

PAJARO VALLEY UNIFIED SCHOOL DISTRICT MISSION STATEMENT

The Mission of the Pajaro Valley Unified School District is to educate and to support learners in reaching their highest potential. We prepare students to pursue successful futures and to make positive contributions to the community and global society.



January 20, 2016 REGULAR BOARD MEETING

CLOSED SESSION – 6: 00 p.m. – 7:00 p.m.
PUBLIC SESSION – 7:00 p.m.

DISTRICT OFFICE
Boardroom
292 Green Valley Road, Watsonville, CA 95076

NOTICE TO THE PUBLIC: BOARD PACKET DOCUMENTS ARE AVAILABLE FOR YOUR REVIEW AT THE FOLLOWING LOCATIONS:

- Superintendent's Office: 294 Green Valley Road, Watsonville, CA (4th Floor)
- On our Webpage: www.pvUSD.net

Notice to the Audience on Public Comment

Members of the audience are welcome to address the Board on all items not listed on this agenda. Such comments are welcome at the "Visitor Non-Agenda Items".

Members of the audience will also have the opportunity to address the Board during the Board's consideration of each item on the agenda.

Individual speakers will be allowed three minutes (unless otherwise announced by the Board President) to address the Board on each agenda item. **You must submit this card prior to the discussion of the agenda item you wish to speak to; once an item has begun, cards will not be accepted for that item.** For the record, please state your name at the beginning of your statement. The Board shall limit the total time for public input on each agenda item to 20 minutes. With Board consent, the President may increase or decrease the time allowed for public presentation, depending on the topic and the number of persons wishing to be heard. The President may take a poll of speakers for or against a particular issue and may ask that additional persons speak only if they have something new to add.

Las Solicitudes de Traducción:

Traducción del inglés al español está disponibles en las sesiones de la mesa directiva. Por favor obtenga su equipo al entrar a la junta.

We ask that you please turn off your cell phones and pagers when you are in the boardroom.

Please Note that Reporting out of Closed Session will Take Place AFTER Action Items.

1.0 CLOSED SESSION OPENING CEREMONY IN OPEN SESSION – 6:00 P.M.

1.1 Call to Order

1.2 Public comments on closed session agenda.

2.0 CLOSED SESSION (AND AFTER REGULAR SESSION IF NECESSARY)

- 2.1 Public Employee Appointment/Employment, Government Code Section 54957
 - a. Certificated Employees (see Attached)
 - b. Classified Employees (see attached)
- 2.2 Public Employee Discipline/Dismissal/Release/Leaves
- 2.3 Negotiations Update
 - a. CSEA
 - b. PVFT
 - c. Unrepresented Units: Management and Confidential
 - d. Substitutes – Communication Workers of America (CWA)
- 2.4 Claims for Damages
- 2.5 Existing Litigation
- 2.6 Pending Litigation
- 2.7 Anticipated Litigation
- 2.8 Real Property Negotiations
- 2.9 7Expulsions

3.0 OPENING CEREMONY – MEETING OF THE BOARD IN PUBLIC – 7:00 P.M.

- 3.1 Pledge of Allegiance
- 3.2 Welcome by Board President
Trustees Kim De Serpa, Leslie DeRose, Maria Orozco, Karen Osmundson, Lupe Rivas, Jeff Ursino, Willie Yahiro and President Orozco.
- 3.3 Superintendent Comments
- 3.4 Governing Board Comments/Reports Standing Committee Meetings (*1 minute per trustee*)
- 3.5 Student Recognition
 - *Alejandro Chavez-Sanchez – HA Hyde Elementary School*
 - *Gabriele Giuffre – Aptos Jr. High School*
 - *Camila Elsa Barranco-Origel – Lakeview Middle School*
 - *Dennar Ocampo – Rolling Hills Middle School*

4.0 APPROVAL OF THE AGENDA

5.0 APPROVAL OF MINUTES

- *Minutes for December 9, 2015*

6.0 HIGH SCHOOL STUDENTS BOARD REPRESENTATIVES REPORT

5 min. per school

7.0 VISITOR NON-AGENDA ITEMS

Public comments on items that are not on the agenda can be addressed at this time. The Board President will recognize any member of the audience wishing to speak to an item not on the agenda on a matter directly related to school business. The President may allot time to those wishing to speak, but no action will be taken on matters presented (Ed. Code Section 36146.6). If appropriate, the President or any Member of the Board may direct that a matter be referred to the

Superintendent's Office for placement on a future agenda. (Please complete a card if you wish to speak.)

8.0 EMPLOYEE ORGANIZATIONS COMMENTS – PVFT, CSEA, PVAM, CWA **5 min. each**

9.0 CONSENT AGENDA

Information concerning the Consent items listed above has been forwarded to each Board Member prior to this meeting for his/her study. Unless some Board Member or member of the audience has a question about a particular item(s) and asks that it be withdrawn from the Consent list, the item(s) will be approved at one time by the Board of Trustees. The action taken in approving Consent items is set forth in the explanation of the individual item(s).

