in compliance
Grade 8	54,000	63,225	375	63,600	179	1	180	Not in compliance
Grade 9	64,800	64,820	385	65,205	179	1	180	Not in compliance
Grade 10	64,800	64,820	385	65,205	179	1	180	Not in compliance
Grade 11	64,800	64,820	385	65,205	179	1	180	Not in compliance
Grade 12	64,800	64,820	385	65,205	179	1	180	Not in compliance

Districts must maintain their instructional minutes at the Education Code Section 46207 minutes requirement.

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District met or exceeded its targeted funding.

\*The District has not received the approval of the J-13A waiver. Without the approval, the District has not officially received credit for the school closure and thus is not in compliance. See Finding 2023-001 for details.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>General Fund</u>	<u>2024 (budget)</u> <u>(note 2)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues and other financial sources	\$ 5,846,717	\$ 7,000,725	\$ 5,700,603	\$ 6,247,865
Expenditures	6,152,889	5,481,944	5,626,247	8,364,691
Other uses and transfers	35,934			26,197
Total outgo	6,188,823	5,481,944	5,626,247	8,390,888
Change in fund balance	(342,106)	1,518,781	74,356	(2,143,023)
Ending fund balance	<u>\$ 2,816,753</u>	<u>\$ 3,158,859</u>	<u>\$ 1,640,078</u>	<u>\$ 1,565,722</u>
Available reserves (note 1)	<u>\$ 1,508,715</u>	<u>\$ 1,849,321</u>	<u>\$ 1,029,102</u>	<u>\$ 1,173,137</u>
Reserve for economic uncertainties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,646</u>	<u>\$ 1,173,137</u>
Undesignated/unassigned fund balance	<u>\$ 1,508,715</u>	<u>\$ 1,849,321</u>	<u>\$ 744,456</u>	<u>\$ -</u>
Available reserves as a percentage of total outgo	24.38%	33.73%	18.29%	13.98%
Total long-term liabilities	\$ 11,307,538	\$ 11,417,857	\$ 7,648,091	\$ 10,132,042
Average daily attendance at P-2	255	244	248	270

This schedule discloses the District's financial trends by displaying past fiscal years' data along with current fiscal year budget information. These financial trends disclosures 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 \$1,593,137 over the past two fiscal years. The fiscal year 2023-24 budget projects a decrease of \$342,106. For a District this size, the State recommends available reserves of at least 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three fiscal years and anticipates an operating deficit in the 2023-24 fiscal year. Total long-term liabilities has increased by \$1,285,815 over the past two fiscal years.

Average daily attendance has decreased by 26 over the past two fiscal years. A increase of 11 ADA is anticipated during the fiscal year 2023-24.

**NOTES:**

- 1) Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained with the General Fund.
- 2) Budget 2024 is included for analytical purposes only and has not been subjected to audit.

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**SHANDON JOINT UNIFIED SCHOOL DISTRICT**

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET

REPORT WITH AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

	<u>General Fund</u>	<u>Capital Facilities Fund</u>
June 30, 2023, annual financial and budget report fund balances	\$ 3,158,859	\$ 171,596
Overstatement of fair value adjustment to Cash in County Treasurer		
Understatement of cash on hand and in banks		
June 30, 2023, audited financial statements fund balances	<u>\$ 3,158,859</u>	<u>\$ 171,596</u>

	<u>Long-Term Liabilities</u>
June 30, 2023, annual financial and budget report total liabilities	\$ 7,648,091
Understatement of compensated absences	1,715
Understatement of net pension liability	1,672,649
Understatement of bond payable	1,551,124
Understatement of bond premium	<u>544,278</u>
June 30, 2023, audited financial statements long-term liabilities	<u>\$ 11,417,857</u>

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the long-term debt as reported on the annual financial and budget report to the audited statements.

Associated Student Body Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund
\$ -	\$ 49,999	\$ 3,337,167	\$ 883,268
			(23,304)
<u>56,781</u>			
<u>\$ 56,781</u>	<u>\$ 49,999</u>	<u>\$ 3,337,167</u>	<u>\$ 859,964</u>



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

Board of Trustees  
Shandon Joint Unified School District  
Shandon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Shandon Joint Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2023.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Renz & Haugheim LLP*

Santa Maria, California  
November 29, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Shandon Joint Unified School District  
Shandon, California

### Report on State Compliance

#### Opinion

We have audited the Shandon Joint Unified School District's (the District) compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of Shandon Joint Unified School District's state programs identified below for the fiscal year ended June 30, 2023.

In our opinion, the Shandon Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other state compliance for the fiscal year ended June 30, 2023.

#### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its state programs.

