

**POWAY UNIFIED SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2021**

POWAY UNIFIED SCHOOL DISTRICT
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JUNE 30, 2021

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Independent Auditors' Report

Board of Trustees
Poway Unified School District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Poway Unified School District ("the District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Poway Unified School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Poway Unified School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and is also not a required part of the basic financial statements.

The combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2021 on our consideration of Poway Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Poway Unified School District's internal control over financial reporting and compliance.

San Diego, California
December 10, 2021

Management's Discussion and Analysis

Fiscal Year 2020-21

This section of Poway Unified School District's annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the year ending June 30, 2021. The intent of this discussion and analysis is to consider the District's financial performance as a whole. The MD&A is to be read in conjunction with the financial statements and Notes that follow this section.

Financial Highlights

Key financial highlights for FY 2020-21 are as follows:

- The District's enrollment shows a somewhat significant decline due to the pandemic that disrupted all aspects of public education. Enrollment in October 2020 was 35,661, a decrease of 925 students compared to October 2019 enrollment.
- Overall, the governmental-wide statement of activities' total revenues were \$568.3 million and expenditures were \$578.2 million. The District's expenditures exceeded revenues by \$9.9 million, contributing to a decrease in net position from prior year.
- As noted on Figure A-2, expenditures related to direct classroom instruction represented 62.8% of total expenditures; pupil services expenditures comprised 7.5% of total expenditures. Therefore, expenditures related to the direct education of PUSD students is equivalent to 70.3% of total expenditures in 2020-21.
- Salaries and benefits for staff encompass the majority of the District expenditures. A total of \$419.9 million, or 70.8% of total expenditures funded qualified teachers and staff who deliver and provide services to our students. Included in the salaries and benefits expenditures is the state's on-behalf pension contribution to CalSTRS of \$18.2 million.
- At year-end the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$332.8 million.
- The implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" resulted in changes in calculating Pensions and OPEB liability as well as deferred outflows and deferred inflows of resources related to Pensions and OPEB.
- The amount attributable to the Net Pension Liability reported on the District's financial statements was \$440.8 million and the OPEB Liability was \$81.9 million.
- As of June 30, 2021, the District's irrevocable OPEB Trust account for retiree health benefits, held with PARS (Public Agency Retirement System), has a balance of \$12.9 million.

Overview of the Financial Statements

This MD&A serves as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on the assets and liabilities of the District, with the difference between the two reported as net position.

The *statement of activities* presents information showing how the net position of the District has changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District fall into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, the capital projects fund, and debt service fund, each of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget on page 91 of this report.

Fund Financial Statements

- **Proprietary funds** - The District maintains two proprietary fund types: internal service funds and an enterprise fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses three internal service funds to account for services provided to all the other funds of the District: workers' compensation, employee benefits, and property and liability insurance. The internal service funds have been included within *governmental activities* in the government-wide financial statements. The three internal service funds combine into a single, aggregated presentation in the proprietary fund financial statements.

Enterprise funds are operated in a manner similar to private business where the determination of revenues earned, costs incurred and net income is necessary for management accountability. The District's one enterprise fund accounts for the business activities of the Extended Student Services and Preschool programs.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Notes to the Financial Statements

The Notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the financial statements can be found on pages 32-91 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 105-106 of this report.

Government-wide Financial Analysis

Due to GASB 68 and GASB 75 implementation the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$317.7 million in the Governmental Activities and \$15.1 million in the Business Activities at the close of 2020-21.

GOVERNMENT-WIDE STATEMENT OF NET POSITION
(In Millions of Dollars)

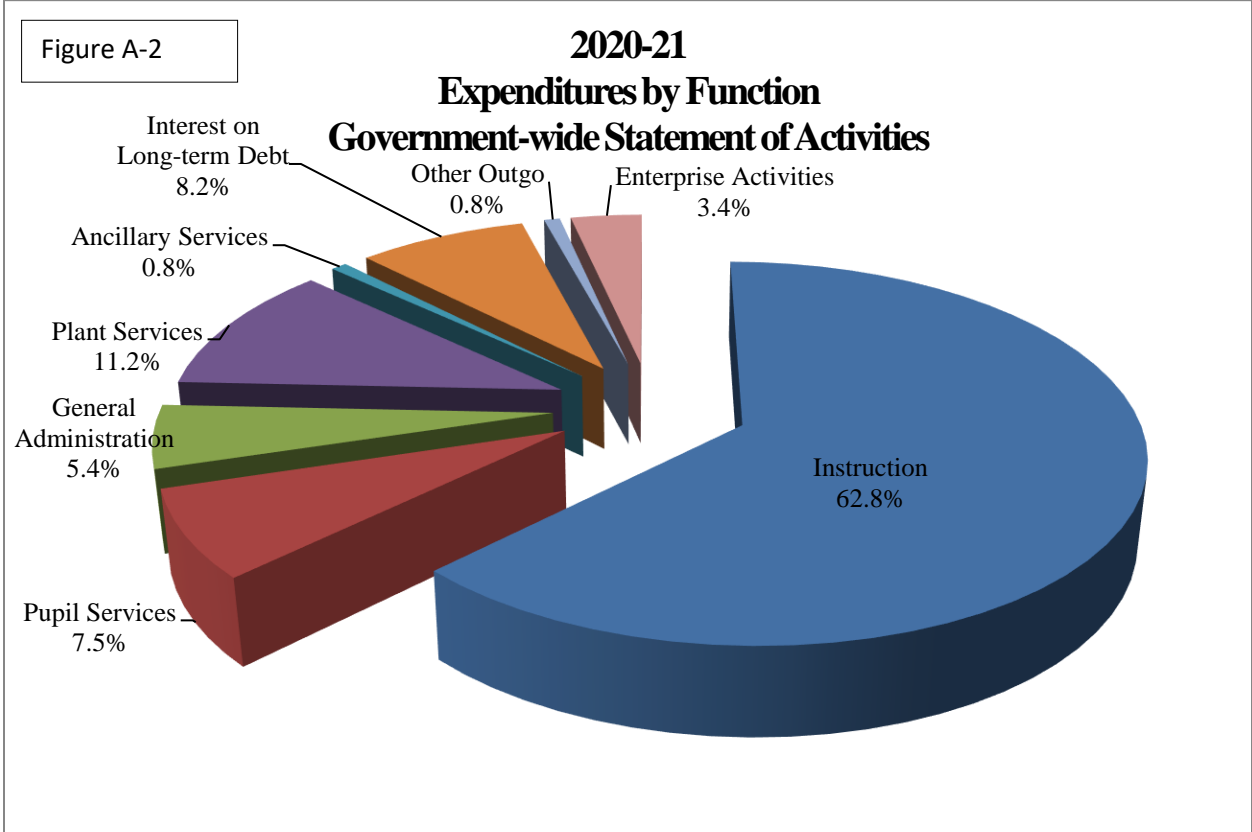
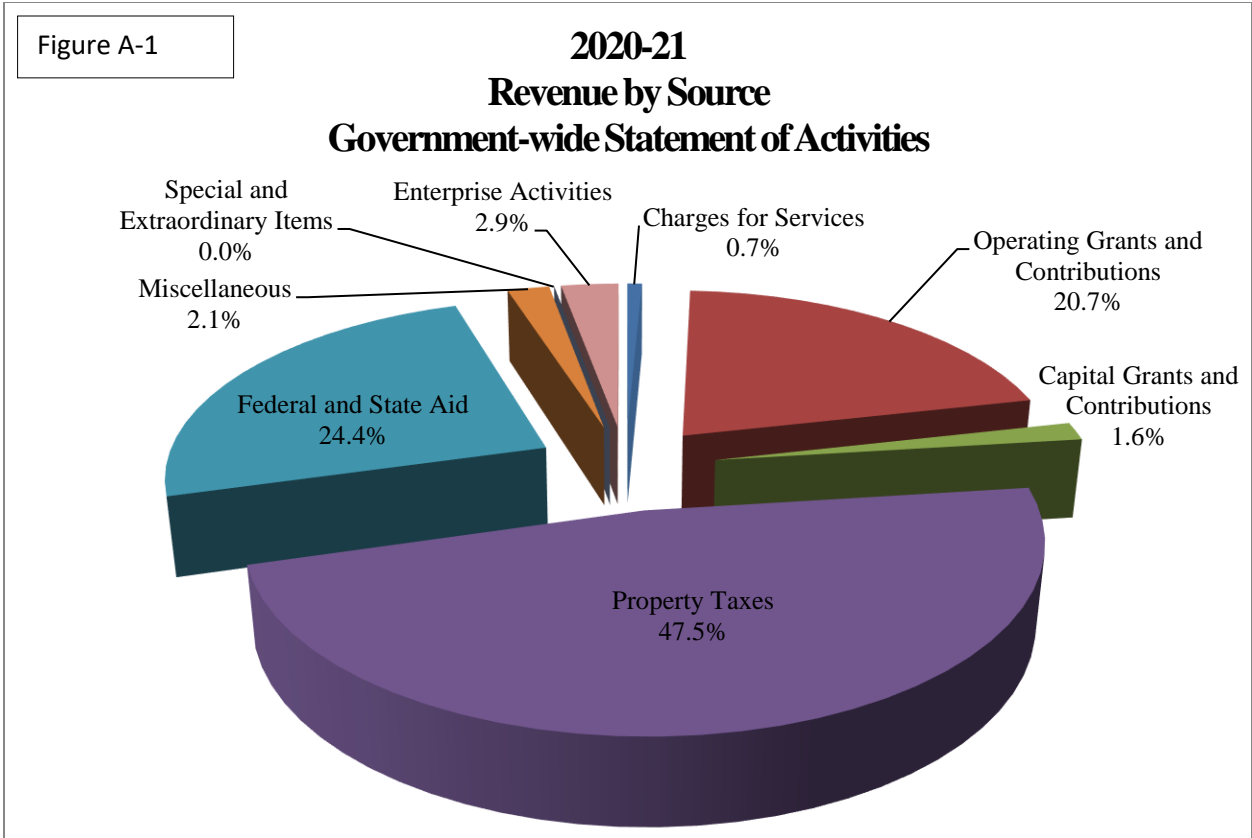
	2019-20			2020-21		
	Governmental Activities	Business Activities	Total District	Governmental Activities	Business Activities	Total District
ASSETS						
Current and Other Assets	\$ 338.2	\$ 3.1	\$ 341.3	\$ 369.8	\$ 1.6	\$ 371.4
Capital Assets	867.2	2.1	869.3	854.8	2.1	856.9
Total Assets	1,205.4	5.2	1,210.6	1,224.7	3.7	1,228.4
Deferred Outflows of Resources	133.4	3.7	137.1	124.7	6.7	131.4
LIABILITIES						
Long-Term Debt Outstanding	1,571.6	17.2	1,588.8	1,585.0	22.2	1,607.2
Other Liabilities	32.2	0.6	32.8	47.6	0.4	48.0
Total Liabilities	1,603.9	17.7	1,621.6	1,632.6	22.6	1,655.1
Deferred Inflows of Resources	46.4	4.5	50.9	34.6	2.9	37.5
Net Position:						
Invested in Capital Assets,						
Net of Related Debt	(1.9)	2.1	0.2	(20.7)	2.1	(18.6)
Restricted	224.7	-	224.7	226.9	-	226.9
Unrestricted	(534.2)	(15.5)	(549.7)	(523.9)	(17.2)	(541.1)
Total Net Position	\$ (311.4)	\$ (13.3)	\$ (324.8)	\$ (317.7)	\$ (15.1)	\$ (332.8)

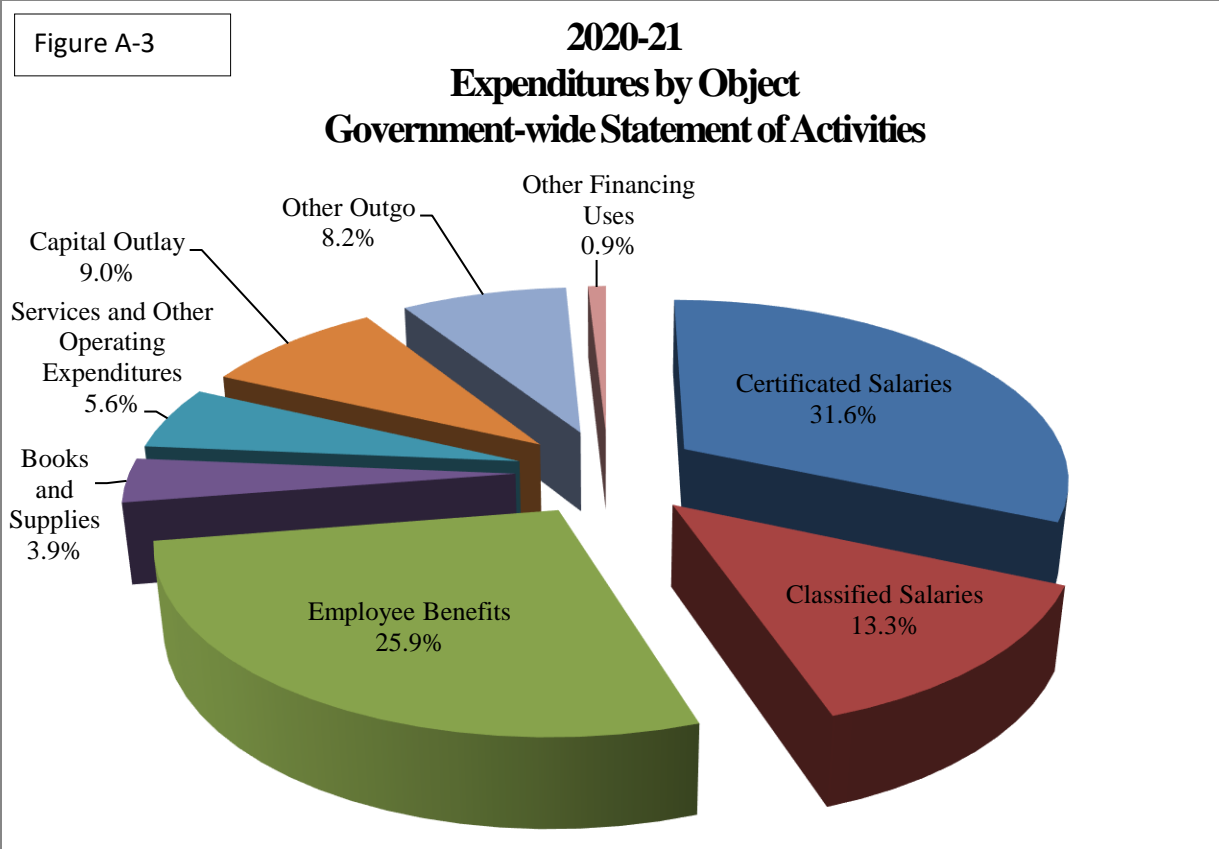
- Net Pension Liability of \$440.8 million was included in the District's total liability. The amount of pension contributions and adjustments in 2020-21 is \$30.0 million.
- \$81.9 million of the District's total liability is OPEB. The contribution to the OPEB Trust account through PARS (Public Agency Retirement System) reduces the overall liability. The District plans to continue to make annual contributions to the OPEB Trust account.

Governmental activities. The key elements of the District's Net Position for the year ended June 30, 2021 are as follows:

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

	<u>2019-20</u>	<u>% of Total</u>	<u>2020-21</u>	<u>% of Total</u>
<u>Revenues</u>				
Governmental Activities				
Program Revenues				
Charges for services	\$ 8,812,546	1.70%	\$ 4,197,047	0.74%
Operating grants and contributions	68,688,552	13.23%	117,824,508	20.73%
Capital grants and contributions	371,959	0.07%	9,046,187	1.59%
General Revenues				
Property taxes	261,183,149	50.31%	270,048,486	47.52%
Federal and state aid not restricted to specific purposes	148,462,743	28.60%	138,899,523	24.44%
Miscellaneous	13,359,376	2.57%	11,948,684	2.10%
Business-type Activities				
Enterprise activities	18,282,537	3.52%	16,327,509	2.87%
Total Revenues	<u>519,160,862</u>	<u>100.00%</u>	<u>568,291,944</u>	<u>100.00%</u>
<u>Expenditures by Function</u>				
Governmental Activities				
Instruction	348,842,561	63.19%	362,830,498	62.75%
Pupil services	45,448,963	8.23%	43,501,283	7.52%
General administration	23,086,410	4.18%	31,367,197	5.43%
Plant services	48,418,790	8.77%	64,567,278	11.17%
Ancillary and community services	4,217,964	0.76%	4,433,589	0.77%
Self-Insured activities	6,762,937	1.22%	1,766,259	0.31%
Interest on long-term debt	54,937,955	9.95%	47,179,202	8.16%
Other outgo	1,028,972	0.19%	4,447,564	0.77%
Business-type Activities				
Enterprise activities	19,348,780	3.50%	18,090,507	3.13%
Total Expenditures	<u>552,093,332</u>	<u>100.00%</u>	<u>578,183,377</u>	<u>100.00%</u>
Increase (Decrease) in Net Position	<u>(32,932,470)</u>		<u>(9,891,433)</u>	
Net Position - Beginning	<u>(293,925,581)</u>		<u>(324,769,070)</u>	
Adjustment to Beginning Net Position	<u>2,088,981</u>		<u>1,835,347</u>	
Net Position - Beginning, as Restated	<u>(291,836,600)</u>		<u>(322,933,723)</u>	
Net Position - Ending	<u>\$ (324,769,070)</u>		<u>\$ (332,825,156)</u>	





Local Control Funding Formula (LCFF)

- In 2013-14, the Local Control Funding Formula (LCFF) was implemented to simplify how state funding is provided to local educational agencies (LEAs). Under the new funding model revenue limits and most state categorical programs are eliminated. LEAs receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve student outcomes. The LCFF creates funding targets based on these student characteristics. The District's LCFF funding targets consist of grade span-specific base grants plus supplemental grants that reflects student demographics.
- In 2020-21, the District's unaudited unduplicated count is 7,264, equivalent to 20.37% of total enrollment. The Supplemental Grant was funded based on the 3-year rolling percentage of 21.5%.
- The funded COLA (Cost of Living Adjustment) in 2020-21 is 0.0%.
- The unaudited LCFF entitlement per ADA during the year ended June 30, 2021 is \$9,095, a decrease of 0.22% or \$20 per ADA compared to prior year.

LCFF ENTITLEMENT	2020-21
Base Grant	\$ 293,475,672
Grade Span Adjustment	11,305,169
Supplemental Grant	13,105,576
Add-ons	3,728,945
TOTAL LCFF Entitlement	\$ 321,615,362
CHANGE OVER PRIOR YEAR	\$ (721,427)
LCFF Entitlement PER ADA	\$ 9,095
PER ADA CHANGE OVER PRIOR YEAR	\$ (20)

LCFF SOURCES	2020-21
State Aid	\$ 123,966,629
Property Taxes	190,576,377
Education Protection Account (EPA)	7,072,356
TOTAL LCFF	\$ 321,615,362

SUPPLEMENTAL GRANT & MINIMUM PROPORTIONALITY PERCENTAGE (MPP)	2020-21
Supplemental expenditures in the LCAP year	\$ 13,105,576
Minimum Proportionality Percentage (MPP)*	4.30%
*percentage by which services for unduplicated students must be increased or improved over services provided for all students in the LCAP year.	