- 9.1 Purchase Orders December 3, 2015 – January 13, 2016
The PO's will be available in the Superintendent's Office.
- 9.2 Warrants December 3, 2015 – January 13, 2016
The warrants will be available in the Superintendent's Office.
- 9.3 Approve Migrant and Seasonal Head Start Second Budget Revision – to Allocate Funds for Facilities Repairs and to Purchase a Replacement Color Copier.
- 9.4 Approve 2015 Program Audit and Corrective Plan of Action for Migrant and Seasonal Head Start.
- 9.5 Approve Program Goals and Objectives for Year 3 (2016-17) of the 5-Year Grant Cycle, Including Self-Assessment Findings and Corrective Action Plan.
- 9.6 Approve 2015 Central California Migrant and Seasonal Head Start (CCMHS) Federal Review (Environmental Health and Safety Monitoring Event) Final Report – June 2015.
- 9.7 Approve 2015-2016 Migrant & Season Head Start Enrollment Policy/Procedure.
- 9.8 Approve Resolution #15-16-11, Report on Use of Developer Fees for 2014-15.
- 9.9 Approve Williams Quarterly Report for October, November, December 2015. Number of Complaints: 1 – Unqualified Williams Complaint Received April 2014.
- 9.10 Approve Professional Services Agreement with Dannis Woliver Kelly for Legal Services Pertaining to Energy Savings Contracts Pursuant to Government Code 4214.10 *et seq.*
- 9.11 Approve Change Orders for #1 for Kent Construction, Network Operation Center Remodel Project #8600.
- 9.12 Approve Transportation Yard Site Improvements Project #7500.
- 9.13 Approve Award of Water Saving Project at North Zone Sites, Bid #B06-02-12-000-8955.
- 9.14 Approve Change Orders #1 (AMS) for EA Hall 9 Classroom Addition Project #8524.
- 9.15 Approve Change Orders #1 (CWR) for EA Hall 9 Classroom Addition Project #8524.
- 9.16 Approve Award the Valencia Elementary School New Perimeter Chain-link Fence and Gates, Measure L Bond Project (Bid # B-15-01-12-846-8150).

- 9.17 Approve Award of Contract for Migrant and Seasonal Head Start Exterior Improvements.
- 9.18 Approve Award of Contract for Migrant and Seasonal Head Start Interior Improvement Project.

The administration recommends approval of the Consent Agenda.

10.0 DEFERRED CONSENT ITEMS

11.0 REPORT AND DISCUSSION ITEMS

- 11.1 Report and discussion on Coordination of Board Representatives to District and Community Committees.
1. *Community Advisory Committee – SELPA*
 2. *District English Learners Advisory Committee (DELAC)*
 3. *Inter-Governmental Relations*
 4. *Migrant Head Start Policy Advisory*
 5. *Pajaro Valley Prevention and Student Assistance (PVPSA)*
 6. *Safety*
 7. *SPECTRA- Arts Education Advisory Committee (VAPA)*
 8. *Drop Out Committee*
- Report by Dorma Baker, Superintendent* *2 min. report; 10 min. discussion*
- 11.2 Report and discussion on Progress of Aptos High School Solar Installation.
Report by Steve Okamura, Energy Management Manager. *5 min. report; 5 min. discussion*
- 11.3 Report and discussion on Best Practices: Rio Del Mar – Mathematics.
Report by Lisa Aguerria, Assistant Superintendent, and Deborah Dorney, Principal.
10 min. report; 10 min. discussion
- 11.4 Report and discussion on Super Saturday.
Report by Mark Brewer, Assistant Superintendent *5 min. report; 5 min. discussion*

12.0 ACTION ITEMS

- 12.1 Report, discussion and possible action to Approve Resolution #15-16-14, Acknowledging School Counseling Week.
Report by Dorma Baker, Superintendent *2 min. pres; 2 min. discussion.*
- 12.2 Report, discussion and possible action to approve Updates to Travel Board Policy 3350 to be Better Aligned with Current Federal, State, and Local Regulations as well as Recommendations from the California School Boards Association (CSBA).
Report by Melody Canady, CBO *2 min. pres; 10 min. discussion.*
- 12.3 Report, discussion and possible action on Annual Audit Report.
Report by Melody Canady, CBO, and Helen Bellonzi, Finance Director
10 min. pres; 10 min. discussion.

13.0 ACTION ON CLOSED SESSION

14.0 UPCOMING BOARD MEETINGS/REMAINING BOARD MEETINGS FOR 2016

All meetings, unless otherwise noted, take place at the District Office Boardroom, 292 Green Valley Road, Watsonville, CA. Closed Session begins at 6:00 pm; Open Session begins at 7:00 pm.