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

Our objectives are to obtain reasonable assurance about whether the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Shandon Joint Unified School District's internal control. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:</b>	
Attendance accounting:	
Attendance reporting	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Independent study	Not applicable
Continuation education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship, Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
Home to School Transportation Reimbursement	Not applicable
Independent Study Certification for ADA Loss Mitigation	Yes
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study- Course Based	Not applicable
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
<b>CHARTER SCHOOLS:</b>	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instruction Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *2022-2023 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

**Shandon Joint Unified School District’s Response to Finding**

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

**Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Moss, Remy & Hartgrain LLP*

Santa Maria, California  
November 29, 2023

## **FINDINGS AND RECOMMENDATIONS SECTION**



**SHANDON JOINT UNIFIED UNION SCHOOL DISTRICT**  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2023

**Section 1 – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None reported
Noncompliance material to financial statements noted?	<u>      </u>	Yes	<u>  X  </u>	No

State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Education Agencies?

	<u>  X  </u>	Yes	<u>      </u>	No
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Type of auditors’ report issued on compliance for state programs: Unmodified

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2023**

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

**FINDING 2023-001**  
**INSTRUCTIONAL TIME**  
**40000**

**Criteria:**

In accordance with Education Code Section 41422, school districts that were closed due to extraordinary conditions may receive instructional time credit for the days and minutes lost with the approval of the J-13A waiver.

**Condition:**

As of the date of the issuance of the audit report, the J-13A waiver has not been approved by the California Department of Education.

**Cause:**

J-13A waivers may take up to several months for approval.

**Effect:**

Without an approved J-13A waiver; the District is 1 day under the required 180 instructional days.

**Questioned Costs:**

The questioned costs for the 1 instructional day is \$18,575.

**Repeat Finding:**

Yes, but separate J-13.

**Recommendation:**

The District should ensure that the J-13A waiver is approved by the California Department of Education.

**District's Corrective Action Plan:**

SJUSD has submitted all requested parts of the J-13A waiver to the California Department of Education and to our County Office of Education for approval. We are awaiting the CDE's response.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2023**

**Section I – Financial Statements Findings**

There were no prior year financial statement findings.

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2023**

**Section II- State Award Findings and Questioned Costs**

**FINDING 2022-001**  
**CLASSROOM TEACHER SALARIES**  
**61000**

**Criteria:**

In accordance with Education Code Section 41372, unified school districts must have at least 55 percent of education expense be for teacher salaries.

**Condition:**

During our examination of expenses, it was noted the District did not meet the applicable minimum percentage.

**Cause:**

District oversight.

**Effect:**

The District did not spend enough for the minimum classroom teacher salaries by \$181,542.

Minimum percentage required:	55.00%
Percentage spent by the district:	51.43%
Percentage below the minimum	3.57%
District's Current Expense of Education after reductions:	\$ 5,085,212
Deficiency Amount:	\$ 181,542

**Questioned Costs:**

\$181,542

**Repeat Finding:**

No

**Recommendation:**

The District should monitor the expenditures for the year and ensure the minimum percentage is met.

**District's Corrective Action Plan:**

For the fiscal year ending June 30, 2022, the teachers' salary schedule was restructured, retroactively to July 1, 2021. The restructuring allowed for a salary increase for every step (year of service) for all teachers, regardless of longevity. In addition, a 2% off schedule salary increase was negotiated and approved by the Board of Trustees.

**Current Status:**

Implemented

**SHANDON JOINT UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2023**

**FINDING 2022-002**  
**INSTRUCTIONAL TIME**  
**40000**

**Criteria:**

In accordance with Education Code Section 41422, school districts that were closed due to extraordinary conditions may receive instructional time credit for the days and minutes lost with the approval of the J-13A waiver.

**Condition:**

As of the date of the issuance of the audit report, the J-13A waiver has not been approved by the California Department of Education.

**Cause:**

J-13A waivers may take up to several months for approval.

**Effect:**

Without an approved J-13A waiver; the District is 5 days under the required 180 instructional days, Grades 4 and 5 are each 205 minutes under the required 54,000 minutes, and Grades 9-12 are each 1,415 minutes under the required 64,800.

**Questioned Costs:**

The questioned costs for the 5 instructional days is \$62,887. For the shortage of minutes, the questioned costs are as follows: Grade 4 is \$551, Grade 5 is \$649, Grade 9 is \$4,251, Grade 10 is \$4,345, Grade 11 is \$4,345, and Grade 12 is \$4,304.

**Repeat Finding:**

No

**Recommendation:**

The District should ensure that the J-13A waiver is approved by the California Department of Education.

**District's Corrective Action Plan:**

As of this date, the J13A waiver by the California Department of Education has still not been made. At the time of the decision to close the school, the decision was supported by the Board of Trustees and the San Luis Obispo County Superintendent of Schools. It is unknown at this time when the J13A waiver will be approved. The initial paperwork was submitted in Spring 2022 and additional documents were requested and returned in Fall 2022.

**Current Status:**

J-13A for this school year has been approved by the California Department of Education.