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$317.1 million, \$13.0 million higher than last year's fund balance.

The Governmental Accounting Standard Board (GASB) issued Statement 54 (GASB 54) that went into effect in fiscal year 2010-11. This statement considerably altered the categories and terminology used to describe the components of the ending fund balance. These changes enhanced how fund balance information is reported by establishing new classifications that are easier to understand. GASB 54 also clarified the definition of some governmental funds.

Fund balance reporting is unique to governmental fund accounting. It has traditionally been broken into two components, reserved and unreserved. GASB 54 implements a five-tier fund balance classification based on spending constraints on the use of these resources. Below, the components of the District's ending fund balance as of June 30, 2021 are reclassified in accordance with GASB 54:

Governmental Funds			
Components of Ending Fund Balance			
Reclassified in accordance with GASB Statement 54			
June 30, 2021			
a) Nonspendable			
Revolving Cash	9711	\$	305,553
Stores	9712	\$	1,044,512
b) Restricted	9740	\$	228,388,574
c) Committed			
Other Commitments	9760	\$	1,670,468
d) Assigned			
Other Assignments	9780	\$	51,666,959
e) Unassigned			
Reserve for Economic Uncertainties	9789	\$	9,886,573
Unassigned/Unappropriated	9790	\$	24,132,910

General Fund Budgetary Highlights

The District's budget is prepared pursuant to California Education Code and is based on the modified accrual basis of accounting.

During the course of fiscal year 2020-21, the District amended its General Fund budget numerous times, resulting in changes to revenue and expenditures estimates. Expenditure appropriation adjustments were made to reflect actual salary changes for step and column, longevity earned by employees, savings for vacancies, updates to employee benefits, changes in the cost of contracted services, and the expenditure of one-time grants carried forward from the prior year.

The Board of Education approves all District budget revisions. In June 2021, the District made its final appropriations adjustments to match anticipated revenue and expenditure totals.

Variance between budget and actuals is primarily a result of expenditure-driven federal programs, state grants and local donations. Such funds are recognized as revenue. When the qualifying expenditures have been incurred, and all other grant requirements have been met, unspent grant balances are carried forward to the succeeding year's budget. Actual grant revenues and expenditures are normally less than the amount budgeted.

General Fund Expenditure Highlights

The following table compares 2019-20 and 2020-21 General Fund actual expenditures by Standardized Account Code Structure (SACS) functions.

GENERAL FUND - MAJOR FUND						
<i>Expenditures by Function</i>	<i>2019-20</i>	<i>2020-21</i>	<i>%</i>	<i>Change</i>		
				<i>Amount</i>	<i>%</i>	
General Education Grades K-12	\$ 190,687,047	\$ 188,318,137	45.14%	\$ (2,368,910)	-1.2%	
Special Education	76,953,359	78,242,713	18.76%	1,289,354	1.7%	
Instruction Related Services	20,266,536	19,512,253	4.68%	(754,283)	-3.7%	
School Administration	23,320,399	22,771,426	5.46%	(548,973)	-2.4%	
Pupil Services	20,424,324	20,298,936	4.87%	(125,388)	-0.6%	
Transportation	11,571,592	10,112,609	2.42%	(1,458,983)	-12.6%	
Ancillary, Co-curricular & Athletics	3,903,580	2,923,441	0.70%	(980,139)	-25.1%	
Community Services	198,352	66,029	0.02%	(132,323)	-66.7%	
General Administration	15,250,102	17,889,809	4.29%	2,639,707	17.3%	
Central Data Processing	6,022,014	12,210,858	2.93%	6,188,844	102.8%	
Maintenance & Operations	34,331,630	34,568,795	8.29%	237,165	0.7%	
Facility Acquisition & Construction	3,179,932	1,136,322	0.27%	(2,043,610)	-64.3%	
Facility Rents and Leases	329,672	335,603	0.08%	5,931	1.8%	
Other Outgo	6,751,174	8,779,165	2.10%	2,027,991	30.0%	
Total	\$ 413,189,713	\$ 417,166,096	100.00%	\$ 3,976,383		
Final October Enrollment	36,586	35,661		(925)		
Expenditures per Student	\$ 11,294	\$ 11,698		\$ 404		

Note: Expenses for Cafeteria, Adult Ed., Construction, Preschool, and Child Care Services are recorded in separate funds. They are not included in the above figures.

- The total expenditure per student increased from \$11,294 to \$11,698, year over year.

Capital Asset

The state school facility fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets as of June 30, 2020 and June 30, 2021 are outlined below:

Additional information on the District's capital assets can be found in Note 6 to the basic financial statements.

CAPITAL ASSETS

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
<u>Governmental Activities:</u>		
Land	\$ 87,976,391	\$ 88,196,237
Land Improvements	95,173,460	97,233,506
Buildings & Improvements	1,011,964,270	1,032,820,262
Furniture & Equipment	52,443,388	56,371,373
Work in Progress	17,138,689	6,900,723
Accumulated Depreciation	(397,503,089)	(426,688,562)
Total Governmental Activities	<u>\$ 867,193,109</u>	<u>\$ 854,833,539</u>
<u>Business-type Activities</u>		
Buildings & Improvements	\$ 4,767,384	\$ 4,767,384
Work in Progress	60,255	139,380
Accumulated Depreciation	(2,701,518)	(2,807,460)
Total Business-type Activities	<u>\$ 2,126,121</u>	<u>\$ 2,099,304</u>

Long-Term Liabilities

Capital Leases

The District has outstanding capital leases for the purchase of new buses, network equipment and for its computer refresh program. Capital lease balances as of June 30, 2021 are as follows:

Capital Lease			
June 30, 2021			
Issue Name	Date of Issuance	Original Issue Amount	Principal Balance
US Bancorp (Bus Lease #2)	12/12/2014	\$ 1,100,000	\$ 346,611
US Bancorp - PNC (Computer Lease #1)	8/31/2019	1,551,276	932,520
Santander - (Computer Lease #5)	8/20/2020	2,000,189	1,585,573
Total Capital Lease			<u>\$ 2,864,704</u>

General Obligation Bonds

The voters of School Facilities Improvement District (SFID) approved Proposition U for \$198 million and Proposition C for \$179 million specifically for the purpose of renovating 24 of the District's older schools.

- Under Proposition U, the District issued three General Obligation Bonds, the \$75 million General Obligation Bonds, Series A which was refunded in 2011-12 at \$53.3 million, the \$119.3 million General Obligation Bonds, Series B and \$3.7 million General Obligation Bonds, Series C which was fully paid in 2016-17.
- In 2014-15, \$100.3 million of the \$119.3 million General Obligation Bonds, Series B was refunded.
- Proposition C has General Obligation Bonds Series A for \$74.0 million and \$105.0 million General Obligation Bonds, Series B.
- In 2019-20, the district issued \$30.7 million General Obligation Refunding Bonds

**School Facilities Improvement District - GO Bonds
June 30, 2021**

Issue Name	Date of Issuance	Original Issue Amount	Principal Balance
General Obligation Bonds, Election of 2002, Series B	11/2/2006	\$ 119,300,766	\$ 3,080,766
General Obligation Bonds, Election of 2002, Series B - Accreted Interest	11/2/2006	n/a	5,644,802
General Obligation Bonds, Election of 2002, Series B - Premium	11/2/2006	9,796,466	252,979
General Obligation Bonds, Election of 2008, Series A	1/9/2009	73,998,936	63,038,572
General Obligation Bonds, Election of 2008, Series A - Accreted Interest	1/9/2009	n/a	79,159,412
General Obligation Bonds, Election of 2008, Series A - Premium	1/9/2009	9,544,567	8,130,872
General Obligation Bonds, Election of 2008, Series B	7/28/2011	105,000,150	105,000,150
General Obligation Bonds, Election of 2008, Series B - Accreted Interest	7/28/2011	n/a	111,521,320
General Obligation Bonds, Election of 2008, Series B - Premium	7/28/2011	21,360,189	21,360,189
General Obligation Refunding Bonds, 2011	10/18/2011	53,285,000	3,415,000
General Obligation Refunding Bonds, 2011 - Premium	10/18/2011	5,439,544	348,617
General Obligation Refunding Bonds, 2014	7/15/2014	100,325,000	86,150,000
General Obligation Refunding Bonds, 2014 - Premium	7/15/2014	12,429,039	10,672,930
General Obligation Refunding Bonds, 2019	9/26/2019	30,690,000	29,795,000
Total General Obligation Bonds			<u>\$ 527,570,609</u>

Lease Revenue Bonds

In 2012-13, the District issued \$57.3 million in School Facilities Restructuring Program (Bridge). The purpose of the issuance was to refinance the 2007 Lease Revenue Bonds and to use for the remaining school construction projects. The outstanding balance of \$55.1 million is an obligation of Community Facilities District (CFD).

**Lease Revenue Bonds
June 30, 2021**

Issue Name	Date of Issuance	Original Issue Amount	Principal Balance
2012 School Facilities Restructuring Program (Bridge)	9/4/2012	\$ 57,300,000	\$ 55,100,000

Early Retirement Incentive

In June 2018, the District issued a supplemental early retirement plan through Keenan & Associates. The plan was issued as an incentive for 109 employees to retire early to create a cost savings for the District.

**Early Retirement Incentive
June 30, 2021**

Issue Name	Date of Issuance	Original Issue Amount	Principal Balance
2018 Retirement Incentive	6/1/2018	\$ 7,697,501	\$ 3,097,090

Special Tax Bonds

The District has formed various Community Facilities Districts to secure school facilities for students that will be generated from new housing developments. Below are outstanding special tax bonds under the Community Facilities Districts (CFD) as of June 30, 2021. These bonds are not obligations of the general fund of the District and are secured by taxes generated by homeowners and developers.

**Community Facilities District - Special Tax Bonds
June 30, 2021**

Description	Date of Issuance	Original Issue Amount	Principal Balance	Total
CFD #2				
2013 Rev. Bonds	1/24/2013	\$ 2,830,000	\$ 2,600,000	
2013 PFA Premium	1/24/2013	213,148	195,824	
2015C Series Refunding Bonds	8/12/2015	8,520,000	6,125,000	
2015C Series Refunding Bonds Premium	8/12/2015	674,619	484,981	\$ 9,405,805
CFD #3				
2015C Series Refunding Bonds	8/12/2015	\$ 3,680,000	\$ 2,630,000	
2015C Series Refunding Bonds Premium	8/12/2015	291,244	208,145	\$ 2,838,145
CFD #4				
2013 PFA, Series B	5/2/2013	\$ 7,990,000	\$ 7,400,000	
2013 PFA B Premium	5/2/2013	426,995	395,464	
2016 PFA A Refunding	8/18/2016	8,966,000	6,803,000	\$ 14,598,464
CFD #5				
2015C Series Refunding Bonds	8/12/2015	\$ 1,125,000	\$ 800,000	
2015C Series Refunding Bonds Premium	8/12/2015	87,988	62,569	\$ 862,569
CFD #6				
2015 Refunding	6/4/2015	63,145,000	\$ 54,755,000	
2015 Refunding Premium	6/4/2015	7,053,987	6,116,732	
2015C Series Refunding Bonds	6/9/2016	10,120,000	9,055,000	
2015C Series Refunding Bonds Premium	6/9/2016	(102,806)	(91,988)	
2016 CFS 4S Ranch	11/3/2016	29,635,000	25,905,000	
2016 CFS 4S Ranch Premium	11/3/2016	3,685,913	3,221,988	
2017A PFA Series	2/2/2017	14,470,000	12,215,000	
2017A PFA Series Premium	2/2/2017	1,236,202	1,043,553	
2020 Sp Tax Refunding	9/30/2020	29,920,000	29,905,000	
2020 Bond Discount	9/30/2020	(239,360)	(239,240)	\$ 141,886,045
CFD #7				
2015C Series Refunding Bonds	8/12/2015	\$ 1,080,000	\$ 780,000	
2015C Series Refunding Bonds Premium	8/12/2015	84,445	60,989	\$ 840,989
CFD #8				
2016 PFA A Refunding	8/18/2016	\$ 5,294,000	\$ 3,775,000	\$ 3,775,000
CFD #9				
2016 PFA A Refunding	8/18/2016	\$ 1,270,000	\$ 904,000	\$ 904,000
CFD #10				
2013 Refunding C	1/24/2013	\$ 2,625,000	\$ 2,110,000	
2013 PFA Premium	1/24/2013	197,708	158,920	
2013 Refunding D	1/24/2013	4,275,000	3,310,000	
2013 PFA Premium	1/24/2013	321,982	249,300	
2013 Refunding E	1/24/2013	4,800,000	3,725,000	
2013 PFA Premium	1/24/2013	361,523	280,557	
2016 PFA A Refunding	8/18/2016	34,006,000	27,384,000	
2016 Area F Refunding	12/6/2016	1,995,000	1,780,000	
2016 Area F Discount	12/6/2016	(30,922)	(27,590)	

Poway Unified School District, Management Discussion and Analysis cont'd

**Community Facilities District - Special Tax Bonds
June 30, 2021**

Description	Date of Issuance	Original Issue Amount	Principal Balance	Total
CFD #10				
2017A PFA Series	2/2/2017	7,030,000	5,645,000	
2017A PFA Series Premium	2/2/2017	802,229	644,180	
2017A PFA Series	2/2/2017	4,680,000	3,775,000	
2017A PFA Series Premium	2/2/2017	534,393	431,054	\$ 49,465,421
CFD #11				
2013 Refunding Improvement Area A	1/24/2013	\$ 9,685,000	\$ 7,655,000	
2013 Refunding Improvement Area A Premium	1/24/2013	729,449	576,554	
2013 Refunding Zone 1	1/24/2013	10,310,000	8,520,000	
2013 Refunding Zone 1 Premium	1/24/2013	776,522	641,703	
2013 Refunding Zone 2	1/24/2013	1,870,000	1,630,000	
2013 Refunding Zone 2 Premium	1/24/2013	140,843	122,767	
2013 Refunding Zone 3	1/24/2013	1,390,000	1,250,000	
2013 Refunding Zone 3 Premium	1/24/2013	104,691	94,145	
2014 Special Tax Bonds, Zone 2 & 3	12/2/2014	10,065,000	9,180,000	
2014 Special Tax Bonds, Zone 2 & 3 Premium	12/2/2014	273,198	249,177	
2014 Refunding Series B & C	7/16/2014	19,550,000	16,025,000	
2014 Refunding Series B & C Premium	7/16/2014	1,494,679	1,225,178	
2017B Refunding Zone 2 & 3	1/19/2017	5,815,000	5,295,000	
2017B Refunding Zone 2 & 3 Discount	1/19/2017	(80,962)	(73,722)	\$ 52,390,802
CFD #12				
2013 PFA Series B	5/2/2013	\$ 4,430,000	\$ 3,895,000	
2013 PFA B Premium	5/2/2013	236,744	208,153	
2016 PFA A Refunding	8/18/2016	6,635,000	5,308,000	\$ 9,411,153
CFD #13				
2013 PFA Series B	5/2/2013	\$ 5,375,000	\$ 5,030,000	
2013 PFA B Premium	5/2/2013	287,246	268,810	\$ 5,298,810
CFD #14				
2015 Refunding Bonds	4/22/2015	\$ 44,630,000	\$ 38,880,000	
2015 Refunding Bonds Premium	4/22/2015	6,075,058	5,292,477	
2015 Refunding Bonds Series A	4/22/2015	44,775,000	39,040,000	
2015 Refunding Bonds Series A Premium	4/22/2015	6,094,795	5,314,032	\$ 88,526,509
CFD #15				
2014 Special Tax Bonds	2/27/2014	\$ 40,000,000	\$ 39,070,000	
2014 Special Tax Bonds Premium	2/27/2014	802,459	783,802	
2014 SP Tax IA-A	8/21/2014	10,000,000	9,540,000	
2014 Sp Tax IA-A Discount	8/21/2014	(243,619)	(232,412)	
2015 Improvement Area C	4/13/2016	15,000,000	14,665,000	
2015 Improvement Area C Premium	4/13/2016	1,472,684	1,439,794	\$ 65,266,184
CFD #16				
2020 Special Tax Bonds	5/7/2020	\$ 15,675,000	\$ 15,175,000	
2020 Special Tax Bonds Premium	5/7/2020	721,726	698,705	
2020 Special Tax Bonds Area A	5/7/2020	25,415,000	24,585,000	
2020 Special Tax Bonds Area A Premium	5/7/2020	1,784,436	1,726,160	\$ 42,184,865
PFA				
2016 Local Debt Receivable	8/18/2016	\$ (56,171,000)	\$ (44,174,000)	
2016 Refunding	8/18/2016	46,770,000	38,155,000	
2016 Refunding Premium	8/18/2016	9,401,000	7,722,609	\$ 1,703,609
Total Special Tax Bonds				\$ 489,358,370

Additional information on the District's long-term debt can be found in Note 11 to the basic financial statement which is found on page 52 of the audit report.

Changing Enrollment within the District

The October 2020 overall demographics of the District reflect a decreased in the district's enrollment of 925 students.

Changes in Enrollment for Three Years

<u>Grade</u>	<u>Oct 2018</u>	<u>Oct 2019</u>	<u>Chg</u>	<u>Oct 2020</u>	<u>Chg</u>
K	3,196	3,244	48	2,951	(293)
1	2,507	2,572	65	2,520	(52)
2	2,690	2,556	(134)	2,547	(9)
3	2,601	2,734	133	2,514	(220)
4	2,611	2,644	33	2,691	47
5	2,734	2,649	(85)	2,621	(28)
6	2,791	2,765	(26)	2,614	(151)
7	2,946	2,831	(115)	2,717	(114)
8	2,863	2,934	71	2,799	(135)
9	2,886	2,916	30	2,938	22
10	2,866	2,898	32	2,897	(1)
11	2,841	2,855	14	2,851	(4)
12	2,918	2,988	70	3,001	13
TOTAL	36,450	36,586	136	35,661	(925)
	<u>2018-19</u>	<u>2019-20</u>	<u>Chg</u>	<u>2020-21</u>	<u>Chg</u>
Elementary K-5	16,339	16,399	60	15,844	(555)
Middle 6-8	8,600	8,530	(70)	8,130	(400)
High School 9-12	11,511	11,657	146	11,687	30
TOTAL	36,450	36,586	136	35,661	(925)

Factors Bearing on the District's Future

- Impact of the COVID-19 pandemic
- Escalating PERS & STRS costs, employer contribution
- Health and Welfare benefit costs
- Declining student enrollment due to pandemic
- Aging and dilapidated schools and facilities
- No funded COLA for the foreseeable future
- Inequitable funding under the LCFF model

Contacting the District's Financial Management

This financial report provides a general overview of the Poway Unified School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Associate Superintendent, Business Support Services, Poway Unified School District, 15250 Avenue of Science, San Diego, CA 92128.