		Comment
February	▪ 10	

	▪ 24	
March	▪ 9 ▪ 23	▪ Approve 2 nd Interim Report
April	▪ 13 ▪ 27	
May	▪ 11 ▪ 25	▪ Approve 3 rd Interim Report
June	▪ 8 ▪ 22	▪ 2016-2017 Budget Adoption
July	No Meetings	
August	▪ 10 ▪ 24	
September	▪ 14 ▪ 28	▪ Unaudited Actuals
October	▪ 12 ▪ 26	
November	▪ 16	▪
December	▪ 7	▪ Annual Organization Mtg. (Election Year – hold meeting after 1 st Friday of the Month) ▪ Approve 1 st Interim Report

15.0 ADJOURNMENT

PAJARO VALLEY UNIFIED SCHOOL DISTRICT
CLOSED SESSION AGENDA
January 20, 2016

- 2.1 Public Employee Appointment/Employment, Government Code Section 54957
a. Certificated Employees
b. Classified Employees

New Hires – Probationary	
1	Supervisor, Nutrition Services
1	Director, Transportation
New Hires	
5	Teachers
Rehires	
	None
Promotions	
	None
New Substitutes	
10	
Administrative Appointments	
1	Assistant Principal
1	Mental Health Coordinator
	None
Transfers	
	None
Other	
2	Administrative Coach
Extra Pay Assignments	
37	Coach
Extra Period Assignments	
	None
Leaves of Absence	
6	Teacher
1	Behavior Tech
1	Bus Driver
Miscellaneous Action	
1	Senior Buyer
Retirements	
	None

Resignations/Terminations	
	None
Supplemental Service Agreements	
348	Teachers
2	Psychologist
Separations From Service	
2	Teacher
1	Bus Driver
1	Cafeteria Assistant
1	Groundskeeper II
1	Instructional Assistant – General Education
1	Parent Education Specialist
1	Site Computer Support Technician
Limited Term – Projects	
1	Accounting Technician
1	Behavior Technician
1	Budget Analyst
2	Bus Drivers
4	Campus Safety & Security Officer
5	Custodian II
2	Data Entry Specialist
1	Instructional Assistant – Child Development
20	Instructional Assistant – General Ed
1	Instructional Assistant – Mild/Moderate
1	Instructional Support Clerk
1	Lead Custodian II
1	Lead Custodian III
1	Library Media Technician
2	Office Assistant I
7	Office Assistant III
2	Office Manager
2	Parent Education Specialist
1	Senior Accountant
3	Staff Accountant
3	Translator
1	Warehouse Worker I

Exempt	
6	Childcare
10	Enrichment Specialists
4	Pupil
13	Student Helper
10	Workability
17	Yard Duty
Provisional	
	None
Limited Term - Substitute	
	None

**December 9, 2015
ANNUAL ORGANIZATIONAL BOARD MEETING
UNADOPTED MINUTES**

CLOSED SESSION – 5:30 p.m. – 6:30 p.m.

PUBLIC SESSION – 6:30 p.m.

**DISTRICT OFFICE Boardroom
292 Green Valley Road, Watsonville, CA 95076**



1.0 CLOSED SESSION OPENING CEREMONY IN OPEN SESSION – 5:30 P.M.

1.1 Call to Order

Vice President Orozco called the meeting of the Board to order in public at 5:43 PM at 292 Green Valley Road, Watsonville, CA.

1.2 Public comments on closed session agenda.

None.

2.0 CLOSED SESSION (AND AFTER REGULAR SESSION IF NECESSARY)

2.1 Public Employee Appointment/Employment, Government Code Section 54957

a. Certificated Employees

b. Classified Employees

New Hires – Probationary	
1	Cafeteria Assistant
3	Custodian II
1	Business Information Systems Analyst
1	Teacher
New Hires	
1	Resource Specialist
Rehires	
	None
Promotions	
1	Bus Driver
1	Attendance Specialist
New Substitutes	
	None
Administrative Appointments	
	None
Transfers	
	None

Other	
	None
Extra Pay Assignments	
39	Coach
1	Athletic Director
1	Activities Director
Extra Period Assignments	
	None
Leaves of Absence	
9	<i>Teacher</i>
1	<i>Teacher, Special Ed</i>
1	Director, SELPA
1	<i>Custodian II</i>
1	<i>Office Assistant III</i>
1	<i>Instructional Assistant – Moderate/Severe</i>
1	<i>Behavior Technician</i>
1	<i>Maintenance Specialist</i>
Miscellaneous Action	
	None
Retirements	
	None
Resignations/Terminations	
	None
Supplemental Service Agreements	
	None
Separations From Service	
1	Teacher
1	Library Media Technician
1	Site Computer Support Technician
Limited Term – Projects	
	None
Exempt	
	None
Provisional	
	None
Limited Term - Substitute	

	None
--	------

- 2.2 Public Employee Discipline/Dismissal/Release/Leaves**
- 2.3 Negotiations Update**
 - a. CSEA
 - b. PVFT
 - c. Unrepresented Units: Management and Confidential
 - d. Substitutes – Communication Workers of America (CWA)
- 2.4 Claims for Damages**
- 2.5 Existing Litigation**
- 2.6 Pending Litigation**
- 2.7 Anticipated Litigation**
- 2.8 Real Property Negotiations**
- 2.9 1 Expulsion**

3.0 OPENING CEREMONY – MEETING OF THE BOARD IN PUBLIC - 6:30 P.M.

President Ursino called the meeting of the Board in public to order at 6:36 PM.