**POWAY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government	
	Governmental Activities	Business-Type Activities
ASSETS		
Cash and cash equivalents	\$ 300,085,125	\$ 2,056,704
Accounts receivable	67,785,548	77,726
Internal balances	521,007	(521,007)
Inventory	1,044,512	-
Capital assets, not depreciated	95,096,960	-
Capital assets, net of accumulated depreciation	759,736,579	2,099,304
Total Assets	1,224,669,731	3,712,727
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to refunding	22,134,492	-
Deferred outflows related to debt insurance	1,412,730	-
Deferred outflows related to OPEB	6,243,725	261,510
Deferred outflows related to pensions	94,944,909	6,396,817
Total Deferred Outflows of Resources	124,735,856	6,658,327
LIABILITIES		
Accrued liabilities	21,853,107	377,193
Unearned revenue	7,960,286	-
Current loans	17,767,000	-
Long-term liabilities, current portion	42,724,184	562,693
Net pension liability	422,439,876	18,329,375
Net OPEB liability	78,605,371	3,292,286
Long-term liabilities, non-current portion	1,041,217,726	-
Total Liabilities	1,632,567,550	22,561,547
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to refunding	3,169,860	-
Deferred inflows related to pensions	19,946,259	2,420,836
Deferred inflows related to OPEB	11,455,928	479,817
Total Deferred Inflows of Resources	34,572,047	2,900,653
NET POSITION		
Net investment in capital assets	(20,721,029)	2,099,304
Restricted:		
Educational Programs	16,036,871	-
Debt service	20,938,725	-
Capital projects	188,535,103	-
Child nutrition	1,347,217	-
Unrestricted	(523,870,897)	(17,190,450)
Total Net Position	\$ (317,734,010)	\$ (15,091,146)

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

**POWAY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 310,020,445	\$ 837	\$ 71,533,635	\$ 9,046,187	\$ (229,439,786)	\$ -	\$ (229,439,786)
Instruction-related services							
Instructional supervision and administration	17,402,289	31,782	7,273,362	-	(10,097,145)	-	(10,097,145)
Instructional library, media, and technology	7,929,504	-	157,065	-	(7,772,439)	-	(7,772,439)
School site administration	27,478,260	-	1,978,269	-	(25,499,991)	-	(25,499,991)
Pupil services							
Home-to-school transportation	11,278,955	-	67,216	-	(11,211,739)	-	(11,211,739)
Food services	9,813,500	166,488	6,932,556	-	(2,714,456)	-	(2,714,456)
All other pupil services	22,408,828	4	5,294,262	-	(17,114,562)	-	(17,114,562)
General administration							
Centralized data processing	12,907,915	-	7,615,551	-	(5,292,364)	-	(5,292,364)
All other general administration	18,459,282	1,539	3,432,385	-	(15,025,358)	-	(15,025,358)
Plant services	64,567,278	532,365	1,313,603	-	(62,721,310)	-	(62,721,310)
Ancillary services	4,361,298	-	1,332,272	-	(3,029,026)	-	(3,029,026)
Community services	72,291	-	-	-	(72,291)	-	(72,291)
Enterprise services	1,766,259	-	-	-	(1,766,259)	-	(1,766,259)
Interest on long-term debt	47,179,202	-	-	-	(47,179,202)	-	(47,179,202)
Other outgo	4,429,456	3,464,032	10,894,332	-	9,928,908	-	9,928,908
Depreciation (unallocated)	18,108	-	-	-	(18,108)	-	(18,108)
Business-Type Activities							
Enterprise activities - Child Care	18,090,507	-	139,843	-	-	(17,950,664)	(17,950,664)
Total Governmental Activities	\$ 578,183,377	\$ 4,197,047	\$ 117,964,351	\$ 9,046,187	(429,025,128)	(17,950,664)	(446,975,792)
General revenues							
Taxes and subventions							
Property taxes, levied for general purposes					192,839,644	-	192,839,644
Property taxes, levied for debt service					21,199,332	-	21,199,332
Property taxes, levied for other specific purposes					56,009,510	-	56,009,510
Federal and state aid not restricted for specific purposes					138,899,523	-	138,899,523
Interest and investment earnings					1,317,042	18,473	1,335,515
Interagency revenues					580,834	-	580,834
Miscellaneous					11,109,656	15,110,345	26,220,001
Internal transfers					(1,058,848)	1,058,848	-
Subtotal, General Revenue					420,896,693	16,187,666	437,084,359
Change in Net Position					(8,128,435)	(1,762,998)	(9,891,433)
Net Position - Beginning					(311,440,922)	(13,328,148)	(324,769,070)
Prior Period Adjustment					1,835,347	-	1,835,347
Net Position - Ending					\$ (317,734,010)	\$ (15,091,146)	\$ (332,825,156)

**POWAY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50,802,848	\$ 178,961,753	\$ 60,924,240	\$ 290,688,841
Accounts receivable	60,260,525	-	5,184,081	65,444,606
Due from other funds	2,692,817	-	1,483,059	4,175,876
Stores inventory	503,157	-	541,355	1,044,512
Total Assets	\$ 114,259,347	\$ 178,961,753	\$ 68,132,735	\$ 361,353,835
LIABILITIES				
Accounts Payable	\$ 9,380,777	\$ -	\$ 1,672,294	\$ 11,053,071
Due to other funds	5,852,222	-	1,625,709	7,477,931
Current loans	17,767,000	-	-	17,767,000
Unearned revenue	7,149,412	-	810,874	7,960,286
Total Liabilities	40,149,411	-	4,108,877	44,258,288
FUND BALANCES				
Nonspendable	807,610	-	542,455	1,350,065
Restricted				
Educational Programs	15,636,460	-	400,411	16,036,871
Debt service	-	-	20,938,725	20,938,725
Capital projects	2,160,080	178,961,753	7,413,270	188,535,103
Child nutrition	-	-	1,347,217	1,347,217
Student activity funds	-	-	1,530,658	1,530,658
Committed	-	-	1,670,468	1,670,468
Assigned	21,486,305	-	30,180,654	51,666,959
Unassigned	34,019,481	-	-	34,019,481
Total Fund Balances	74,109,936	178,961,753	64,023,858	317,095,547
Total Liabilities and Fund Balances	\$ 114,259,347	\$ 178,961,753	\$ 68,132,735	\$ 361,353,835

**POWAY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 317,095,547

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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	\$ 1,281,522,101	
Accumulated depreciation	(426,688,562)	854,833,539

Unamortized costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:

1,412,730

Accounts receivable:

To record proceeds related to capital leases incurred during the year but not received as of the balance sheet date:

1,282,873

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(10,031,133)

Long-term liabilities:

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:

General Obligation Bonds	\$ 527,570,609	
Capital Leases	2,864,704	
Lease Revenue Bonds	55,100,000	
Special Tax Bonds - CFD	489,358,370	
Net Pension Liability	422,439,876	
Net OPEB Liability	78,605,371	
Early Retirement Incentive	3,097,090	
Compensated Absences Payable	5,951,137	(1,584,987,157)

**POWAY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION, continued
JUNE 30, 2021**

Deferred gain or loss on debt refunding:

In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:

18,964,632

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 outflows of resources relating to pensions:	\$	94,944,909	
Deferred inflows of resources relating to pensions:		<u>(19,946,259)</u>	74,998,650

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):

In governmental funds, deferred outflows and inflows of resources relating to OPEB 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 outflows of resources relating to OPEB	\$	6,243,725	
Deferred inflows of resources relating to OPEB		<u>(11,455,928)</u>	(5,212,203)

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

13,908,512

Total Net Position - Governmental Activities

\$ (317,734,010)

**POWAY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Projects Fund for Blended Component	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 322,878,628	\$ -	\$ 1,000,000	\$ 323,878,628
Federal sources	26,635,337	-	6,654,146	33,289,483
Other state sources	71,071,842	-	12,507,571	83,579,413
Other local sources	10,148,942	56,854,311	29,310,230	96,313,483
Total Revenues	430,734,749	56,854,311	49,471,947	537,061,007
EXPENDITURES				
Current				
Instruction	266,560,850	-	1,737,167	268,298,017
Instruction-related services				
Instructional supervision and administration	14,592,636	-	1,265,216	15,857,852
Instructional library, media, and technology	4,919,621	-	-	4,919,621
School site administration	22,771,422	-	-	22,771,422
Pupil services				
Home-to-school transportation	10,112,615	-	-	10,112,615
Food services	-	-	7,876,438	7,876,438
All other pupil services	20,298,933	-	163,208	20,462,141
General administration				
Centralized data processing	12,210,856	-	-	12,210,856
All other general administration	17,889,813	-	148,698	18,038,511
Plant services	34,904,399	589,032	839,242	36,332,673
Facilities acquisition and maintenance	1,136,322	26,383,162	11,296,498	38,815,982
Community services	66,029	-	-	66,029
Transfers to other agencies	350,662	-	-	350,662
Debt service				
Principal	2,845,796	-	29,212,235	32,058,031
Interest and other	78,133	-	30,164,339	30,242,472
Total Expenditures	411,661,528	26,972,194	83,898,726	522,532,448
Excess (Deficiency) of Revenues Over Expenditures	19,073,221	29,882,117	(34,426,779)	14,528,559
Other Financing Sources (Uses)				
Transfers in	4,966,168	-	51,538,373	56,504,541
Other sources	717,316	30,372,580	33,171,500	64,261,396
Transfers out	(6,282,674)	(41,354,178)	(9,689,333)	(57,326,185)
Other Uses	-	(33,604,371)	(33,171,500)	(66,775,871)
Net Financing Sources (Uses)	(599,190)	(44,585,969)	41,849,040	(3,336,119)
NET CHANGE IN FUND BALANCE	18,474,031	(14,703,852)	7,422,261	11,192,440
Fund Balance - Beginning	55,635,905	193,665,605	54,766,250	304,067,760
Adjustment for restatement	-	-	1,835,347	1,835,347
Fund Balance - Beginning, as restated	55,635,905	193,665,605	56,601,597	305,903,107
Fund Balance - Ending	\$ 74,109,936	\$ 178,961,753	\$ 64,023,858	\$ 317,095,547

**POWAY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 11,192,440

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 16,825,903	
Depreciation expense:	<u>(29,185,473)</u>	(12,359,570)

Debt service:

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 for repayment of the principal portion of long-term debt were:

31,227,978

Debt proceeds:

In governmental funds, proceeds of long-term debt are reported as Other Financing sources. In the government-wide statements, proceeds of long-term debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from long-term debt were:

(714,318)

Debt issue costs for prepaid debt insurance

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:

Prepaid debt insurance incurred during the period:	\$ -	
Prepaid debt insurance amortized for the period:	<u>(49,680)</u>	(49,680)

Donated capital assets:

In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:

-

Unmatured interest on long-term debt:

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 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:

(18,059,796)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(641,363)

**POWAY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2021**

Pensions:	
In government 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:	(14,778,624)
Postemployment benefits other than pensions (OPEB):	
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:	(4,644,439)
Other liabilities not normally liquidated with current financial resources:	
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:	1,548,545
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	1,152,799
Internal Service Funds:	
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	<u>(2,002,407)</u>
Change in Net Position of Governmental Activities	<u>\$ (8,128,435)</u>

**POWAY UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Major Enterprise Fund Childcare Program	Non-Major Internal Service Fund Self-Insurance Fund
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,056,704	\$ 9,396,284
Accounts receivable	77,726	1,058,069
Due from other funds	49,477	4,547,904
Prepaid expenses	-	400,000
Total Current Assets	2,183,907	15,402,257
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	2,099,304	-
Total Noncurrent Assets	2,099,304	-
Total Assets	4,283,211	15,402,257
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	261,510	-
Deferred outflows related to pensions	6,396,817	-
Total Deferred Outflows of Resources	6,658,327	-
LIABILITIES		
Current Liabilities:		
Accounts payable	377,193	768,903
Due to other funds	570,484	724,842
Total Current Liabilities	947,677	1,493,745
Noncurrent Liabilities:		
Net pension liability	18,329,375	-
Net OPEB liability	3,292,286	-
Compensated absences	562,693	-
Total Noncurrent Liabilities	22,184,354	-
Total Liabilities	23,132,031	1,493,745
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	2,420,836	-
Deferred inflows related to OPEB	479,817	-
Total Deferred Inflows of Resources	2,900,653	-
NET POSITION		
Net investment in capital assets	2,099,304	-
Unrestricted (Deficit)	(17,190,450)	13,908,512
Total Net Position	\$ (15,091,146)	\$ 13,908,512

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

**POWAY UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Major Enterprise Fund Childcare Program	Non-Major Internal Service Fund Self-Insurance Fund
Operating Revenues		
State revenue	\$ 279,813	\$ -
Local revenue	14,970,375	14,662,528
Total Revenues	<u>15,250,188</u>	<u>14,662,528</u>
Operating Expenses:		
Certificated personnel salaries	1,624,530	-
Classified personnel salaries	8,939,853	-
Employee benefits	4,886,887	2,659,505
Books and supplies	329,704	83,715
Services and other operating expenses	2,203,591	13,784,746
Depreciation	105,942	-
Total Expenses	<u>18,090,507</u>	<u>16,527,966</u>
Income (Loss) before Contributions and Transfers	(2,840,319)	(1,865,438)
Contributions and Transfers		
Interfund transfer in	1,085,000	2,916,560
Interfund transfer out	(26,152)	(3,153,764)
Operating Income (Loss)	<u>(1,781,471)</u>	<u>(2,102,642)</u>
Non-Operating Revenues		
Interest income	18,473	100,235
Change in Net Position	<u>(1,762,998)</u>	<u>(2,002,407)</u>
Net Position, Beginning of Year	(13,328,148)	15,910,919
Net Position, End of Year	<u>\$ (15,091,146)</u>	<u>\$ 13,908,512</u>

**POWAY UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Major Enterprise Fund	Non-Major Internal Service Fund
	Childcare Program	Self-Insurance Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 279,813	\$ -
Cash received from grants and customers	14,985,349	14,675,539
Cash receipts for operating activities with other funds	1,089,524	(1,162,689)
Cash Payments to employees for services	(10,625,517)	-
Cash Payments to employees for benefits	(4,409,937)	(2,659,505)
Cash payments for other goods and services	(2,717,389)	(15,097,662)
Net Cash Used by Operating Activities	<u>(1,398,157)</u>	<u>(4,244,317)</u>
Cash Flows from Capital Financing Activities		
Purchase of capital assets	(79,125)	-
Net Cash Used by Capital Financing Activities	<u>(79,125)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest and dividends on investments	18,473	100,235
Net Cash Provided by Investing Activities	<u>18,473</u>	<u>100,235</u>
Net Decrease in Cash and Cash Equivalents	(1,458,809)	(4,144,082)
Cash and Cash Equivalents, Beginning of Year	3,515,513	13,540,366
Cash and Cash Equivalents, End of Year	<u>\$ 2,056,704</u>	<u>\$ 9,396,284</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	\$ (1,781,471)	\$ (2,102,642)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	105,942	-
Changes in Assets and Liabilities:		
Accounts receivable	14,974	13,011
Inventory and prepaid expenses	-	(400,000)
Due from other funds	37,144	490,366
Deferred outflows of resources	(2,993,928)	-
Accounts payable	(184,094)	(829,201)
Due to other funds	(6,468)	(1,415,851)
Compensated absences	(61,134)	-
Net pension liability	5,467,360	-
Net OPEB liability	(408,978)	-
Deferred inflows of resources	(1,587,504)	-
Total Adjustments	<u>383,314</u>	<u>(2,141,675)</u>
Net Cash Flows From Operating Activities	<u>\$ (1,398,157)</u>	<u>\$ (4,244,317)</u>

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

**POWAY UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Foundation Private-Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 323,674
Accounts receivable	873
Total Assets	<u>324,547</u>
LIABILITIES	
Accounts payable	<u>2,000</u>
Total Liabilities	<u>2,000</u>
NET POSITION	
Held in trust	322,547
Total Net Position	<u>\$ 322,547</u>

**POWAY UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Foundation Private-Purpose Trust Fund
Additions:	
Investment income	\$ 3,164
Plan member contributions	1,000
Total Additions	<u>4,164</u>
Deductions	
Books and supplies	92
Services and other operating expenses	11,150
Total Deductions	<u>11,242</u>
Change in Net Position	<u>(7,078)</u>
Net Position, Beginning of Year	<u>329,625</u>
Net Position, End of Year	<u>\$ 322,547</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental reporting "entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Poway Unified School District Public Financing Authority (PFA) and the Poway Community Facilities Districts (CFDs) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the PFA and the CFDs as component units of the District. Therefore, the financial activities of the PFA and the CFDs have been included in the basic financial statements of the District as a blended component unit.

The following are those aspects of the relationship between the District, the PFA and the CFDs which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

Manifestations of Oversight

- a. The PFA and the CFDs' Boards of Directors were appointed by the District's Board of Education.
- b. The PFA and the CFDs have no employees. The District's Superintendent, Assistant Superintendent of Business Services, and other employees of the District function as agents of the PFA and the CFDs. None of the aforementioned individuals receive additional compensation for work performed in this capacity.
- c. The District exercises significant influence over operations of the PFA and CFDs.

Accounting for Fiscal Matters

- a. All major financing arrangements, contracts, and other transactions of the PFA and the CFDs must have the consent of the District.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A. Financial Reporting Entity, continued

Scope of Public Service and Financial Presentation

- a. The PFA and CFDs were created for the sole purpose of financially assisting the District.
- b. The PFA and CFDs were created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority (CSCDA), pursuant to the California Government Code, commencing with Section 6500. The PFA and CFDs were formed to provide financing assistance to the District for construction and acquisition of major capital facilities.
- c. The PFA and CFDs financial activity are presented in the financial statements in the Capital Projects Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Debt issued by the PFA and the CFDs are included in the government-wide financial statements.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Presentation, continued

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP).

The District reports the following major enterprise funds:

Enterprise Fund: This fund is used to account for the revenues and expenses associated with the District's Extended Student Services program which operates preschools and before/after school programs throughout the District.

In addition, the District reports the following fund types:

Special Revenue 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 particular activities and that compose a substantial portion of the inflows of the fund.

Student Activity Fund: The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Financial Statements: The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Funds: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting, continued

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 the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue: Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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

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 as of June 30.

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

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting, continued

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. 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 Diego County Treasury was not available.

Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

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

**POWAY UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position, continued

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	45 years
Building Improvements	20 years
Vehicles	5-15 years
Office Equipment	5-15 years
Computer Equipment	5-15 years

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or 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 In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position, continued

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

Fund Balances - Governmental Funds

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 conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position, continued

Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce the service levels because of temporary revenue shortfalls or unpredicted expenses. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts equal to 2% of the general fund operating expenses and other financing uses.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Measurement Period:	July 1, 2020 – June 30, 2021

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position, continued

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

Pensions

For purposes of measuring the 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 CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement Number 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) is combined with the General Fund for purposes of presentation in the audit report.

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

G. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

**POWAY UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This standard’s primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2019. The District has implemented GASB Statement No. 84 for the year ended June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. This standard’s primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2021. The District has not determined the impact on the financial statements.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions:

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. Deficit Fund Balance or Fund Net Position of Individual Funds:

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Enterprise Fund	\$ 17,190,450	The enterprise fund is in a deficit as a result of recording net OPEB obligation in accordance with GASB Statement No. 75 and net pension liability in accordance with GASB Statement No. 68.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – FAIR VALUE MEASUREMENTS

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury securities	\$ 4,965,258	\$ -	\$ 4,965,258	\$ -
Vanguard Mutal Funds	12,869,415	-	12,869,415	-
Money Market Funds	161,127,080	-	161,127,080	-
Total investments by fair value level	\$ 178,961,753	\$ -	\$ 178,961,753	\$ -
External investment pools measured at fair value				
San Diego County Treasury	\$ 119,960,140	\$ -	\$ 119,960,140	\$ -
JPA Deposit in SD County Treasury	160,711	-	160,711	-
Total investments by fair value level	\$ 120,120,851	\$ -	\$ 120,120,851	\$ -

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

Investments in U.S. treasury securities and money market funds are amounts held by fiscal agents for community facilities districts special tax bonds.

Investments in Vanguard Mutual Funds are held by a trustee for the District's OPEB Plan at Public Agency Retirement Services (PARS).

NOTE 4 – CASH AND INVESTMENTS

A. Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$119,960,140 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$120,461,070. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CASH AND INVESTMENTS, continued

B. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$3,077,346 as of June 30, 2021) and in the revolving fund (\$323,674) as of June 30, 2021 are insured up to \$250,000 by the Federal Depository Insurance Corporation.

C. Cash with Fiscal Agent and Investments

The District's cash with fiscal agent and investments at June 30, 2021 are shown below.

Account Type	Maturity	Fair Value
Deposit with JPA	<30 Days	\$ 160,711
Money Market Funds	<30 Days	161,127,080
Vanguard Mutual funds	<30 Days	12,869,415
U.S. Treasury Obligations		4,965,258
Total Cash with Fiscal Agent and Investments		<u>\$ 179,122,464</u>

D. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CASH AND INVESTMENTS, continued

E. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only 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. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk.

At June 30, 2021, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 120,120,851
Vanguard Mutual Funds	Varies in Fund	Moody's	12,869,415
U.S. Treasury Securities	Unrated	Not Applicable	4,965,258
U.S. Bank Money Market Funds	Aa1	Moody's	161,127,080
			<u>\$ 299,082,604</u>

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. 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 market 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

As of June 30, 2021, the District's bank balances (including revolving cash) of \$3,382,899 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CASH AND INVESTMENTS, continued

E. Analysis of Specific Deposit and Investment Risks, continued

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

F. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – ACCOUNTS RECEIVABLE

All significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021 consisted of:

	General Fund	Non-Major Governmental Funds	Self-Insurance Fund	Total Governmental Activities	Total Business- Type Activities
Federal Government					
Categorical aid	\$ 9,808,635	\$ 1,838,082	\$ -	\$ 11,646,717	\$ -
State Government					
Categorical aid	10,035,831	35,649	-	10,071,480	-
Lottery	2,445,959	-	-	2,445,959	-
Local Government					
Interest	119,885	-	14,999	134,884	3,300
LCFF	36,182,222	-	-	36,182,222	-
Other local sources	1,667,993	3,310,350	1,043,070	6,021,413	74,426
Total	\$ 60,260,525	\$ 5,184,081	\$ 1,058,069	\$ 66,502,675	\$ 77,726

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 87,976,391	\$ 219,846	\$ -	\$ 88,196,237
Construction in progress	17,138,689	12,687,167	22,925,133	6,900,723
Total Capital Assets not Being Depreciated	105,115,080	12,907,013	22,925,133	95,096,960
Capital assets being depreciated				
Buildings	1,011,964,270	20,855,992	-	1,032,820,262
Improvements	95,173,460	2,060,046	-	97,233,506
Equipment	52,443,388	3,927,985	-	56,371,373
Total Capital Assets Being Depreciated	1,159,581,118	26,844,023	-	1,186,425,141
Less Accumulated Depreciation				
Buildings	311,783,572	22,909,277	-	334,692,849
Improvements	47,011,657	4,212,602	-	51,224,259
Equipment	38,707,860	2,063,594	-	40,771,454
Total Accumulated Depreciation	397,503,089	29,185,473	-	426,688,562
Capital Assets, net	\$ 867,193,109	\$ 10,565,563	\$ 22,925,133	\$ 854,833,539
	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
<u>Business-Type Activities:</u>				
Capital assets not being depreciated				
Construction in progress	\$ 60,255	\$ 79,125	\$ -	\$ 139,380
Total Capital Assets not Being Depreciated	60,255	79,125	-	139,380
Capital assets being depreciated				
Buildings	4,767,384	-	-	4,767,384
Total Capital Assets Being Depreciated	4,767,384	-	-	4,767,384
Less Accumulated Depreciation				
Buildings	2,701,518	105,942	-	2,807,460
Total Accumulated Depreciation	2,701,518	105,942	-	2,807,460
Capital Assets, net	\$ 2,126,121	\$ (26,817)	\$ -	\$ 2,099,304

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – INTERFUND BALANCES AND ACTIVITIES

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

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

Payable Fund	Receivable Fund				Total
	General Fund	Total Non-Major Governmental Funds	Enterprise Fund	Self-Insurance Fund	
General Fund	\$ -	\$ 1,460,490	\$ 6,115	\$ 4,385,617	\$ 5,852,222
Total Non-Major Governmental Funds	1,490,967	20,787	43,362	70,593	1,625,709
Enterprise Fund	477,008	1,782	-	91,694	570,484
Self-Insurance Fund	724,842	-	-	-	724,842
Total	\$ 2,692,817	\$ 1,483,059	\$ 49,477	\$ 4,547,904	\$ 8,773,257

Due from Adult Education Fund to General Fund for indirect costs, use of facilities, clearing suspense costs, salary and publications expense, and sales tax payable.	\$ 98,834
Due from Adult Education Fund to Self-Insurance Fund for OPEB contributions and allocations.	17,623
Due from Adult Education Fund to Special Reserve for Capital Outlay Projects Fund for cell tower payment.	5,780
Due from Cafeteria Special Revenue Fund to General Fund for clearing suspense costs, fuel and oil, postage, sales tax payable, and fund transfer.	761,032
Due from Cafeteria Special Revenue Fund to Self-Insurance Fund for OPEB contributions and allocations.	45,829
Due from Capital Facilities Fund to General Fund for sales tax payable and developer's fees.	66,697
Due from Child Development Fund to Enterprise Fund for salary expense.	43,362
Due from Child Development Fund to General Fund for clearing suspense costs, publications expense, and indirect costs.	15,617
Due from Child Development Fund to Self-Insurance Fund for OPEB contributions and allocations.	7,141
Due from Enterprise Fund to Cafeteria Special Revenue Fund for food and nutrition expense.	1,782
Due from Enterprise Fund to General Fund for clearing suspense costs, postage and publications expense, sales tax payable, and indirect costs.	477,008
Due from Enterprise Fund to Self-Insurance Fund for OPEB contributions and allocations.	91,694
Due from General Fund to Adult Education Fund for salary expense and clearing suspense costs.	139,891
Due from General Fund to Cafeteria Special Revenue Fund for clearing suspense costs, labor costs, rent, and food and nutrition expense.	249,678
Due from General Fund to Deferred Maintenance Fund for fund transfer.	292,821
Due from General Fund to Enterprise Fund for clearing suspense costs and special education preschool.	6,115
Due from General Fund to Self-Insurance Fund for OPEB contributions and allocations and purchasing card expense.	4,385,617
Due from Self-Insurance to General Fund for flex plan, workers comp, restitution, inter-program charges, postage, clearing suspense costs, and sales tax payable.	724,842
Due from Special Reserve for Capital Outlay Projects Fund to General Fund for sales tax payable.	5,120
Due from Special Reserve for Capital Outlay Projects Fund to Special Reserve for Other Than Capital Outlay Projects Fund for fund transfer.	543,667
Due from Special Reserve for Other Than Capital Outlay Projects Fund to Special Reserve for Capital Outlay Projects Fund for fund transfer.	778,100
Due from State School Facilities Fund to Special Reserve for Capital Outlay Projects Fund for interest expense.	15,007
	<u>\$ 8,773,257</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – INTERFUND BALANCES AND ACTIVITIES, continued

B. Interfund Transfers

Interfund transfers taking place during the year ended June 30, 2021 were as follows:

Interfund Transfer Out	Interfund Transfer In				Total
	General Fund	Total Non-Major Governmental Funds	Enterprise Fund	Self-Insurance Fund	
General Fund	\$ -	2,340,053	\$ 1,085,000	\$ 2,857,621	\$ 6,282,674
Capital Projects Fund for Blended Component Units	1,202,045	40,152,133	-	-	41,354,178
Total Non-Major Governmental Funds	610,359	9,046,187	-	32,787	9,689,333
Enterprise Fund	-	-	-	26,152	26,152
Self-Insurance Fund	3,153,764	-	-	-	3,153,764
Total	\$ 4,966,168	\$ 51,538,373	\$ 1,085,000	\$ 2,916,560	\$ 60,506,101

Transfer from Adult Education Fund to Self-Insurance Fund for OPEB contributions.	\$ 8,559
Transfer from Cafeteria Special Revenue Fund to Self-Insurance Fund for OPEB contributions.	21,004
Transfer from Capital Facilities Fund to General Fund for 2021 fund 2519 year-end entries (3%).	66,693
Transfer from Capital Project Fund to Debt Service for 0321 USB Trans 4999 for March.	815,480
Transfer from Capital Project Fund to Debt Service for CFD debt service.	26,399,431
Transfer from Capital Project Fund to Debt Service for debt principal & interest.	1,750,999
Transfer from Capital Project Fund to Debt Service for debt service.	1,373,620
Transfer from Capital Project Fund to General Fund for CFD reimbursement.	1,202,045
Transfer from Capital Project Fund to Special Reserves/Capital Project for CFD reimbursement .	39,500
Transfer from Capital Project Fund to Total Non-Major Governmental Funds for CFD debt service.	6,914,328
Transfer from Capital Project Fund to Total Non-Major Governmental Funds for CFD transfer.	2,858,775
Transfer from Child Development Fund to Self-Insurance Fund for OPEB contributions.	3,224
Transfer from General Fund to Cafeteria Special Revenue Fund for 2021 F&N year-end adjustments.	19,132
Transfer from General Fund to Cafeteria Special Revenue Fund for additional general fund transfer to fund 13.	150,000
Transfer from General Fund to Cafeteria Special Revenue Fund for December cash and payroll.	500,000
Transfer from General Fund to Cafeteria Special Revenue Fund for fund transfer.	750,000
Transfer from General Fund to Cafeteria Special Revenue Fund for temp loan.	600,000
Transfer from General Fund to Cafeteria Special Revenue Fund for adjusting fund 13 contribution.	(750,000)
Transfer from General Fund to Deferred Maintenance Fund for SDG&E Savings Design/Prop 39 project.	292,821
Transfer from General Fund to Other Enterprise Fund for fund transfer.	1,000,000
Transfer from General Fund to Other Enterprise Fund for PFT agreement for ESS services.	20,000
Transfer from General Fund to Other Enterprise Fund for PFT payment.	65,000
Transfer from General Fund to Self-Insurance Fund for FY 2020-21 allocation.	750,000
Transfer from General Fund to Self-Insurance Fund for OPEB contributions.	1,757,621
Transfer from General Fund to Self-Insurance Fund for additional District contributions.	350,000
Transfer from Other Enterprise Fund to Self-Insurance Fund for OPEB contributions.	26,152
Transfer from Self-Insurance Fund to General Fund for transfer of PSEA I & II.	925,000
Transfer from Self-Insurance Fund to General Fund for To transfer remaining balance.	578,764
Transfer from Self-Insurance Fund to General Fund for insurance premium offset.	500,000
Transfer from Self-Insurance Fund to General Fund for OPEB reimbursement.	1,150,000
Transfer from Special Reserve Other Than Capital Outlay Project to Special Reserves/Capital Project for 2021 Year-end interfund transfer for Other Funds.	778,100
Transfer from Special Reserves/Capital Project to Special Reserve Other Than Capital Outlay Project for 2021 Year-end interfund transfer for Other Funds.	543,666
Transfer from State School Facilities Fund to Special Reserves/Capital Project for fund transfer.	9,046,187
	<u>\$ 60,506,101</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	General Fund	Non-Major Governmental Funds	Self-Insurance Fund	District-Wide	Total Governmental Activities	Total Business- Type Activities
Payroll and related	\$ 1,695,059	\$ 101,401	\$ -	\$ -	\$ 1,796,460	\$ 217,838
Vendors payable	7,685,718	1,570,893	626,478	-	9,883,089	159,355
Unmatured interest	-	-	-	10,031,133	10,031,133	-
IBNR liabilities	-	-	142,425	-	142,425	-
Total	\$ 9,380,777	\$ 1,672,294	\$ 768,903	\$ 10,031,133	\$ 21,853,107	\$ 377,193

NOTE 9 – UNEARNED REVENUE

Unearned Revenue at June 30, 2021 consisted of the following:

	General Fund	Non-Major Governmental Funds
Federal Government		
Categorical aid	\$ 1,138,760	\$ 805,095
State Government		
Other state sources	5,724,348	-
Local Government		
Donations	97,500	-
Other local sources	188,804	5,779
	<u>\$ 7,149,412</u>	<u>\$ 810,874</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

Ending fund balance at June 30, 2021 consisted of the following:

	General Fund	Capital Projects Fund for Blended Component	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 304,453	\$ -	\$ 1,100	\$ 305,553
Stores inventory	503,157	-	541,355	1,044,512
Total non-spendable	807,610	-	542,455	1,350,065
Restricted				
Educational Programs	15,636,460	-	400,411	16,036,871
Debt service	-	-	20,938,725	20,938,725
Capital projects	2,160,080	178,961,753	7,413,270	188,535,103
Child nutrition	-	-	1,347,217	1,347,217
Student activity funds	-	-	1,530,658	1,530,658
Total restricted	17,796,540	178,961,753	31,630,281	228,388,574
Committed				
Other commitments	-	-	1,670,468	1,670,468
Total committed	-	-	1,670,468	1,670,468
Assigned				
Carryover	5,536,305	-	-	5,536,305
Reserve for capital outlay	-	-	30,180,654	30,180,654
Other assignments	15,950,000	-	-	15,950,000
Total assigned	21,486,305	-	30,180,654	51,666,959
Unassigned				
Reserve for economic uncertainties	9,886,571	-	-	9,886,571
Remaining unassigned	24,132,910	-	-	24,132,910
Total unassigned	34,019,481	-	-	34,019,481
Total	\$ 74,109,936	\$ 178,961,753	\$ 64,023,858	\$ 317,095,547

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Governmental Activities:					
General Obligation Bonds	\$ 517,760,842	\$ 25,428,028	\$ 15,618,261	\$ 527,570,609	\$ 17,137,974
Capital Leases	3,665,258	2,000,189	2,800,743	2,864,704	800,369
Lease Revenue Bonds	55,650,000	-	550,000	55,100,000	640,000
Special Tax Bonds - CFD	510,293,786	29,680,640	50,616,056	489,358,370	16,651,812
Net Pension Liability	397,892,170	24,547,706	-	422,439,876	-
Net OPEB Liability	76,412,673	2,192,698	-	78,605,371	-
Early Retirement Incentive	4,645,635	-	1,548,545	3,097,090	1,542,892
Compensated Absences Payable	5,309,774	641,363	-	5,951,137	5,951,137
Total Governmental Activities	1,571,630,138	84,490,624	71,133,605	1,584,987,157	42,724,184
Business-Type Activities:					
Net Pension Liability	12,862,015	5,467,360	-	18,329,375	-
Net OPEB Obligation	3,701,264	-	408,978	3,292,286	-
Compensated Absences Payable	623,827	-	61,134	562,693	562,693
Total Business-Type Activities	17,187,106	5,467,360	470,112	22,184,354	562,693
Total Long-Term Liabilities	\$ 1,588,817,244	\$ 89,957,984	\$ 71,603,717	\$ 1,607,171,511	\$ 43,286,877

B. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2021, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows:

Bond Issue	Amount
2003 CFD 1 Special Tax Bonds	\$ 1,454,713

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

C. Capital Leases

The District entered into a lease agreement for \$2,200,000 with Pinnacle Public Finance Corporation on September 22, 2011 for equipment. The title for the equipment transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 2.33% with payments of principal and interest due annually.

The District entered into a lease agreement for \$1,100,000 with US Bancorp on January 30, 2015 for equipment. The title for the equipment transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 2.27% with principal and interest payments due annually.

The District entered into a lease agreement for \$2,500,000 with Santander Bank on July 15, 2016 for the purchase of computers. The title for the computers transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 1.57% with principal and interest payments due annually for 5 years.

The District entered into a lease agreement for \$5,000,000 with Santander Bank on July 15, 2016 for the funding of a LAN/WAN project. Upon completion the district will hold title to the technology infrastructure this project produces. The lease bears a fixed interest rate of 1.57% with principal and interest payments due annually for 5 years.

The District entered into a lease agreement for \$1,075,000 with US Bancorp on October 30, 2016 for the purchase of equipment. The title for the equipment transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 1.41% with payments of principal and interest due annually for 5 years.

The District entered into a lease agreement for \$1,551,276 with US Bancorp on July 26, 2019 for the purchase of equipment. The loan was subsequently sold to Huntington Finance. The title for the equipment transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 2.76% with payments of principal and interest due annually for 5 years.

The District entered into a lease agreement for \$2,000,189 with Santander on August 20, 2020 for the purchase of computer equipment. The title for the equipment transfers to the district upon conclusion of the final lease payment. The lease bears a fixed interest rate of 1.94% with payments of principal and interest due annually for 5 years.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

C. Capital Leases, continued

Capital lease activity for the 2020-21 fiscal year is as follows:

	Balance			Balance		Due in
	July 01, 2020	Additions	Deductions	June 30, 2021		One Year
Pinnacle Public Finance	\$ 237,539	\$ -	\$ 237,539	\$ -	\$ -	-
US Bancorp - Bus Lease	457,019	-	110,408	346,611	-	112,933
Santander - Computer Lease	508,753	-	508,753	-	-	-
Santander - LAN/WAN Proj.	1,017,506	-	1,017,506	-	-	-
US Bancorp - RCS Equipment	217,672	-	217,672	-	-	-
US Bancorp Phase1 - PNC - Huntington Finance	1,226,769	-	294,248	932,521	-	302,393
Santander - Computer Lease #5	-	2,000,189	414,617	1,585,572	-	385,043
Total Capital Leases	\$ 3,665,258	\$ 2,000,189	\$ 2,800,743	\$ 2,864,704	\$ -	\$ 800,369

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of June 30, 2021, as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 800,369	\$ 64,501	\$ 864,870
2023	818,792	46,078	864,870
2024	837,652	27,219	864,871
2025	407,891	7,913	415,804
Total	\$ 2,864,704	\$ 145,711	\$ 3,010,415

D. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes. The District issued the 2019 Refunding Bonds during the fiscal year ended June 30, 2020.