3.1 Pledge of Allegiance

Trustee De Serpa led the Board in the Pledge of Allegiance.

3.2 Welcome by Board President

Trustees Kim De Serpa, Maria Orozco, Karen Osmundson, Lupe Rivas, Willie Yahiro and President Jeff Ursino were all present. Trustee Leslie DeRose arrived at 6:40 PM.

3.3 Superintendent Comments

Dorma Baker thanked everyone for their presence. She reported that the district had a meeting for the community to provide input on the Local Control Accountability Plan last night and was impressed with the outcome. Many groups were represented. There will be additional sessions in the spring and the district would like to have much more input from everyone.

3.4 Governing Board Comments/Reports Standing Committee Meetings

Trustee Osmundson attended the CSBA Annual Education Conference and learned a lot; there are many things that she learned that she'd like to implement in this district.

Trustee Rivas attended the CSBA conference and appreciated the many sessions. She encouraged all board members to attend as it is interesting to learn of what other districts in the state are doing.

Trustee Orozco attended the Migrant and Seasonal Head Start meeting which has very strong parent leadership. She also attended a City Council meeting for mayoral inauguration.

3.5 Aptos High School JazzChoir Presentation

The Board enjoyed the musical presentation by Aptos High School Choir group.

Teacher: Lindsay Eldred

Students: *Justin Notari; Angela Chmelicek; Nathan Muhlenhaupt; Jessica Diehl; Rebecca Faulk; Soraya Renteria; Alexandra Townsend; Carina DaRosa; Camille Dasilva; and Emma Landry*

Songs: *White Winter Hymnal by the Fleet Foxes; Silent Night; Seasons of Love*

In addition, students *Brooke O'Brien* and *Jessie Rayburn* performed a duet singing *Jingle Bells*.

3.5 Student Recognition

Staff, administration, family and friends honored the following students of the year and recognized their achievements:

- *Brooklyn Llamas – Ann Soldo Elementary School*
- *Jennifer Santiago – Calabasas Elementary School*
- *Mya Martinez-Rosales – Hall District Elementary School*
- *Omar Alvarez – Radcliff Elementary School*

4.0 APPROVAL OF THE AGENDA

Trustee Osmundson moved to approve the agenda. Trustee DeRose seconded the motion. The motion passed unanimously.

5.0 APPROVAL OF MINUTES

- Minutes for November 18, 2015

Trustee Orozco moved to approve the minutes for November 18, 2015. Trustee Rivas seconded the motion. The motion passed unanimously.

6.0 ANNUAL ORGANIZATIONAL MEETING

6.1 Recognition of Outgoing Board President

Dorma Baker, Superintendent

Superintendent Baker commented on the important role of the Board president as there are many challenges and added responsibility. She noted that President Ursino has done an outstanding job leading the Board.

Ms. Baker thanked Vice President Orozco for the leadership role she performed so well.

6.2 Election of Officers of the Board

1. President

President Ursino nominated trustee Orozco for board president. Trustee DeRose seconded the nomination. Trustee Orozco accepted the nomination. The motion passed 6/1/0 (Rivas dissented).

Trustee Yahiro raised a point of order regarding nomination process for president.

The Board took a brief break to enjoy some cake while was confirmed by staff.

Staff confirmed that the board conducted election of officers adequately.

2. Vice President/Clerk

Trustee DeRose nominated herself for the position of VP/Clerk. Trustee Yahiro seconded the motion. The motion passed 5/1/1 (Rivas dissented; Osmundson away from her seat).

6.3 Seating of New Officers of the Board of Trustees

President Orozco took president's seat and continued board proceedings.

6.4 Approve 2016 Board Meeting Schedule

Trustee Ursino moved to approve the 2016 Board meeting schedule. Trustee De Serpa seconded the motion. The motion passed unanimously.

7.0 HIGH SCHOOL STUDENTS BOARD REPRESENTATIVES REPORT

Elias Nepa and Cassie Smith of Aptos High School, Adriana Rodriguez and Jasmin Padilla of Pajaro Valley High School, and Stephanie Lomeli-Mendoza and Krista Arellano of Watsonville High School gave an update on events, activities and sports at their campus.

President Orozco closed regular meeting and opened the Public Hearing.

8.0 PUBLIC HEARING ON CSEA'S APPOINTED PERSONNEL COMMISSIONER: DIANE BENSBURG

8.1 Report by Pam Shanks, Director, Classified

Leticia Oropeza, CSEA president, reported that the union supports Ms. Bensburg's appointment; her experience will be helpful in this capacity. She asked for the Board's support.

8.2 Public Comment

None.

8.3 Board Comment

None.

President Orozco closed the Public Hearing and resumed the regular board meeting.

9.0 VISITOR NON-AGENDA ITEMS

Katherine Hitt, bus driver, went to the Classified School Employees Association's website and learned that a study done between 2013 and 2015 showed PVUSD pays the lowest of 28 school districts in the area and in the state it is in the bottom 10 percentile. She advocated for better salaries and expressed her appreciation for the benefits.

Noah Rodriguez, student, expressed his appreciation for bus drivers.

Mona Arreola, bus driver, advocated for higher wages. She requested a \$4 increase to the hourly rate to start a bit above \$17. The District is short on drivers and risks losing more.

MaryJo Silva, ECE teacher, PVUSD has a wonderful grant program consisting of many branches. She spoke of the complexity of the program.

Jude Rose, ECE site supervisor, stated that currently two parent working families are common and childcare is critical. Children who attend positive childcare programs perform better in academics. The program is having a positive impact in our district. ECE teachers earn less than kindergarten teachers. She advocated for higher salaries for ECE teachers.

Manuel Serrano, ECE site supervisor, the work in the CDD is essential to the district. He offered a brief background about himself. He commented on the work that is being done by 3 and 4 year olds as they prepare for their future education. He advocated for higher salaries for ECE teachers.

Elias Nepa, AHS student, interested in school policy and management. Based on SB532, he submitted a formal petition to be a formal member of the board. He stated that there are many counties that have student trustees who vote and share their opinions. The California Association of School Council president encourages student trustee participation.

Rich Buse, purchasing director, announced that Janet Linney, senior buyer, is retiring this Friday. She has been with the district for 16 years and is a huge asset, saving the district a lot of money with her work. He invited the board to attend to a brief farewell planned for her the following day.

Sarah Henne, teacher and PVFT Grievance officer, pleased to return from FMLA leave. She has received calls that many folks are pushing their classrooms around in carts, due mostly to space. It is also an El Niño year and it may not be practical for staff to have their classroom in a cart. The number of people who need to do this is increasing. Some schools are at capacity and it is a situation that needs to be alleviated.

Superintendent Baker commented that the district is working on alleviating the capacity situation, looking at boundaries.

10.0 EMPLOYEE ORGANIZATIONS COMMENTS – PVFT, CSEA, PVAM, CWA 5

Jack Carroll, PVFT Chief Negotiator, commented on the 1st Interim report of December 2014 that included imminent financial failure. The fiscal stability plan was presented in April 2015 and the September 2015 unaudited actuals showed a \$6 million dollar gain and a better financial prospect. It is traditional that 1st interims show grim figures.

Leticia Oropeza CSEA president, requested the board's support in the next few months with the classification study. A compensation recommendation will be received as well. Classified staff is in disparity in salary schedules. Ms. Oropeza stated that the recently retired district translator Rosie Gomez is very sick.

11.0 CONSENT AGENDA

Trustee Ursino moved to approve the consent agenda. Trustee Rivas seconded the motion adding deferring item 11.4 for further clarification. Trustee Ursino amended his motion to include deferral. The motion passed unanimously.

11.1 Purchase Orders November 12 – December 2, 2015

11.2 Warrants November 12 – December 2, 2015

11.3 Accept with Gratitude Donation from Lakeside Organic Gardens of \$1,000 Towards “Hands-on and Minds-on” experiences for Elementary Students.

11.4 Approve School Plans for the Following Schools: Amesti, Ann Soldo, Aptos High, Aptos Jr., Bradley, Calabasas, Cesar Chavez, EA Hall, Freedom, HA Hyde, Hall District, Lakeview, Landmark, MacQuiddy, Mar Vista, Mintie White, Ohlone, Pajaro Middle, Pajaro Valley High, Radcliff, Renaissance, Rio Del Mar, Rolling Hills, Starlight, Valencia, Watsonville High, Alianza Charter, Diamond Technology Institute, New School, Pacific Coast Charter, and Watsonville Charter School of the Arts. This item was deferred.

11.5 Approve Award contract for Bid #RB120815, Food Service Equipment for Pajaro Middle School.

12.0 DEFERRED CONSENT ITEMS

11.4 Approve School Plans for the Following Schools: Amesti, Ann Soldo, Aptos High, Aptos Jr., Bradley, Calabasas, Cesar Chavez, EA Hall, Freedom, HA Hyde, Hall District, Lakeview, Landmark, MacQuiddy, Mar Vista, Mintie White, Ohlone, Pajaro Middle, Pajaro Valley High, Radcliff, Renaissance, Rio Del Mar, Rolling Hills, Starlight, Valencia, Watsonville High, Alianza Charter, Diamond Technology Institute, New School, Pacific Coast Charter, and Watsonville Charter School of the Arts.

Trustee Rivas requested clarification on the school plans. Assistant Superintendent Perez commented on process each school follows to develop their individual plans.