On November 5, 2002 registered voters authorized the issuance of \$198,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, \$3,699,234 remains unissued.

On February 5, 2008 registered voters authorized the issuance of \$179,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, \$914 remains unissued.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

D. General Obligation Bonds, continued

General obligation bonds payable as of June 30, 2021 are as follows:

	Date of Issuance	Interest Rate	Maturity Date	Amount of Original Issue
2002 Election Series B	10/19/2006	4.50 - 5.00%	8/1/2031	\$ 119,300,766
2008 Election Series A	1/9/2009	6.00 - 7.10%	8/1/2033	73,998,936
2008 Election Series B	7/28/2011	6.56 - 7.12%	8/1/2051	105,000,150
2011 Refunding Bonds	10/18/2011	2.00 - 5.00%	8/1/2027	53,285,000
2014 Refunding Bonds	7/15/2014	3.00 - 5.00%	8/1/2030	100,325,000
2019 Refunding Bonds	9/26/2019	1.912 - 2.414%	8/1/2027	30,690,000
Total GO Bonds				<u>\$ 482,599,851</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
2002 Election Series B	\$ 3,080,766	\$ -	\$ -	\$ 3,080,766	\$ -
2002-B Accreted Interest	5,019,483	625,319	-	5,644,802	-
2002-B Bond Premium	252,979	-	-	252,979	-
Total 2002 Series B	8,353,228	625,319	-	8,978,547	-
2008 Election Series A	66,250,807	-	3,212,235	63,038,572	3,496,412
2008-A Accreted Interest	72,992,041	9,515,136	3,347,765	79,159,412	4,193,588
2008-A Bond Premium	8,545,194	-	414,322	8,130,872	450,976
Total 2008 Series A	147,788,042	9,515,136	6,974,322	150,328,856	8,140,976
2008 Election Series B	105,000,150	-	-	105,000,150	-
2008-B Accreted Interest	96,233,747	15,287,573	-	111,521,320	-
2008-B Bond Premium	21,360,189	-	-	21,360,189	-
Total 2008 Series B	222,594,086	15,287,573	-	237,881,659	-
2011 Refunding Bonds	6,520,000	-	3,105,000	3,415,000	3,415,000
2011 Bond Premium	665,588	-	316,971	348,617	348,617
Total 2011 Refunding Bonds	7,185,588	-	3,421,971	3,763,617	3,763,617
2014 Refunding Bonds	90,000,000	-	3,850,000	86,150,000	4,265,000
2014 Bond Premium	11,149,898	-	476,968	10,672,930	528,381
Total 2014 Refunding Bonds	101,149,898	-	4,326,968	96,822,930	4,793,381
2019 Refunding Bonds	30,690,000	-	895,000	29,795,000	440,000
Total GO Bonds	<u>\$ 517,760,842</u>	<u>\$ 25,428,028</u>	<u>\$ 15,618,261</u>	<u>\$ 527,570,609</u>	<u>\$ 17,137,974</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

D. General Obligation Bonds, continued

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30	Principal	Accreted Interest Due	Interest	Total
2022	\$ 11,616,412	\$ 4,193,588	\$ 5,893,010	\$ 21,703,010
2023	12,670,638	5,164,362	4,152,384	21,987,384
2024	13,634,579	6,270,422	3,824,184	23,729,185
2025	14,625,734	7,519,266	3,464,466	25,609,466
2026	15,632,316	8,927,684	3,071,277	27,631,277
2027-2031	96,098,980	71,316,021	7,646,240	175,061,241
2032-2036	45,767,424	190,812,576	-	236,580,000
2037-2041	37,465,396	221,494,604	-	258,960,000
2042-2046	25,039,435	244,341,664	-	269,381,099
2047-2051	15,539,245	257,216,983	-	272,756,228
2052-2055	2,389,329	52,575,671	-	54,965,000
Total	\$ 290,479,488	\$ 1,069,832,842	\$ 28,051,561	\$ 1,388,363,891

Accreted interest in the repayment schedule is representative of amounts that will be required to be repaid when payments come due. Amounts of accreted interest reflected in the principal balance of the general obligation bonds of \$196,325,534 represents amounts that have accrued as of June 30, 2021. Additional amounts will continue to accrue and become due as outlined in the payment schedule above.

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

E. Lease Revenue Bonds

Lease revenue bonds at June 30, 2021 consisted of the following:

	Date of Issuance	Interest Rate	Maturity Date	Amount of Original Issue
2012 Lease Revenue Bonds	9/4/2012	1.95 - 3.00%	9/1/2043	\$ 57,300,000
	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2012 Lease Revenue Bonds	\$ 55,650,000	\$ -	\$ 550,000	\$ 55,100,000
				Due in One Year
				\$ 640,000

The annual requirements to amortize the lease revenue bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 640,000	\$ 1,621,488	\$ 2,261,488
2023	740,000	1,601,064	2,341,064
2024	850,000	1,577,532	2,427,532
2025	960,000	1,550,744	2,510,744
2026	1,080,000	1,520,552	2,600,552
2027-2031	7,490,000	7,012,092	14,502,092
2032-2036	11,800,000	5,599,924	17,399,924
2037-2041	17,540,000	3,447,512	20,987,512
2042-2044	14,000,000	640,248	14,640,248
Total	\$ 55,100,000	\$ 24,571,156	\$ 79,671,156

In June 2008 the District issued a series of lease revenue bonds totaling \$92,681,499. The bonds were secured by lease payments from the district to the Poway Unified School District Public Financing Authority for Westview High School. Legal provisions in the debt include a fully-funded reserve and rental interruption insurance covering two years of lease payments to offset abatement risk.

Dexia Credit Local (Dexia) provided the District with the initial Standby LOC. Starting in 2010, Dexia began notifying its American clients, including the District, that it would not renew their Standby LOCs upon the respective expiration dates. Prior to the Dexia Standby LOC expiration date in 2012, the District successfully replaced Dexia with US Bank, and restructured the 2007 LRBs under the 2012 Program by maintaining the Multimode Structure instead of having to convert to a Fixed-To-Maturity Rate Mode.

The District also added \$12,300,000 of funding for school facilities under the 2012 Program. The District's initial savings resulting from the lower interest rates under the Multimode Structure compared to the alternative higher Fixed-To-Maturity Interest rate levels approximate 1) \$17,727,326 for the total 2012 program; and 2) \$13,444,221 for the 2012 Program's 2007 LRB component only.

**POWAY UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

E. Lease Revenue Bonds, continued

As of June 30, 2021 the District had outstanding \$55,100,000 in remaining debt for the School Facilities Restructuring program. As of September 1, 2015 the District was able to renegotiate a rate of 1.95% effective through 2018 and subsequently a rate of 3.00%. Repayment in this schedule is reflective of the new renegotiated rates.

F. Early Retirement Incentive

In June 2018 the District issued a supplemental early retirement plan through Keenan & Associates. The plan was issued as an incentive for 109 employees to retire early in order to create a cost savings for the District. The Plan requires payments of the annuity premiums over five years plus a 4% commission paid to Keenan & Associates.

Current year activity on the early retirement incentive is as follows:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2018 Retirement Incentive	\$ 4,645,635	\$ -	\$ 1,548,545	\$ 3,097,090

Future payments on the retirement incentive are as follows:

Year Ended June 30	Annual Premium	Keenan Commission	Total Payment
2022	\$ 1,483,550	\$ 64,995	\$ 1,548,545
2023	1,483,550	64,995	1,548,545
Total	\$ 2,967,100	\$ 129,990	\$ 3,097,090

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds

The District has fifteen community facilities districts within its boundaries which have issued special tax bonds for the purpose of financing public improvements and services. The special tax bonds are repaid with special tax assessments known as Mello-Roos taxes that are assessed on the properties within the boundaries of each district.

Special tax bonds outstanding by community facility district is as follows:

	Balance July 01, 2020	Additions	Deductions	Balance 6/30/2021
CFD #1	\$ 1,120,410	\$ -	\$ 1,120,410	\$ -
CFD #2	10,036,990	-	631,185	9,405,805
CFD #3	3,091,743	-	253,598	2,838,145
CFD #4	15,317,144	-	718,680	14,598,464
CFD #5	943,435	-	80,866	862,569
CFD #6	149,393,252	29,680,640	37,187,847	141,886,045
CFD #7	916,462	-	75,473	840,989
CFD #8	4,184,000	-	409,000	3,775,000
CFD #9	1,003,000	-	99,000	904,000
CFD #10	52,423,520	-	2,958,099	49,465,421
CFD #11	54,657,546	-	2,266,744	52,390,802
CFD #12	9,814,825	-	403,672	9,411,153
CFD #13	5,372,551	-	73,741	5,298,810
CFD #14	91,048,697	-	2,522,188	88,526,509
CFD #15	65,994,134	-	727,950	65,266,184
CFD #16	43,596,162	-	1,411,297	42,184,865
PFA - 2016 Bonds	1,379,915	-	(323,694)	1,703,609
Total Special Tax Bonds	<u>\$ 510,293,786</u>	<u>\$ 29,680,640</u>	<u>\$ 50,616,056</u>	<u>\$ 489,358,370</u>

Special tax bonds issued by the Community Facilities Districts of the District at June 30, 2021 consisted of the following:

Community Facilities District (CFD) #1

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2003 Special Tax Bonds	02/13/03	2.25 - 5.40%	10/01/20	\$ 2,820,000
2008 Special Tax Bonds	03/13/08	2.90 - 5.00%	10/01/20	48,420,000
Total				<u>\$ 51,240,000</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #1

	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2003 Special Tax Bonds	\$ 680,000	\$ -	\$ 680,000	\$ -
2008 Special Tax Bonds	425,000	-	425,000	-
2008 Bond Premium	15,410	-	15,410	-
Total	<u>\$ 1,120,410</u>	<u>\$ -</u>	<u>\$ 1,120,410</u>	<u>\$ -</u>

Community Facilities District (CFD) #2

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 PFA Revenue Bonds	01/24/13	2.00 - 5.00%	09/01/42	\$ 2,830,000
2015-C Refunding Bonds	08/12/15	2.00 - 5.00%	09/01/28	8,520,000
Total				<u>\$ 11,350,000</u>

	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2013 PFA Revenue Bonds	\$ 2,635,000	\$ -	\$ 35,000	\$ 2,600,000
2013 PFA Bond Premium	198,460	-	2,636	195,824
2015-C Refunding Bonds	6,675,000	-	550,000	6,125,000
2015-C Bond Premium	528,530	-	43,549	484,981
Total	<u>\$ 10,036,990</u>	<u>\$ -</u>	<u>\$ 631,185</u>	<u>\$ 9,405,805</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #2 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 635,000	\$ 358,425	\$ 993,425
2023	685,000	325,850	1,010,850
2024	740,000	290,700	1,030,700
2025	800,000	252,450	1,052,450
2026	860,000	214,950	1,074,950
2027-2031	3,060,000	622,441	3,682,441
2032-2036	625,000	350,077	975,077
2037-2041	880,000	191,577	1,071,577
2042-2045	440,000	470,017	910,017
Total	<u>\$ 8,725,000</u>	<u>\$ 3,076,485</u>	<u>\$ 11,801,485</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #3

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2015-C Refunding Bonds	08/12/15	2.00 - 5.00%	09/01/28	\$ 3,680,000
	Balance		Balance	
	July 01, 2020	Additions	Deductions	June 30, 2021
2015-C Refunding Bonds	\$ 2,865,000	\$ -	\$ 235,000	\$ 2,630,000
2015-C Bond Premium	226,743	-	18,598	208,145
Total	\$ 3,091,743	\$ -	\$ 253,598	\$ 2,838,145

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #3 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 255,000	\$ 104,788	\$ 359,788
2023	280,000	91,413	371,413
2024	295,000	77,038	372,038
2025	320,000	61,663	381,663
2026	345,000	46,763	391,763
2027-2029	1,135,000	63,906	1,198,906
Total	\$ 2,630,000	\$ 445,569	\$ 3,075,569

Community Facilities District (CFD) #4

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 PFA Revenue Bonds	01/24/13	2.00 - 5.00%	09/01/42	\$ 7,990,000
2016 PFA Refunding Bond	08/18/16	2.33%	09/01/31	8,966,000
Total				\$ 16,956,000
	Balance		Balance	
	July 01, 2020	Additions	Deductions	June 30, 2021
2013 PFA Revenue Bonds	\$ 7,525,000	\$ -	\$ 125,000	\$ 7,400,000
2013 PFA Bond Premium	402,144	-	6,680	395,464
2016 PFA Refunding Bond	7,390,000	-	587,000	6,803,000
Total	\$ 15,317,144	\$ -	\$ 718,680	\$ 14,598,464

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #4

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #4 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 704,000	\$ 491,167	\$ 1,195,167
2023	750,000	472,832	1,222,832
2024	789,000	453,851	1,242,851
2025	839,000	433,395	1,272,395
2026	890,000	411,228	1,301,228
2027-2031	4,975,000	1,663,848	6,638,848
2032-2036	1,946,000	1,065,601	3,011,601
2037-2041	2,285,000	552,625	2,837,625
2042-2043	1,025,000	52,125	1,077,125
Total	\$ 14,203,000	\$ 5,596,672	\$ 19,799,672

Community Facilities District (CFD) #5

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2015-C Refunding Bonds	08/12/15	2.00 - 5.00%	09/01/28	\$ 1,125,000
	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2015-C Refunding Bonds	\$ 875,000	\$ -	\$ 75,000	\$ 800,000
2015-C Bond Premium	68,435	-	5,866	62,569
Total	\$ 943,435	\$ -	\$ 80,866	\$ 862,569

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #5 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 80,000	\$ 31,725	\$ 111,725
2023	80,000	27,725	107,725
2024	90,000	23,475	113,475
2025	95,000	18,850	113,850
2026	105,000	14,375	119,375
2027-2029	350,000	19,750	369,750
Total	\$ 800,000	\$ 135,900	\$ 935,900

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #6

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2012 Special Tax Bonds	05/17/12	3.00 - 5.00%	09/01/36	\$ 38,940,000
2015 Refunding Bonds	06/04/15	2.00 - 5.00%	09/01/36	63,145,000
2016 Refunding Bonds	06/09/16	2.00 - 3.75%	09/01/42	10,120,000
2016 Sp Tax Refunding	11/03/16	2.00 - 5.00%	09/01/35	29,635,000
2017 Sp Tax Refunding	02/02/17	2.00 - 5.00%	09/01/33	14,470,000
2020 Sp Tax Refunding	09/30/20	0.32 - 2.08%	09/01/31	29,920,000
Total				<u>\$ 186,230,000</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2012 Special Tax Bonds	\$ 31,155,000	\$ -	\$ 31,155,000	\$ -
2012 Bond Premium	2,390,501	-	2,390,501	-
2015 Refunding Bonds	56,380,000	-	1,625,000	54,755,000
2015 Bond Premium	6,298,262	-	181,530	6,116,732
2016 Refunding Bonds	9,240,000	-	185,000	9,055,000
2016 Bond Discount	(93,867)	-	(1,879)	(91,988)
2016 Sp Tax Refunding	26,850,000	-	945,000	25,905,000
2016 Refunding Premium	3,339,524	-	117,536	3,221,988
2017 Sp Tax Refunding	12,745,000	-	530,000	12,215,000
2017 Refunding Premium	1,088,832	-	45,279	1,043,553
2020 Sp Tax Refunding	-	29,920,000	15,000	29,905,000
2020 Bond Discount	-	(239,360)	(120)	(239,240)
Total	<u>\$ 153,962,034</u>	<u>\$ 29,680,640</u>	<u>\$ 37,187,847</u>	<u>\$ 141,886,045</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #6 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 5,855,000	\$ 5,026,989	\$ 10,881,989
2023	6,140,000	4,866,123	11,006,123
2024	6,525,000	4,677,055	11,202,055
2025	6,925,000	4,460,766	11,385,766
2026	7,380,000	4,216,379	11,596,379
2027-2031	44,420,000	16,508,153	60,928,153
2032-2036	46,640,000	6,961,007	53,601,007
2037-2041	6,685,000	538,419	7,223,419
2042-2043	1,265,000	42,778	1,307,778
Total	<u>\$ 131,835,000</u>	<u>\$ 47,297,670</u>	<u>\$ 179,132,670</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #7

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2015-C Refunding Bonds	08/12/15	2.00 - 5.00%	09/01/28	\$ 1,125,000
	Balance		Balance	
	July 01, 2020	Additions	Deductions	June 30, 2021
2015-C Refunding Bonds	\$ 850,000	\$ -	\$ 70,000	\$ 780,000
2015-C Bond Premium	66,462	-	5,473	60,989
Total	\$ 916,462	\$ -	\$ 75,473	\$ 840,989

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #7 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 75,000	\$ 30,988	\$ 105,988
2023	80,000	27,113	107,113
2024	85,000	22,988	107,988
2025	95,000	18,488	113,488
2026	100,000	14,113	114,113
2027-2029	345,000	19,344	364,344
Total	\$ 780,000	\$ 133,031	\$ 913,031

Community Facilities District (CFD) #8

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2016 PFA Refunding Bond	08/18/16	2.33%	09/01/31	\$ 5,294,000
	Balance		Balance	
	July 01, 2020	Additions	Deductions	June 30, 2021
2016 PFA Refunding Bond	\$ 4,184,000	\$ -	\$ 409,000	\$ 3,775,000

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #8 are as follows:

Year Ended				
June 30	Principal	Interest	Total	
2022	\$ 430,000	\$ 85,440	\$ 515,440	
2023	451,000	74,868	525,868	
2024	474,000	63,768	537,768	
2025	497,000	52,116	549,116	
2026	516,000	39,960	555,960	
2027-2029	1,407,000	44,844	1,451,844	
Total	<u>\$ 3,775,000</u>	<u>\$ 360,996</u>	<u>\$ 4,135,996</u>	

Community Facilities District (CFD) #9

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2016 PFA Refunding Bond	08/18/16	2.33%	09/01/31	\$ 1,270,000
	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2016 PFA Refunding Bond	\$ 1,003,000	\$ -	\$ 99,000	\$ 904,000

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #9 are as follows:

Year Ended				
June 30	Principal	Interest	Total	
2022	\$ 104,000	\$ 20,618	\$ 124,618	
2023	109,000	18,041	127,041	
2024	114,000	15,343	129,343	
2025	119,000	12,524	131,524	
2026	125,000	9,571	134,571	
2027-2029	333,000	10,515	343,515	
Total	<u>\$ 904,000</u>	<u>\$ 86,612</u>	<u>\$ 990,612</u>	

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #10

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 Refunding - Area C	01/24/13	2.00 - 5.00%	09/01/42	\$ 2,625,000
2013 Refunding - Area D	01/24/13	2.00 - 5.00%	09/01/42	4,275,000
2013 Refunding - Area E	01/24/13	2.00 - 5.00%	09/01/12	4,800,000
2016 PFA Refunding Bond	08/18/16	2.22%	09/01/31	34,006,000
2016 Refunding - Area F	12/06/16	2.00 - 4.00%	09/01/41	1,995,000
2017 Refunding A	02/02/17	2.00 - 5.00%	09/01/31	7,030,000
2017 Refunding B	02/02/17	2.00 - 5.00%	09/01/31	4,680,000
Total				<u>\$ 59,411,000</u>

	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2013 Refunding - Area C	\$ 2,205,000	\$ -	\$ 95,000	\$ 2,110,000
2013 Refunding Premium	166,075	-	7,155	158,920
2013 Refunding - Area D	3,485,000	-	175,000	3,310,000
2013 Refunding Premium	262,481	-	13,181	249,300
2013 Refunding - Area E	3,900,000	-	175,000	3,725,000
2013 Refunding Premium	293,738	-	13,181	280,557
2016 PFA Refunding Bond	29,178,000	-	1,794,000	27,384,000
2016 Refunding - Area F	1,820,000	-	40,000	1,780,000
2016 Area F Discount	(28,210)	-	(620)	(27,590)
2017 Refunding A	6,005,000	-	360,000	5,645,000
2017 Refunding A Premium	685,261	-	41,081	644,180
2017 Refunding B	3,995,000	-	220,000	3,775,000
2017 Refunding B Premium	456,175	-	25,121	431,054
Total	<u>\$ 52,423,520</u>	<u>\$ -</u>	<u>\$ 2,958,099</u>	<u>\$ 49,465,421</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #10 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 2,994,000	\$ 1,531,071	\$ 4,525,071
2023	3,114,000	1,439,365	4,553,365
2024	3,296,000	1,340,090	4,636,090
2025	3,496,000	1,231,350	4,727,350
2026	3,704,000	1,112,356	4,816,356
2027-2031	22,012,000	3,475,945	25,487,945
2032-2036	8,348,000	441,479	8,789,479
2037-2041	640,000	92,600	732,600
2042	125,000	2,500	127,500
Total	<u>\$ 47,729,000</u>	<u>\$ 10,666,757</u>	<u>\$ 58,395,757</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #11

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 Refunding Area A	01/24/13	2.00 - 5.00%	09/01/39	\$ 9,685,000
2013 Refunding Zone 1	01/24/13	2.00 - 5.00%	09/01/39	10,310,000
2013 Refunding Zone 2	01/24/13	2.00 - 5.00%	09/01/39	1,870,000
2013 Refunding Zone 3	01/24/13	2.00 - 5.00%	09/01/39	1,390,000
2014 Special Tax Zone 2	12/02/14	2.00 - 5.00%	09/01/43	2,565,000
2014 Special Tax Zone 3	12/02/14	2.00 - 5.00%	09/01/43	7,500,000
2014 Refunding - Area B & C	07/16/14	3.00 - 5.00%	09/01/35	19,550,000
2017 Refunding Bond	01/19/17	2.00 - 4.00%	09/01/39	5,815,000
Total				<u>\$ 58,685,000</u>

	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2013 Refunding Area A	\$ 8,060,000	\$ -	\$ 405,000	\$ 7,655,000
2013 Refunding - A Premium	607,058	-	30,504	576,554
2013 Refunding Zone 1	8,860,000	-	340,000	8,520,000
2013 Refunding - 1 Premium	667,311	-	25,608	641,703
2013 Refunding Zone 2	1,720,000	-	90,000	1,630,000
2013 Refunding - 2 Premium	129,546	-	6,779	122,767
2013 Refunding Zone 3	1,295,000	-	45,000	1,250,000
2013 Refunding - 3 Premium	97,534	-	3,389	94,145
2014 Special Tax Zone 2	2,360,000	-	40,000	2,320,000
2014 Zone 2 Premium	64,059	-	1,086	62,973
2014 Special Tax Zone 3	6,990,000	-	130,000	6,860,000
2014 Zone 3 Premium	189,732	-	3,529	186,203
2014 Refunding - Area B & C	16,920,000	-	895,000	16,025,000
2014 Refunding Premium	1,293,604	-	68,426	1,225,178
2017 Refunding Bond	5,480,000	-	185,000	5,295,000
2017 Refunding Discount	(76,298)	-	(2,576)	(73,722)
Total	<u>\$ 54,657,546</u>	<u>\$ -</u>	<u>\$ 2,266,744</u>	<u>\$ 52,390,802</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #11 are as follows:

Year Ended			
June 30	Principal	Interest	Total
2022	\$ 1,465,000	\$ 2,282,323	\$ 3,747,323
2023	1,600,000	2,221,023	3,821,023
2024	1,740,000	2,150,723	3,890,723
2025	1,865,000	2,066,873	3,931,873
2026	2,040,000	1,971,848	4,011,848
2027-2031	13,160,000	8,106,666	21,266,666
2032-2036	17,325,000	4,368,722	21,693,722
2037-2041	6,450,000	1,671,931	8,121,931
2042-2044	3,910,000	3,234,656	7,144,656
Total	<u>\$ 49,555,000</u>	<u>\$ 28,074,763</u>	<u>\$ 77,629,763</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #12

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 PFA Revenue Bonds	01/24/13	2.00 - 5.00%	09/01/42	\$ 4,430,000
2016 PFA Refunding	08/18/16	2.15%	09/01/31	6,635,000
Total				<u>\$ 11,065,000</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2013 PFA Revenue Bonds	\$ 3,945,000	\$ -	\$ 50,000	\$ 3,895,000
2013 PFA Bond Premium	210,825	-	2,672	208,153
2016 PFA Refunding	5,659,000	-	351,000	5,308,000
Total	<u>\$ 9,814,825</u>	<u>\$ -</u>	<u>\$ 403,672</u>	<u>\$ 9,411,153</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #12 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 388,000	\$ 297,055	\$ 685,055
2023	415,000	287,975	702,975
2024	438,000	278,416	716,416
2025	461,000	268,257	729,257
2026	485,000	257,476	742,476
2027-2031	2,841,000	1,099,141	3,940,141
2032-2036	1,520,000	765,763	2,285,763
2037-2041	970,000	549,750	1,519,750
2042-2043	1,685,000	84,125	1,769,125
Total	<u>\$ 9,203,000</u>	<u>\$ 3,887,958</u>	<u>\$ 13,090,958</u>

Community Facilities District (CFD) #13

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2013 PFA Revenue Bonds	01/24/13	2.00 - 5.00%	09/01/42	\$ 5,375,000

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2013 PFA Revenue Bonds	\$ 5,100,000	\$ -	\$ 70,000	\$ 5,030,000
2013 PFA Bond Premium	272,551	-	3,741	268,810
Total	<u>\$ 5,372,551</u>	<u>\$ -</u>	<u>\$ 73,741</u>	<u>\$ 5,298,810</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #13

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #13 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 80,000	\$ 234,088	\$ 314,088
2023	90,000	231,138	321,138
2024	100,000	228,225	328,225
2025	110,000	224,875	334,875
2026	120,000	221,063	341,063
2027-2031	770,000	1,028,019	1,798,019
2032-2036	1,160,000	804,250	1,964,250
2037-2041	1,720,000	447,500	2,167,500
2042-2043	880,000	44,750	924,750
Total	\$ 5,030,000	\$ 3,463,908	\$ 8,493,908

Community Facilities District (CFD) #14

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2015 Refunding Bonds	04/22/15	2.00 - 5.00%	09/01/36	\$ 44,630,000
2015 Refunding Area A	04/22/15	2.00 - 5.00%	09/01/36	44,775,000
Total				<u>\$ 89,405,000</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2015 Refunding Bonds	\$ 39,990,000	\$ -	\$ 1,110,000	\$ 38,880,000
2015 Refunding Premium	5,443,574	-	151,097	5,292,477
2015 Refunding Area A	40,150,000	-	1,110,000	39,040,000
2015 Ref. Area A Premium	5,465,123	-	151,091	5,314,032
Total	<u>\$ 91,048,697</u>	<u>\$ -</u>	<u>\$ 2,522,188</u>	<u>\$ 88,526,509</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #14

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #14 are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 2,430,000	\$ 3,802,750	\$ 6,232,750
2023	2,660,000	3,675,500	6,335,500
2024	2,930,000	3,535,750	6,465,750
2025	3,195,000	3,382,625	6,577,625
2026	3,490,000	3,215,500	6,705,500
2027-2031	22,460,000	13,072,250	35,532,250
2032-2036	32,740,000	6,321,500	39,061,500
2037	8,015,000	200,375	8,215,375
Total	<u>\$ 77,920,000</u>	<u>\$ 37,206,250</u>	<u>\$ 115,126,250</u>

Community Facilities District (CFD) #15

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2014 Special Tax Bonds (7)	02/27/14	3.00 - 5.00%	10/01/41	\$ 40,000,000
2014 Sp. Tax Bonds Area A	08/21/14	2.00 - 4.625%	09/01/44	10,000,000
2016 Sp. Tax Bonds Area C	04/13/16	2.00 - 5.00%	09/01/46	15,000,000
Total				<u>\$ 65,000,000</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2014 Special Tax Bonds	\$ 39,560,000	\$ -	\$ 490,000	\$ 39,070,000
2014 Sp. Tax Bonds Premium	793,632	-	9,830	783,802
2014 Sp. Tax Bonds Area A	9,650,000	-	110,000	9,540,000
2014 Area A Discount	(235,092)	-	(2,680)	(232,412)
2016 Sp. Tax Bonds Area C	14,775,000	-	110,000	14,665,000
2016 Area C Premium	1,450,594	-	10,800	1,439,794
Total	<u>\$ 65,994,134</u>	<u>\$ -</u>	<u>\$ 727,950</u>	<u>\$ 65,266,184</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #15

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #15 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 830,000	\$ 2,960,306	\$ 3,790,306
2023	950,000	2,926,094	3,876,094
2024	1,090,000	2,886,513	3,976,513
2025	1,115,000	2,843,406	3,958,406
2026	1,260,000	2,791,344	4,051,344
2027-2031	9,025,000	12,829,909	21,854,909
2032-2036	11,955,000	10,291,278	22,246,278
2037-2041	23,495,000	6,360,697	29,855,697
2042-2046	12,305,000	1,366,106	13,671,106
2047	1,250,000	31,250	1,281,250
Total	<u>\$ 63,275,000</u>	<u>\$ 45,286,903</u>	<u>\$ 108,561,903</u>

(7) At the time the 2014 Special Tax Bonds were issued, CFD #15 did not have adequate valuation of properties within the district to issue \$40,000,000 bonds. Based upon planned building within the CFD, the District determined a need to build a school in this area in anticipation of growth. Since the CFD did not have enough valuation for which to assess taxes, the bonds were issued with a guarantee from CFD #2, CFD #4, CFD #6, CFD#8, CFD#9, CFD#10, CFD #12, CFD #13, and CFD #14. In the event that CFD #15 cannot assess enough taxes to cover the payments, the other CFD's will be responsible to make those payments.

Community Facilities District (CFD) #16

	Date of Issue	Interest Rate	Maturity Date	Original Issue
2020 Special Tax Bonds	05/07/20	2.875 - 5.00%	09/01/50	\$ 15,675,000
2020 Sp. Tax Bonds - Area A	05/07/20	3.00 - 4.00%	09/01/50	25,415,000
Total				<u>\$ 41,090,000</u>

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
2020 Special Tax Bonds	\$ 15,675,000	\$ -	\$ 500,000	\$ 15,175,000
2020 Sp. Tax Bonds Premium	721,726	-	23,022	698,704
2020 Sp. Tax Bonds - Area A	25,415,000	-	830,000	24,585,000
2020 Area A Premium	1,784,436	-	58,276	1,726,160
Total	<u>\$ 43,596,162</u>	<u>\$ -</u>	<u>\$ 1,411,297</u>	<u>\$ 42,184,865</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Community Facilities District (CFD) #16

The annual requirements to amortize the bonds outstanding at June 30, 2021 for CFD #16 are as follows:

Year Ended	Principal	Interest	Total
June 30			
2022	\$ 230,000	\$ 1,555,688	\$ 1,785,688
2023	270,000	1,548,188	1,818,188
2024	310,000	1,538,838	1,848,838
2025	360,000	1,526,338	1,886,338
2026	415,000	1,510,838	1,925,838
2027-2031	2,960,000	7,242,088	10,202,088
2032-2036	4,095,000	6,503,650	10,598,650
2037-2041	7,705,000	5,443,375	13,148,375
2042-2046	-	4,683,000	4,683,000
2047-2051	23,415,000	4,214,700	27,629,700
Total	\$ 39,760,000	\$ 35,766,700	\$ 75,526,700

Public Financing Authority

	Issue	Rate	Date	Issue
2016 Revenue Bonds (1)	08/18/16	2.00 - 5.00%	09/15/32	46,770,000
Total				\$ 46,770,000
	Balance			Balance
	July 01, 2020	Additions	Deductions	June 30, 2021
2016 Refunding Bonds (1)	\$ 40,715,000	\$ -	\$ 2,560,000	\$ 38,155,000
2016 Ref. Bonds Premium	8,183,915	-	461,306	7,722,609
2016 Local Bonds Receivable	(47,519,000)	-	(3,345,000)	(44,174,000)
Total	\$ 1,379,915	\$ -	\$ (323,694)	\$ 1,703,609

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Public Financing Authority

(1) - 2016 PFA Refunding Bond was issued to refund the 2007 PFA Revenue bonds on behalf of CFD #2, CFD #4, CFD #8, CFD #9, CFD #10, and CFD #12. The individual CFD's restructured bond issuance by putting cash on hands towards the refunding as well as entering into a debt obligation to the PFA equal to the PFA outstanding debt. Principal plus premium on the 2016 PFA Refunding Bonds total \$56,171,000 with annual coupon rates ranging from 2.00-5.00% through September 15, 2031. Individual CFD's are reflecting obligations to the PFA totaling \$56,171,000 at an interest rate of 2.15 - 2.33%.

(3) - 2013 PFA Revenue bonds were issued by the Public Financing Authority on behalf of CFD #2, CFD #10, and CFD #11. The initial total issue of the bonds was \$37,785,000. Each CFD is reflecting their individual share of the total bonds outstanding.

(4) - 2013 PFA Revenue bonds were issued by the Public Financing Authority on behalf of CFD #4, CFD #12, and CFD #13. The initial total issue of the bonds was \$17,795,000. Each CFD is reflecting their individual share of the total bonds outstanding.

(6) - 2015 Series C Refunding Bonds were issued by the Public Financing Authority on behalf of CFD #2, CFD #3, CFD #5, and CFD #7. The initial total issue of the bonds was \$14,405,000 with a premium of \$1,138,296. Each CFD is reflecting their individual share of the total bonds outstanding.

(8) - 2016 Refunding bonds were issued by the Public Financing Authority on behalf of CFD #6 and CFD #10. The initial total issue of the bonds was \$26,180,000 with coupon rates ranging from 2.00-5.00% through September 2031. Each CFD is reflecting their individual share of the total bonds outstanding.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

G. Special Tax Bonds, continued

Public Financing Authority

The annual requirements to amortize the bonds outstanding at June 30, 2021 for PFA 2016 Bonds are as follows:

Year Ended June 30	Principal Payments	Principal Receivable	Net Principal
2022	\$ 2,470,000	\$ (3,300,000)	\$ (830,000)
2023	2,655,000	(3,459,000)	(804,000)
2024	2,835,000	(3,611,000)	(776,000)
2025	3,050,000	(3,767,000)	(717,000)
2026	3,280,000	(3,930,000)	(650,000)
2027-2031	18,100,000	(20,128,000)	(2,028,000)
2032-2035	5,765,000	(5,979,000)	(214,000)
Total	<u>\$ 38,155,000</u>	<u>\$ (44,174,000)</u>	<u>\$ (6,019,000)</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

H. Accounting Loss (Gain) on Refunding Bonds

The District issues refunding bonds when the reduction in interest rate is sufficient to result in an economic gain or loss based on present value of total future payments which are inclusive of principal and interest. The issuance of refunding bonds results in an increase (decrease) in overall long-term debt as the refunding carries with it certain transaction costs that increase the face value of the debt. This increase in the long-term liabilities resulting from refunding is considered an accounting loss and is recorded as a deferred outflow of resources and the decrease in long-term liabilities is considered an accounting gain and is recorded as a deferred inflow of resources. The deferred outflows (inflows) of resources are amortized over the life of the debt using the straight-line method.

The following is a detail of refunding losses recorded as deferred outflows (inflows) of resources on the government wide financial statements:

	July 01, 2020	Additions	Amortizations	June 30, 2021
General Obligation Refunding				
2011 Refunding Bonds	\$ 290,173	\$ -	\$ 36,271	\$ 253,902
2014 Refunding Bonds	899,995	-	81,818	818,177
2019 Refunding Bonds	(950,634)	-	(118,829)	(831,805)
Special Tax Refunding				
CFD #1: 2008 Refunding	253,218	-	253,218	-
CFD #2: 2015 Refunding	461,097	-	51,233	409,864
CFD #3: 2015 Refunding	194,508	-	21,612	172,896
CFD #5: 2015 Refunding	62,667	-	6,963	55,704
CFD #6: 2015 Refunding	3,386,332	-	199,196	3,187,136
CFD #6: 2016 Refunding	621,690	-	27,030	594,660
CFD #6: 2016 Refunding 2	1,688,704	-	105,544	1,583,160
CFD #6: 2017 Refunding	1,971,327	-	140,810	1,830,517
CFD #7: 2015 Refunding	55,359	-	6,150	49,209
CFD #8: 2016 Refunding	437,705	-	48,633	389,072
CFD #9: 2016 Refunding	105,382	-	11,708	93,674
CFD #10: 2013 Refunding	481,558	-	34,397	447,161
CFD #10: 2016 Refunding	396,996	-	18,046	378,950
CFD #10: 2016 Refunding 2	2,847,661	-	219,050	2,628,611
CFD #10: 2017 Refunding	1,679,840	-	139,987	1,539,853
CFD #10: 2017 Refunding 2	1,115,028	-	92,919	1,022,109
CFD #11: 2014 Refunding	488,256	-	30,516	457,740
CFD #11: 2017 Refunding	1,207,557	-	60,377	1,147,180
CFD #12: 2016 Refunding	2,651,560	-	203,965	2,447,595
CFD #14: 2015 Refunding	2,791,532	-	164,210	2,627,322
CFD #6: 2020 Refunding	-	(2,571,861)	(233,806)	(2,338,055)
	<u>\$ 23,137,511</u>	<u>\$ (2,571,861)</u>	<u>\$ 1,601,018</u>	<u>\$ 18,964,632</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSRМ) and the Southern California Relief Property and Liability Insurance (SCR). The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPA's arrange for and provide for various types of insurances for its member districts as requested. The JPA's are governed by a board consisting of a representative from each member district. The board controls the operations of the JPA's, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed unaudited financial information for the District's share of the San Diego County Schools Risk Management (SDCSRМ) for the year ended June 30, 2021 can be obtained by contacting the SDCSRМ at the San Diego County Office of Education located at 6401 Linda Vista Road, San Diego, California 92111.

Combined condensed unaudited financial information of the District's share of the Southern California Relief Property and Liability Insurance JPA for the year ended June 30, 2021 can be obtained by contacting Keenan & Associates located at P.O. Box 4328, Torrance, California 90510.

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has one self-insurance fund (Internal Service Fund) to account for and finance its uninsured risks of loss. The Internal Service Fund provides dental and vision coverage to employees.