Trustee Ursino moved to approve this item. Trustee De Serpa seconded the motion. The motion passed unanimously.

13.0 ACTION ITEMS

13.1 Report, discussion and possible action to approve LEA Plan – Evidence of Progress Report.

Report by Dr. Jean Gottlob, Director, Equity, State and Federal Programs, and Accountability

President Orozco reiterated that this item is a report item only, not action.

Dr. Jean Gottlob presented information on the California English Language Development Test (CELDT) for English Learners, with data on Annual Measurable Achievement Objectives (AMAO) #1, which is the annual percentage increase of children making progress in learning English. Results since 2012 show that there is some progress in meeting the state target, which increases annually. AMAO #2 measures percentage of students proficient in English. Hall District, Ohlone and Starlight are meeting state targets but overall, the district is below those targets. Staff needs to focus on the gap of long-term English Learners. It takes about 5-7 years to learn a new language but we want to decrease the number of long-term ELs.

Dr. Gottlob noted that to improve in this areas, the District implemented Systematic EL Development, has leveled groups working together to improve proficiency, has dedicated daily time to work with ELs, and has programs in place that are designed to monitor and guide intervention, such as Accelerated Reader and Lexia. In addition and with LCAP, the district has curriculum coaches, model lessons from ELA/ELD framework and works with teachers to help implement strategies to help ELs, there is professional development for ELL Specialists, and the use of instructional technology.

Public comment:

Bill Beecher, community member, commented on the lack of evident progress with the increased number of ELs and programs that may not be working. High school math data does not seem to match the Education Department data which show a low number of redesignated ELs. The root cause should be identified and staff should be accountable for lack of improved performance.

Board participated with questions and comments.

13.2 Report, discussion and possible action to approve Resolution #15-16-13 of the Board of Trustees of Pajaro Valley Unified School District Authorizing the Issuance and Sale of General Obligation Bonds, Election of 2012, Series C, in the Principal Amount of Not to Exceed \$40,000,000 and Approving Related Documents and Actions.

Report by Melody Canady, CBO

Ms. Canady explained that the district is seeking to sell the remaining \$70 million dollars from Measure L. She commented on the changing tax rates and the value of the remaining money.

Greg Isom of Isom Advisors reviewed the status of the bond, stated that this is a good time for district to sell with the current rates. The maximum issuance is of \$40 million. He provided a timeline that included a credit rating meeting in January and lock in rates in mid-January. He noted that the district might be able to sell the remaining bonds in 2019, earlier than previously expected.

Board participated with comments and questions.

Trustee Rivas moved to approve this item. Trustee Ursino seconded the motion. The motion passed unanimously.

13.3 Report, discussion and possible action to approve 1st Interim Budget Report.
Report by Melody Canady, CBO, and Helen Bellonzi, Director, Finance

Melody Canady noted that there 1st interim is required by the County Office of Education as well as the State of California and it meant to look at what the current budget looks like from July 1st to October 31st. The district submits the report which is then given a positive, qualified or negative qualification by the COE. Major revenue and expense assumptions were reviewed. The Multi-year Projection, 2015-16 through 2017-18, show beginning and ending balances and indicates that the district is deficit spending.

A report on the variances, major changes on assumptions, was given by Helen Bellonzi, Director of Finance. The 1st Interim each year includes any and all carryovers from the State or Federal grants.

Public comment:

Bill Beecher, community member, commented on the expected increase in funding to education and the money should be used where it is most needed. Special Ed, while it does encroach, seems to be reasonably funded, although the state does underfund. He commented on the areas that need additional support which can be accomplished through hiring of the necessary staff at more competitive rates. He offered budget improvement suggestions. He questioned why there is a \$4.5 million for books and supplies or why there is an increase of \$8 million for services and other operating services.

Jack Carroll, PVFT negotiator, commented on the information that is included in the report. Special Ed continues to increase their expenditures. Rollover is an ongoing event with continuing programs. The assumptions presented are numbers that underestimate the end balance by about \$20 million dollars. If there are no non-allocated funds, it is important to ask how will the district implement the 7% increase to substitutes, which the union is all in favor of.

Board participated with questions and comments.

Trustee DeRose moved to approve the item. Trustee De Serpa seconded the motion. The motion passed unanimously.

13.4 Approve Appointment of CSEA'S Appointed Personnel Commissioner, Diane Bensberg.
Report Given Under Item 8.1

Trustee DeRose moved to approve the item. Trustee De Serpa seconded the motion. The motion passed unanimously.

13.5 Report, discussion and possible action to Approve 7% Increase to Substitute Pay Rates.

Report by Ian MacGregor, Assistant Superintendent, HR

Ian MacGregor stated that there are ongoing negotiations with CWA to discuss a more reasonable increase but this is what we are able to do at this time. The COE agreed to this proposal as the district is able to meet the financial commitment. We have about 100 substitute and they are very important to the district.