All funds of the District participate in the program, but only the General Fund makes payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a liability for open claims and Incurred But Not Reported (IBNR) claims. The claims and liability of \$142,425 is included in the liabilities under accounts payable and is reported in accordance with Financial Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated at the end of the fiscal year. Changes in the Internal Service Fund's claim liability in the fiscal year ended June 30, 2021 are indicated below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Internal Service Fund: Year 2020-21	\$ 290,324	\$ (32,586)	\$ 115,313	\$ 142,425

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
Governmental Activities:				
CalSTRS	\$ 303,630,111	\$ 67,772,490	\$ 17,844,882	\$ 35,178,852
CalPERS	118,809,765	27,172,419	2,101,377	21,425,250
Business-Type Activities:				
CalSTRS	2,662,469	1,175,158	536,077	157,595
CalPERS	15,666,906	5,221,659	1,884,759	2,267,214
Total	\$ 440,769,251	\$ 101,341,726	\$ 22,367,095	\$ 59,028,911

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**POWAY UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 16.15% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$28,715,242 for the year ended June 30, 2021.

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 of approximately \$18,095,763 to CalSTRS, which included a supplemental contribution for fiscal year 2021 due to California Senate Bill No. 90.

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

At June 30, 2021, 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:

	Governmental Activities	Business-Type Activities
District's proportionate share of the net pension liability	\$ 303,630,111	\$ 2,662,469
State's proportionate share of the net pension liability associated with the District	156,520,091	1,372,493
Total	<u>\$ 460,150,202</u>	<u>\$ 4,034,962</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District’s proportion was .316 percent, which was an increase of .002 percent from its proportion measured as of June 30, 2019.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

For the year ended June 30, 2021, the District recognized pension expense of \$35,336,447. In addition, the District recognized pension expense and revenue of \$16,102,246 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 7,210,623	\$ -	\$ 63,229	\$ -
Differences between expected and actual experience	535,767	8,557,518	4,698	75,040
Changes in assumptions	29,602,866	-	259,581	-
Net changes in proportionate share of net pension liability	1,928,216	9,287,364	627,426	461,037
District contributions subsequent to the measurement date	28,495,018	-	220,224	-
Total	<u>\$ 67,772,490</u>	<u>\$ 17,844,882</u>	<u>\$ 1,175,158</u>	<u>\$ 536,077</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Governmental Activities	Business-Type Activities
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ (1,056,244)	\$ (71,656)
2023	8,232,633	70,543
2024	10,933,074	89,897
2025	3,639,381	132,224
2026	(571,479)	95,300
Thereafter	255,225	102,549
	<u>\$ 21,432,590</u>	<u>\$ 418,857</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2019 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate

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

Sensitivity of the District’s 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 of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	Governmental Activities	Business-Type Activities
1% Decrease	6.10%	6.10%
Net Pension Liability	\$ 458,742,803	\$ 4,022,620
Current Discount Rate	7.10%	7.10%
Net Pension Liability	\$ 303,630,111	\$ 2,662,469
1% Increase	8.10%	8.10%
Net Pension Liability	\$ 175,562,740	\$ 1,539,473

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

The 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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual 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, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 20.70% of annual payroll. Contributions to the plan from the District were \$14,733,713 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$134,476,671 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. As June 30, 2020, the District's proportion was .438 percent, resulting in no change from its proportion measured as of June 30, 2019.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

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

For the year ended June 30, 2021, the District recognized pension expense of \$23,692,464. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 2,473,241	\$ -	\$ 326,136	\$ -
Differences between expected and actual experience	5,892,600	-	777,031	-
Changes in assumptions	435,680	-	57,451	-
Net changes in proportionate share of net pension liability	5,040,438	2,101,377	2,657,788	1,884,759
District contributions subsequent to the measurement date	13,330,460	-	1,403,253	-
Total	\$ 27,172,419	\$ 2,101,377	\$ 5,221,659	\$ 1,884,759

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Governmental Activities	Business-Type Activities
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ 3,839,043	\$ 153,750
2023	3,670,048	367,217
2024	3,362,485	592,496
2025	869,006	820,184
	\$ 11,740,582	\$ 1,933,647

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Assumptions, continued

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

Discount Rate

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

Sensitivity of the District’s 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 of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	Governmental Activities	Business-Type Activities
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 170,810,702	\$ 22,524,034
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 118,809,765	\$ 15,666,906
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 75,651,596	\$ 9,975,834

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities	\$ 78,605,371	\$ 6,243,725	\$ 11,455,928	\$ 4,644,439
Business-Type Activities	3,292,286	261,510	479,817	(324,382)
Total	\$ 81,897,657	\$ 6,505,235	\$ 11,935,745	\$ 4,320,057

Plan Description

Plan administration: The Public Agency Retirement System (PARS) administers the Poway Unified School District Retiree Benefits Plan (Plan) through the PARS OPEB Trust Program (OPEB Trust). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). Assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

The following is a description of the current retiree benefit plan:

	Certificated (PFT)	Management - APSM & Confidential	Classified - PSEA I	Classified - PSEA II
Benefit types provided	Medical, Dental and Vision	Medical, Dental and Vision	Medical, Dental and Vision	Medical, Dental and Vision
Duration of Benefits	To age 65	To age 65	To age 65	Medical to age 65 Lifetime Dental & Vision
Required Service	10 years of service	10 years of service	5 years of service	5 years of service
Minimum Age	STRS retirement age	PERS/STRS retirement age	PERS/STRS retirement age	PERS/STRS retirement age
Dependent Coverage	Self-pay basis	Self-pay basis	Self-pay basis	Self-pay basis
District Contribution %	100% of retiree only premium	100% of retiree only premium	District-paid contribution subject to the following service schedule: 15<=YOS<17=80% 17<=YOS<20=90% 20+YOS=100%	District-paid contribution subject to the following service schedule: 10<=YOS<15=50% 15<=YOS<20=75% 20+YOS=100%

YOS in the table above represents years of service.

PSEA II District-paid contributions are subject to a minimum dollar amount stated in the bargaining agreement.

PSEA II retirees are eligible for the lifetime District-paid contributions for dental and vision premiums if retire with at least 10 consecutive years of service.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Contributions

The District makes contributions to PARS to fund as much of the OPEB liability as determined feasible in current operating budget. Contributions are determined by management of the District based on budget implications. Plan members are not required to contribute to the plan.

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	258
Active Employees	3,254
	<u>3,512</u>

Actuarial Assumptions and Other Inputs

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	2.45%
Salary Increase	2.75%
Healthcare cost trend rate	4.50%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

OPEB Plan Investments

The plan discount rate of 2.3% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	60%	7.80%
Long-Term Corporate Bonds	5%	5.30%
Intermediate-Term Government Bonds	30%	4.50%
Short-Term Government Fixed	5%	3.25%
Total	<u>100%</u>	

This rate reflects a municipal bond rate. A Bond Buyer 20 Index at June 30, 2021 rounded the rate resulting in a rate of 2.20%.

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2020	\$ 89,843,430	\$ 9,729,493	\$ 80,113,937
Changes for the year:			
Service cost	6,765,617	-	6,765,617
Interest	2,112,234	-	2,112,234
Employer contributions to trust	-	2,659,505	(2,659,505)
Employer contributions as benefit payments	-	631,797	(631,797)
Changes of assumptions	(1,174,242)	-	(1,174,242)
Expected investment income	-	610,754	(610,754)
Investment gains(losses)	-	1,629,686	(1,629,686)
Administrative expense	-	(31,259)	31,259
Expected benefit payments	(2,779,967)	(2,360,561)	(419,406)
Net change	4,923,642	3,139,922	1,783,720
Balance June 30, 2021	\$ 94,767,072	\$ 12,869,415	\$ 81,897,657

Fiduciary net position as a percentage of the total OPEB liability at June 30, 2021 was 13.6 percent.

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,320,057. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 1,142,098
Differences between expected and actual experience	4,503,878	366,980
Change in assumptions	2,001,357	10,426,667
	<u>\$ 6,505,235</u>	<u>\$ 11,935,745</u>

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (686,997)
2023	(686,998)
2024	(692,488)
2025	(1,134,638)
2026	(1,015,095)
Thereafter	(1,214,294)
	<u>\$ (5,430,510)</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45 percent) or one percentage point higher (3.45 percent) than the current discount rate:

	Discount Rate 1% Lower (1.45%)	Current Discount Rate (2.45%)	Discount Rate 1% Higher (3.45%)
Net OPEB liability	\$ 89,277,718	\$ 81,897,657	\$ 75,158,047

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

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

	Trend Rate 1% Lower (3.50%)	Current Trend Rate (4.50%)	Trend Rate 1% Higher (5.50%)
Net OPEB liability	\$ 69,800,865	\$ 81,897,657	\$ 96,324,600

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

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

Construction Commitments

As of June 30, 2021, the District had the following commitments with regards to construction projects in process:

Project	Commitment Amount	Expected Date of Final Completion
AHS Carpet	\$ 25,680	9/30/2021
AHS Fencing	105,820	12/1/2021
CVES Paving	407,728	9/1/2021
DNHS Expansion (Architect Planning)	1,300,000	8/1/2023
DO Server Room	13,850	1/30/2022
DSES Playground	5,932	8/17/2021
HRES Replace canopy	19,190	12/30/2021
LPES HVAC	165,946	12/1/2021
LPES Paving	203,300	9/1/2021
MBMS Fire Alarm (SWCS, Inc)	12,421	10/1/2021
MCHS Canopy top cover	4,340	12/30/2021
PHS Pool	299,104	9/1/2021
RBHS Modernization	4,465,017	8/1/2022
RHES Fencing	98,930	12/1/2021
SCES Metal Roof	14,990	11/30/2021
SDES Playground	6,912	8/17/2021
TPMS Gym floor	24,750	1/30/2022
Various Relo Paint/Repairs	29,860	8/17/2021
VES Fencing	102,861	12/1/2021
VES Playground	8,628	8/17/2021
WVHS Fascia & gutters	52,122	12/30/2021
	<u>\$ 7,367,382</u>	

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 17 – PRIOR PERIOD ADJUSTMENT

Beginning net position was increased by \$1,835,347 due to the implementation of GASB Statement No. 84, *Fiduciary Activities* for implementation of change in accounting principal.

NOTE 18 – SUBSEQUENT EVENT

The District issued a Supplementary Employee Retirement System (SERP) during fiscal year 2021-22 with the Public Agency Retirement Services (PARS). Estimated payments of \$1.35 million will be paid on July 10th of each year, beginning on July 10, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**POWAY UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2021**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 322,842,980	\$ 322,718,954	\$ 322,878,631	\$ 159,677
Federal sources	27,825,921	29,675,734	26,635,337	(3,040,397)
Other state sources	54,729,331	56,405,293	71,071,841	14,666,548
Other local sources	16,165,918	13,937,749	10,148,940	(3,788,809)
Total Revenues	421,564,150	422,737,730	430,734,749	7,997,019
EXPENDITURES				
Certificated salaries	182,838,301	179,999,772	179,410,154	(589,618)
Classified salaries	67,634,001	65,945,403	63,092,100	(2,853,303)
Employee benefits	119,906,006	118,896,173	116,070,582	(2,825,591)
Books and supplies	36,069,262	37,966,450	18,740,643	(19,225,807)
Services and other operating expenditures	33,428,552	37,494,156	29,800,609	(7,693,547)
Capital outlay	183,929	1,224,647	1,466,600	241,953
Other outgo				
Excluding transfers of indirect costs	3,479,833	3,479,833	3,229,538	(250,295)
Transfers of indirect costs	(477,326)	(168,307)	(148,698)	19,609
Total Expenditures	443,062,558	444,838,127	411,661,528	(33,176,599)
Excess (Deficiency) of Revenues Over Expenditures	(21,498,408)	(22,100,397)	19,073,221	(25,179,580)
Other Financing Sources (Uses):				
Transfers in	3,402,256	4,487,175	4,529,174	41,999
Other sources	2,000,000	2,000,000	717,316	(1,282,684)
Transfers out	(2,865,000)	(5,715,000)	(5,504,573)	210,427
Net Financing Sources (Uses)	2,537,256	772,175	(258,083)	(1,030,258)
NET CHANGE IN FUND BALANCE	(18,961,152)	(21,328,222)	18,815,138	40,143,360
Fund Balance - Beginning	53,751,547	53,751,547	53,751,547	-
Fund Balance - Ending	\$ 34,790,395	\$ 32,423,325	\$ 72,566,685	\$ 40,143,360

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 6,765,617	\$ 6,177,250	\$ 5,997,330	\$ 5,469,778
Interest	2,112,234	3,032,142	3,082,311	2,891,786
Changes of assumptions	(1,174,242)	(12,532,276)	1,444,731	2,743,524
Benefit payments	(2,779,967)	(4,387,150)	-	-
Experience gain(losses)	-	6,005,172	(2,089,560)	(3,405,496)
Net change in total OPEB liability	4,923,642	(1,704,862)	8,434,812	7,699,592
Total OPEB liability, beginning of year	89,843,430	91,548,292	81,046,846	73,347,254
Adjustment to beginning balance	-	-	2,066,634	-
Total OPEB liability, end of year (a)	\$ 94,767,072	\$ 89,843,430	\$ 91,548,292	\$ 81,046,846
Plan fiduciary net position				
Employer contributions to trust	\$ 2,659,505	\$ 6,088,981	\$ -	\$ -
Employer contributions as benefit payments	631,797	4,387,150	5,490,101	-
Expected investment income	610,754	423,813	-	-
Investment gains(losses)	1,629,686	(251,119)	83,069	-
Administrative expense	(31,259)	(15,792)	-	-
Expected benefit payments	(2,360,561)	(4,387,150)	(2,089,560)	-
Change in plan fiduciary net position	3,139,922	6,245,883	3,483,610	-
Fiduciary trust net position, beginning of year	9,729,493	3,483,610	-	-
Fiduciary trust net position, end of year (b)	\$ 12,869,415	\$ 9,729,493	\$ 3,483,610	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 81,897,657	\$ 80,113,937	\$ 88,064,682	\$ 81,046,846
Covered payroll	\$ 245,903,000	\$ 209,260,000	\$ 209,260,000	\$ 209,260,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	14%	11%	4%	0%
Net OPEB liability (asset) as a percentage of covered payroll	33%	38%	42%	39%

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

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
JUNE 30, 2021**

	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,182,279	\$ 2,779,967	\$ -	\$ -
Contributions in relations to the actuarially determined contribution	3,291,302	4,387,150	5,490,101	3,405,496
Contribution deficiency (excess)	<u>\$ (1,607,183)</u>	<u>\$ (1,607,183)</u>	<u>\$ (5,490,101)</u>	<u>\$ (3,405,496)</u>
Covered-employee payroll	\$ 245,903,000	\$ 209,260,000	\$ 209,260,000	\$ 209,260,000
Contribution as a percentage of covered-employee payroll	1%	2%	3%	2%

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

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021**

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CaSTRS							
District's proportion of the net pension liability	0.316%	0.314%	0.303%	0.301%	0.313%	0.314%	0.299%
District's proportionate share of the net pension liability	\$ 306,292,580	\$ 283,082,179	\$ 278,019,582	\$ 278,284,160	\$ 252,994,325	\$ 211,162,566	\$ 174,933,388
State's proportionate share of the net pension liability associated with the District	157,892,584	154,441,475	159,766,527	165,255,531	143,483,254	119,701,915	116,756,782
Total	\$ 464,185,164	\$ 437,523,654	\$ 437,786,109	\$ 443,539,691	\$ 396,477,579	\$ 330,864,481	\$ 291,690,170
District's covered - employee payroll	\$ 164,641,837	\$ 167,779,392	\$ 159,303,597	\$ 159,101,733	\$ 155,408,900	\$ 144,944,189	\$ 132,646,206
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	186%	169%	175%	175%	163%	146%	132%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CaIPERS							
District's proportion of the net pension liability	0.438%	0.438%	0.432%	0.444%	0.459%	0.467%	0.463%
District's proportionate share of the net pension liability	\$ 134,476,671	\$ 127,672,006	\$ 115,117,610	\$ 105,938,179	\$ 90,572,762	\$ 68,858,624	\$ 52,524,824
District's covered - employee payroll	\$ 71,795,051	\$ 68,920,164	\$ 57,567,208	\$ 56,995,845	\$ 55,534,304	\$ 51,950,329	\$ 48,647,990
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	185%	200%	186%	163%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

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

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
JUNE 30, 2021**

CalSTRS	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 28,715,242	\$ 29,849,565	\$ 27,314,485	\$ 23,181,713	\$ 20,014,998	\$ 16,675,375	\$ 12,871,044
District's contributions in relation to the statutorily required contribution	28,715,242	29,849,565	27,314,485	23,181,713	20,014,998	16,675,375	12,871,044
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 177,803,356	\$ 164,641,837	\$ 167,779,392	\$ 160,649,432	\$ 159,101,733	\$ 155,408,900	\$ 144,944,189
District's contributions as a percentage of covered-employee payroll	16.15%	18.13%	16.28%	14.43%	12.58%	10.73%	8.88%

CalPERS	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 14,733,713	\$ 14,158,702	\$ 12,448,360	\$ 8,940,763	\$ 7,915,583	\$ 6,579,149	\$ 6,115,073
District's contributions in relation to the statutorily required contribution	14,733,713	14,158,702	12,448,360	8,940,763	7,915,583	6,579,149	6,115,073
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 71,177,357	\$ 71,795,051	\$ 68,920,164	\$ 57,567,208	\$ 56,995,845	\$ 55,534,304	\$ 51,950,329
District's contributions as a percentage of covered-employee payroll	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

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

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in the Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for other postemployment benefits.

Changes in Assumptions

The discount rate as of the June 30, 2020 measurement date was 2.30%, while the discount rate as of the June 30, 2021 measurement date was 2.45%.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**POWAY UNIFIED SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of Contributions – Pensions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Capital outlay	\$ 1,224,647	\$ 1,466,600	\$ 241,953

SUPPLEMENTARY INFORMATION

**POWAY UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2021**

The Poway Unified School District (the "District"), encompasses approximately 100 square miles of the central portion of San Diego County, California (the "County"), and serves the City of Poway, a portion of the City of San Diego, as well as the communities of 4S Ranch, Black Mountain Ranch, Carmel Mountain Ranch, Del Sur, Rancho Bernardo, Rancho Peñasquitos, Sabre Springs, Santa Fe Valley, Santaluz and Torrey Highlands. The District currently operates 25 elementary schools, 6 middle schools, 1 K-8 school, 5 high schools, 1 continuation high school, and 1 adult school.

GOVERNING BOARD		
Name	Office	Term Expires
Ginger Couvrette	President	December 2022
T.J. Zane	Vice President	December 2022
Dr. Darshana Patel	Clerk	December 2022
Dr. Cindy Sytsma	Member	December 2024
Michelle O'Connor-Ratcliff	Member	December 2024

ADMINISTRATION

Marian Kim Phelps, Ed.D.
Superintendent

Jennifer Burks, Ed.D.
*Associate Superintendent
 Technology & Innovation*

James Jimenez
*Associate Superintendent
 Personnel Support Services*

Ronald D. Little II
*Associate Superintendent
 Business Support Services*

Greg Mizel
*Associate Superintendent
 Student Support Services*

Carol Osborne
*Associate Superintendent
 Learning Support Services*

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	13525	\$ 2,199,218	\$ -
National School Lunch Program	10.555	13396	3,796,346	-
National School Lunch Program Noncash Commodities	10.555	13396	355,132	-
Subtotal Child Nutrition Cluster			<u>6,350,696</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>6,350,696</u>	<u>-</u>
U.S. Department of Interior:				
<i>Direct Program:</i>				
Fish and Wildlife Cluster:				
U.S. Wildlife and Reserve Fund	15.611	*	246	-
Total U.S. Department of Interior			<u>246</u>	<u>-</u>
U.S. Department of Education:				
<i>Direct Program:</i>				
Impact Aid - P.L. 81.174	84.041	*	146,527	-
<i>Passed Through State Department of Education:</i>				
Special Education Cluster (IDEA):				
IDEA Local Assistance - Private Schools	84.027	10115	105,768	105,768
IDEA Alternate Dispute Resolution	84.027	13007	16,945	-
IDEA Basic Local Assistance	84.027	13379	5,818,507	-
IDEA Mental Health	84.027A	15197	335,103	-
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	25,700	-
IDEA Preschool Grants	84.173	13430	116,894	-
Subtotal Special Education Cluster (IDEA)			<u>6,418,917</u>	<u>105,768</u>
Education for Homeless Children & Youth	84.196	14332	66,910	-
Adult Education: Adult Basic Education & ELA	84.002	14508	111,473	-
Adult Education: Secondary Education	84.002	13978	52,730	-
Adult Education: English Literacy & Civics Education	84.002	14750	47,188	-
Title I Part A	84.010	14329	2,039,743	-
ESSA: School Improvement Funding for LEAs	84.010	15438	181,768	-
Carl D Perkins Career & Technical Education	84.048	14894	143,675	-
Workability II	84.126	10006	200,081	-
IDEA Early Intervention Grant	84.181	23761	117,525	-
Title III, Immigrant Student Program	84.365	15146	32,733	-
Title III, English Learner Student Program	84.365	14346	438,215	-
Title II, Part A, Supporting Effective Instruction	84.367	14341	533,540	-
Title IV Student Support & Academic Enrichment	84.424	15396	314,654	-
COVID-19 Funds:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,261,711	-
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	979,502	-
Subtotal COVID-19 Funds			<u>2,241,213</u>	<u>-</u>
Total U.S. Department of Education			<u>13,086,892</u>	<u>105,768</u>
U.S. Department of Treasury:				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	13,759,590	-
Total U.S. Department of Treasury			<u>13,759,590</u>	<u>-</u>
U.S. Department of Treasury:				
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	39,194	-
Total U.S. Department of Treasury			<u>39,194</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 33,236,618</u>	<u>\$ 105,768</u>

*Pass-Through Entity Identifying Number not available or not applicable

**POWAY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	Number of Days		Status
	Traditional Calendar	Multitrack Calendar	
Kindergarten	180	N/A	Complied
Grade 1	180	N/A	Complied
Grade 2	180	N/A	Complied
Grade 3	180	N/A	Complied
Grade 4	180	N/A	Complied
Grade 5	180	N/A	Complied
Grade 6	180	N/A	Complied
Grade 7	180	N/A	Complied
Grade 8	180	N/A	Complied
Grade 9	180	N/A	Complied
Grade 10	180	N/A	Complied
Grade 11	180	N/A	Complied
Grade 12	180	N/A	Complied

**POWAY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Child Care Enterprise Fund
June 30, 2021 annual financial and budget report fund balance	\$ 72,566,685	\$ 1,543,251	\$ (14,614,198)
Adjustments and reclassifications			
Increase (decrease) in total fund balance			
Fund balance transfer (GASB 54)	1,543,251	(1,543,251)	-
Allocation of net pension liability	-	-	(801,331)
Allocation of net OPEB liability	-	-	324,383
Net adjustments and reclassifications	1,543,251	(1,543,251)	(476,948)
June 30, 2021 audited financial statements fund balance	<u>\$ 74,109,936</u>	<u>\$ -</u>	<u>\$ (15,091,146)</u>

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	\$ 444,006,911	\$ 435,981,239	\$ 406,875,192	\$ 414,637,024
Expenditures and Other Financing Uses	447,208,610	417,166,097	413,189,713	415,087,700
Net Change in Fund Balance	(3,201,699)	18,815,142	(6,314,521)	(450,676)
Ending Fund Balance	\$ 69,364,988	\$ 72,566,687	\$ 53,751,545	\$ 60,066,066
Available Reserves*	\$ 15,086,702	\$ 24,132,910	\$ 44,473,690	\$ 47,698,120
Available Reserves as a Percentage of Outgo	3.4%	5.8%	10.8%	11.5%
Long-term Debt	\$ 1,584,987,157	\$ 1,584,987,157	\$ 1,571,630,138	\$ 1,523,891,008
Average Daily Attendance at P-2	34,807	35,361	35,361	35,245

The General Fund balance has increased by \$12,500,621 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$3,201,699. For a District this size, the State recommends available reserves of at least 2% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficit in two of the past three years and anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations related to governmental activities have increased by \$61,096,149 over the past two years.

Average daily attendance has increased by 116 ADA over the past two years. ADA is projected to decrease by 554 ADA during the 2021-22 fiscal year.

* Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for other than Capital Outlay Projects.

** The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**POWAY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2021**

No charter schools are chartered by Poway Unified School District.

Charter School	Number	Status	Included in Audit Report
None	N/A	N/A	N/A

**POWAY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Student Activity Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	Total Non-Major Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 1,530,658	\$ 328,930	\$ 238,417	\$ 1,182,102	\$ 1,264,354	\$ 7,313,402	\$ 15,007	\$ 28,112,645	\$ 20,938,725	\$ -	\$ 60,924,240
Accounts receivable	-	176,756	469	1,696,506	1,310	55,051	-	3,253,989	-	-	5,184,081
Due from other funds	-	139,891	-	251,460	292,821	-	-	798,887	-	-	1,483,059
Stores inventory	-	-	-	541,355	-	-	-	-	-	-	541,355
Total Assets	\$ 1,530,658	\$ 645,577	\$ 238,886	\$ 3,671,423	\$ 1,558,485	\$ 7,368,453	\$ 15,007	\$ 32,165,521	\$ 20,938,725	\$ -	\$ 68,132,735
LIABILITIES											
Accounts Payable	\$ -	\$ 92,844	\$ 12,113	\$ 169,795	\$ 78,755	\$ 6,971	\$ -	\$ 1,311,816	\$ -	\$ -	\$ 1,672,294
Due to grantor governments	-	122,237	66,120	806,861	-	66,697	15,007	548,787	-	-	1,625,709
Unearned revenue	-	-	-	805,095	-	-	-	5,779	-	-	810,874
Total Liabilities	-	215,081	78,233	1,781,751	78,755	73,668	15,007	1,866,382	-	-	4,108,877
FUND BALANCES											
Nonspendable	-	-	-	542,455	-	-	-	-	-	-	542,455
Restricted											
Educational Programs	-	239,758	160,653	-	-	-	-	-	-	-	400,411
Debt service	-	-	-	-	-	-	-	-	20,938,725	-	20,938,725
Capital projects	-	-	-	-	-	7,294,785	-	118,485	-	-	7,413,270
Child nutrition	-	-	-	1,347,217	-	-	-	-	-	-	1,347,217
Student activity funds	1,530,658	-	-	-	-	-	-	-	-	-	1,530,658
Committed	-	190,738	-	-	1,479,730	-	-	-	-	-	1,670,468
Assigned	-	-	-	-	-	-	-	30,180,654	-	-	30,180,654
Total Fund Balances	1,530,658	430,496	160,653	1,889,672	1,479,730	7,294,785	-	30,299,139	20,938,725	-	64,023,858
Total Liabilities and Fund Balances	\$ 1,530,658	\$ 645,577	\$ 238,886	\$ 3,671,423	\$ 1,558,485	\$ 7,368,453	\$ 15,007	\$ 32,165,521	\$ 20,938,725	\$ -	\$ 68,132,735

See accompanying notes to the supplementary information.

**POWAY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Student Activity	Adult Education	Child	Cafeteria Special	Deferred	Capital Facilities	County School	Special Reserve	Bond Interest	Debt Service for	Total Non-Major
	Special Revenue	Fund	Development	Revenue Fund	Maintenance	Fund	Facilities Fund	for Capital	and Redemption	Blended	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Outlay Projects	Fund	Component	Funds
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Units Fund	Funds
REVENUES											
LCFF sources	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Federal sources	-	211,391	92,059	6,350,696	-	-	-	-	-	-	6,654,146
Other state sources	-	1,788,959	853,839	687,534	-	-	9,046,187	-	131,052	-	12,507,571
Other local sources	890,996	427,445	49,162	175,637	115,020	2,288,846	-	4,138,463	21,224,661	-	29,310,230
Total Revenues	890,996	2,427,795	995,060	7,213,867	1,115,020	2,288,846	9,046,187	4,138,463	21,355,713	-	49,471,947
EXPENDITURES											
Current											
Instruction	-	1,004,469	732,698	-	-	-	-	-	-	-	1,737,167
Instruction-related services											
Instructional supervision and administration	-	1,100,848	164,368	-	-	-	-	-	-	-	1,265,216
Food services	-	-	-	7,876,438	-	-	-	-	-	-	7,876,438
All other pupil services	-	163,208	-	-	-	-	-	-	-	-	163,208
General administration											
All other general administration	-	101,002	47,696	-	-	-	-	-	-	-	148,698
Plant services	-	2,000	-	109,500	195	36,665	-	690,882	-	-	839,242
Facilities acquisition and maintenance	-	-	-	-	616,823	936,827	-	9,742,848	-	-	11,296,498
Debt service											
Principal	-	-	-	-	-	-	-	-	11,062,235	18,150,000	29,212,235
Interest and other	-	-	-	-	-	-	-	-	8,201,706	21,962,633	30,164,339
Total Expenditures	1,195,685	2,371,527	944,762	7,985,938	617,018	973,492	-	10,433,730	19,263,941	40,112,633	83,898,726
Excess (Deficiency) of Revenues											
Over Expenditures	(304,689)	56,268	50,298	(772,071)	498,002	1,315,354	9,046,187	(6,295,267)	2,091,772	(40,112,633)	(34,426,779)
Other Financing Sources (Uses)											
Transfers in	-	-	-	1,269,132	292,821	-	-	9,863,787	-	40,112,633	51,538,373
Transfers out	-	(8,559)	(3,224)	(21,004)	-	(66,693)	(9,046,187)	(543,666)	-	-	(9,689,333)
Net Financing Sources (Uses)	-	(8,559)	(3,224)	1,248,128	292,821	(66,693)	(9,046,187)	9,320,121	-	40,112,633	41,849,040
NET CHANGE IN FUND BALANCE	(304,689)	47,709	47,074	476,057	790,823	1,248,661	-	3,024,854	2,091,772	-	7,422,261
Fund Balance - Beginning	-	382,787	113,579	1,413,615	688,907	6,046,124	-	27,274,285	18,846,953	-	54,766,250
Adjustment for restatement	1,835,347	-	-	-	-	-	-	-	-	-	1,835,347
Fund Balance - Ending	\$ 1,530,658	\$ 430,496	\$ 160,653	\$ 1,889,672	\$ 1,479,730	\$ 7,294,785	\$ -	\$ 30,299,139	\$ 20,938,725	\$ -	\$ 64,023,858

**POWAY UNIFIED SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards

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

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46208. During the year ended June 30, 2021, the District participated in the Longer Day incentive funding program. As of June 30, 2021, the District had met its target funding.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

OTHER INDEPENDENT AUDITORS' REPORTS

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
Poway Unified School District
San Diego, 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 business-type activities, each major fund, and the aggregate remaining fund information of Poway Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Poway Unified School District's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

San Diego, California
December 10, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Poway Unified School District
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited Poway Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Poway Unified School District's major federal programs for the year ended June 30, 2021. Poway Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Poway Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Poway Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program.

However, our audit does not provide a legal determination of Poway Unified School District's compliance.

Opinion on Each Major Federal Program.

In our opinion, Poway 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 major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Poway Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Poway Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Poway Unified School District's internal control over compliance.

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

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

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

San Diego, California
December 10, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Poway Unified School District
San Diego, California

Report on State Compliance

We have audited Poway Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Poway Unified School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Poway Unified School District's state programs based on our audit of the types of compliance requirements referred to above. 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Poway Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Poway Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Poway Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instances of noncompliance with the statutory requirements for programs noted above, which is required to be reported in accordance with the State's audit guide, 2020-21 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations*, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item #2021-001.

Poway Unified School District's Response to Findings

Poway Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Poway Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes

PROGRAM NAME	PROCEDURES PERFORMED
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

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

San Diego, California
December 10, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**POWAY UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.027, 84.027A, 84.173</u>	<u>Child Nutrition Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>84.425C, 84.425D</u>	<u>COVID-19 Funds</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**POWAY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statement findings for the year ended June 30, 2021.

**POWAY UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB3627 FINDING TYPES

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**POWAY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

FINDING #2021-001 – ATTENDANCE REPORTING (10000) (40000)

Criteria

Auditors are required to verify compliance pursuant to Education Code Sections 43500-43504. For Districts that offered distance learning during 2020-21, each pupil’s attendance should be documented with records over weekly engagement as well as daily participation. Districts may meet the daily participation verification requirement from the weekly engagement record by indicating how participation was verified.

Condition

From our testing of student days of attendance across ten (10) school sites, we noted the following:

- Auditor noted there were forty-seven (47) instances where students did not have a completed weekly engagement record on file. All but one instance involved five (5) student days of attendance.
- The breakdown of the days of overstated attendance by grade span is as follows:
 - Grades K-3 – 90 overstated days of attendance
 - Grades 4-6 – 36 overstated days of attendance
 - Grades 9-12 – 105 overstated days of attendance

Effect

The effect of the finding is an overstatement average daily attendance (ADA).

Cause

Improper controls related to review of completed weekly engagement records.

Fiscal Impact

Based on the two hundred and thirty one (231) days of attendance determined to be out of compliance divided by one hundred and eighty (180) days of instruction required to be offered, multiplied by the derived value of ADA by grade span, we arrive at a fiscal impact of 1.28 ADA valued at \$11,398.77.

**POWAY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2021-001 – ATTENDANCE REPORTING (10000) (40000), continued

Recommendation

We recommend that the District implement controls to ensure that all students have completed weekly engagement records on file.

District's Response

The requirements for Weekly Engagement Logs were announced for the 2020-21 school year at the end of August 2020. Poway Unified along with school districts across the country were working to reopen schools during the COVID Pandemic. Poway Unified School District (PUSD) postponed the opening of school to September 2, 2020. Guidelines for Attendance Reporting were sent to all PUSD teachers on September 1, 2020 with an interim process in place for confirming instructional minutes and maintaining assignments for learning (weekly engagement) in PUSD's Learning Management System, Canvas.

During the school year, communication was shared with site principals regarding changes to the attendance taking process using Synergy to verify Instructional Minutes and the process for maintaining Weekly Engagement records via Canvas.

Following the initial Audit Finding 2021-001, Poway's IT Department created a program to search assignment logs for students in Canvas due to the fact that the Learning Management System was not utilized during the audit. Several assignments were identified and verified.

Corrective Action

Each year, Learning Support Services (LSS) and Attendance and Discipline review the processes for attendance record keeping. The following actions have occurred during the 2021-22 school year.

- LSS Associate Superintendent and Executive Directors responsible for supervision of schools met with Finance to review procedures for monitoring attendance records and communication with school sites.
- Executive Directors are receiving monthly reports for each of their schools and reviewing with principals. Corrections are being made within the month for missing attendance by individual teachers.
- Director of Attendance has met with all Attendance Clerks to review reports and expectations for daily reporting.
- Attendance Clerks are expected to provide a phone call to teachers during the day if they have not completed attendance. Attendance Clerks are expected to provide a weekly report to principals of missing attendance so principals can follow up with teachers and ensure substitute hard copy attendance records are maintained.
- Communication has been provided to all teachers regarding maintaining assignments in Canvas and providing electronic assignments to students.

During the 2021-22 Audit, PUSD will make tech support available to the Audit team to ensure access to Canvas to review assignment logs for students.

**POWAY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001 – ATTENDANCE REPORTING (10000) (40000), continued

Criteria or Specific Requirement

Education Code Section 46000 requires that attendance in all schools and classes be recorded and kept according to regulations prescribed by the State Board of Education. Education Code Section 44809 and the California Code of Regulations, Title 5, Section 401 require that the California Department of Education approve forms and procedures that constitute a District's attendance accounting system. Poway Unified School District has an approved attendance system in place which requires teachers to take attendance daily in each period they have students.

Condition

At three elementary school, the attendance clerk did not have a process in place to obtain manual roster if the teacher missed taking attendance in the online system.

Cause

Some school sites are not following district established processes and obtaining manual rosters if a teacher is unable to take attendance in the online attendance system.

Effect

The District is at risk of misstating attendance and would have difficulty detecting and correcting an error without teacher attendance to support the correction.

Context

We tested six elementary schools and noted the condition existed at three of the sites tested.

Questioned Costs

\$20,428 based on 2.33 ADA identified times funding per ADA by grade span.

Recommendation

Establish monitoring procedures to ensure that all teachers at all school sites are taking attendance daily. Establish enforcement processes, including evaluation of teachers and principals, based on meeting the requirement of taking attendance daily.

**POWAY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001 – ATTENDANCE REPORTING (10000), continued

Corrective Action Plan

In response to the 2019-20 Attendance Audit Findings, the following actions will be taken to address the concerns:

- Learning Support Services Executive Directors will review the monthly attendance reports, provided by Finance, for each school with site principals to address inconsistencies.
- Attendance and Discipline team will schedule a mid-year meeting with site classified staff responsible for attendance for the following purpose: Review expectations and procedures for attendance monitoring; review data related to attendance reports.
- Findings will be shared with Poway Federation of Teachers with a request to share with all site reps requesting adherence to daily attendance record keeping.

District staff will provide semi-annual trainings which include the following:

- Elementary Schools
 - Substitutes are given teacher information by the Principal's Administrative Assistant
 - Same process as Middle and High Schools.
- Middle and High Schools
 - Substitutes are given all the teacher's information by the Assistant Principal's Secretary; this includes the Synergy log in information and how to do attendance in Synergy.
 - If substitutes are unable to access Synergy for attendance then they are given a hard copy class list, then mark it manually and turn it into the attendance department.
 - Attendance staff then goes into TVUE and records attendance for that teacher and period.
- General Information
 - In order for a substitute to have access to a teacher's attendance an office staff member (Assistant Principal Secretary or Administrative Assistant) must mark the teacher as "out for the day."
 - If attendance is completed manually, the substitute either has a student bring it to the office during the current period or they turn it in by the end of the day.

Information Technology has provided specific instructions to the sites on setting up substitute access in Synergy.

Current Status

See Finding #2021-001.