Public comment:

Jack Carroll, PVFT is completely in support of this raise, improves the quality of education across the district and increase interest. He questioned where in our interim will these funds come from.

Board participated with questions and comments.

Trustee De Serpa moved to approve this item. Trustee Osmundson seconded the motion. The motion passed 6/0/1 (Ursino abstained).

13.6 Report, discussion and possible action to approve Resolution #15-16-12, Reduction of a Particular Kind of Classified Management Employee Service.

Report by Pam Shanks, Director, Classified

Ian MacGregor reported that Ed Code allows the district to eliminate positions due to lack of work. We are proposing eliminating 1 of 2 positions. Angelica Renteria, director of MSHS, added that this action will allow the program to focus more on health and disability. She commented on the requirements for services towards children with disabilities in the Migrant & Seasonal Head Start program. There is an increase in need and it is the hope that this action will allow the department to provide the additional needed support.

Trustee Ursino moved to approve this item. Trustee DeRose seconded the motion. The motion passed unanimously.

At 10:20 PM, trustee Ursino moved to extend the meeting to 11 PM if needed. Trustee DeRose seconded the motion. The motion passed unanimously.

13.7 Report, discussion and possible action to approve Contract for Employment for Assistant Superintendent of Human Resources Ian MacGregor.

Superintendent Baker noted that this contract is being brought back to board to change from interim to permanent as Mr. MacGregor has agreed to serve in that capacity.

Trustee Osmundson moved to approve this item. Trustee Yahiro seconded the motion. The motion passed unanimously.

14.0 ACTION ON CLOSED SESSION

2.1 Public Employee Appointment/Employment, Government Code Section 54957

a. Certificated Employees

Trustee Orozco moved to approve the certificated employee report with the following changes: 1 Teacher under New Hires; 2 Teachers under Separations; 4 Teachers and 1 Special Education Teacher under Leaves of Absence. Trustee Ursino seconded the motion. The motion passed 5/0/1/1 (Trustee De Rose abstained; Trustee De Serpa away from her seat).

b. Classified Employees

Trustee Orozco moved to approve the classified employee report with the following changes: 1 Bus Driver Specialized and 1 Attendance Specialist under Promotions; 1 Cafeteria Assistant, 3 Custodian II, and 1 Business Information Systems Analyst under New Hire – Probationary; 1 Library Media Technician and 1 Site Computer Support Technician under Separations from Service; and 1 Custodian II, 1 Office Assistant III, 1 Instructional Assistant – Moderate/Severe, 1 Behavior Technician, and 1 Maintenance Specialist under Leaves of Absence. Trustee Ursino seconded the motion. The motion passed 5/0/1/1 (Trustee De Rose abstained; Trustee De Serpa away from her seat).

2.9 1 Expulsion

Action on Expulsions:

Trustee Osmundson moved to approve the recommendation of the District Administration for the following expulsion:

15-16-015

Trustee Ursino seconded the motion. The motion passed 6/0/1 (De Serpa away from her seat).

The Board President recessed from Board of Trustees meeting at 10:24 PM and convened as Board of Directors for the Pajaro Valley Unified School District Financing Corporation.

At 10:27 PM, the Board President reconvened the Board of Trustees meeting.

15.0 UPCOMING BOARD MEETINGS/REMAINING BOARD MEETINGS FOR 2016

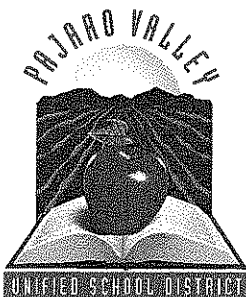
All meetings, unless otherwise noted, take place at the District Office Boardroom, 292 Green Valley Road, Watsonville, CA. Closed Session begins at 6:00 pm; Open Session begins at 7:00 pm.

Approved Calendar for 2016

16.0 ADJOURNMENT

There being no further business to address, the meeting of the board was adjourned at 10:29 PM.

Dorma Baker, Secretary



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: 9.3

Date: 1/20/16

Item: Migrant & Seasonal Head Start Second Budget Revision – to allocate funds for facilities repairs and to purchase a replacement color copier

Overview: This is a request to the Grantee for a budget revision. The grant year is March 1, 2015 – February 29, 2016. This budget revision takes savings, principally from vacancies, and reallocates them to identified areas of Program need. The budget revision also includes additional funding received from the Grantee for facilities repairs. This additional funding combined with program savings allows the program to repair center facilities and to replace a color copier at the main office.

The Policy Committee approved this request at their November 12, 2015 meeting.

Recommendation: Approve Migrant & Seasonal Head Start 2015-2016 Second Budget Revision

Budget Considerations: The Grantee reimbursed the program an additional \$42,000 for facilities repairs.

Funding Source: U.S. Department of Health and Human Services via Grantee (Central California Migrant Head Start/Stanslaus County Office of Education)

Budgeted: Yes: ☒ No: ☐

Amount: See attached request for budget revision to funding source

Prepared By: Angelica C. Renteria, Migrant & Seasonal Head Start Program Director

Superintendent's Signature:

Dorma Baker (Signature)

2015-2016

BUDGET REVISION # 2

Delegate Agency: Pajaro Valley Unified School District

		Currently Approved Budget	Net Changes	Revised Budget
6a	Personnel	2,342,449	(58,103)	2,284,346
6b	Fringe	1,857,861	(90,777)	1,767,084
6c	Travel	11,258	(1,523)	9,735
6d	Equip >5,000	-	15,001	15,001
6e	Equip <5,000	4,800	-	4,800
6e	Supplies	153,877	99,169	253,046
6f	Contracts	-	-	-
6g	Renovations	-	-	-
6h	Other	2,066,338	76,634	2,142,972
	Total Direct	6,436,583	40,400	6,476,983
6i	Indirect	249,686	1,600	251,286
	Total	6,686,269	42,000	6,728,269

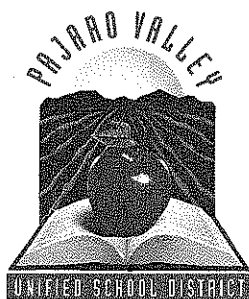
Explanation of requested variance/changes:**Changes**

The program is submitting a second budget revision to reallocate to other categories savings from salaries, fringe benefit costs and out of area travel expenses due to staff vacancies. This budget revision includes an additional \$42,000 requested for center repairs and is pending Grantee and Federal approval.

6a	Net Decrease:	Staff salaries due to vacancies in management positions	(58,103)
6b	Net Decrease:	Related to salaries listed above and other fringe benefit adjustments	(90,777)
6c	Net Decrease:	Savings from out of area trainings and/or conferences	(1,523)
6d	Net Increase:	To purchase a replacement color copier	15,001
6e	No Change		-
6e	Net Increase:	To purchase additional supplies for parent education activities, curriculum related materials, emergency supplies and other supplies not originally included in original budget	99,169
6f	No Change		-
6g	No Change		-
6h	Net Increase:	For center repairs, including carpet and flooring replacement, installation of infant/toddler sinks, replacement of bathroom wall coverings and other center projects	76,634
6i	Net Increase:	Indirect cost increase due to additional funding requested	1,600
Total			42,000

Approval Section	
Delegate Director: <i>Angelia C. Renteria</i>	Date: <i>11/12/15</i>
Executive Director:	Date:
Policy Committee Approval: <i>VICENTA MONTES</i>	Date: <i>11/12/15</i>
Board Approval:	Date:
Grantee Director:	Date:

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 9.4

Date: 1/20/16

Item: 2015 Program Audit and Corrective Plan of Action

Overview: At least once each program year, the grantee and delegate agencies are required to conduct a program audit (formerly self-assessment). The purpose of the program audit is to measure effectiveness and progress in meeting program goals and in implementing federal and other applicable regulations.

The 2015 season program audit included participation from both grantee and program staff.

Program audit was conducted August 3-7, 2015. A number of strengths/exemplary practices were noted, as well as recommendations for program improvement.

The team found no deficiencies. However, there was one level two finding and the program director along with the management staff have developed a corrective plan of action to bring the item into compliance.

The Policy Committee accepted the Migrant & Seasonal Head Start Program Audit results and approved the Corrective Plan of Action at their November 12, 2015 meeting.

Recommendation: Accept 2015 Migrant & Seasonal Head Start Program Audit Results and Approve Corrective Plan of Action.

Budget Considerations: Budget is not affected by the acceptance of this report

Funding Source: U.S. Department of Health and Human Services via Grantee (Central California Migrant Head Start/Stanslaus County Office of Education)

Prepared By: Angelica C. Renteria, Migrant & Seasonal Head Start Program Director

Superintendent's Signature:

Dorma Baker (Signature)



COPY

Child/Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217

Program Audit Review

Year 2015-2016

Page 1 of 1

PROGRAM STRENGTHS AND EXEMPLARY PRACTICES (Optional)

☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start ☐ State

Agency: Pajaro Valley Unified School District

Review Dates: August 3-6, 2015

Program Area Education, Disabilities, Mental Health

Maler Jones, Cheryl Kunk
Team Leader Signature

Team Member Signatures:

Maria Angelita Rocha

Director Signature →

Angelica C. Lenteria

Performance Standard #	Program Strengths and Exemplary Practices	Site(s)
1308.4(e)	The Pajaro Valley Unified School District engaged in the exemplary practice of creating an MOU with San Jose California State University Speech Pathology Master Degree program. Bilingual speech pathology intern students, supervised by a clinical supervisor provide speech therapy to students with current IEP's. These children have the primary condition of Speech and Language Impairment designated on their Individualized Education Plan document. The program ensures that consistent practices are utilized during the time that the school district special education speech therapy staff are not in session. A debriefing session to update the current skills of the students take place as the school district staff return to work and regular therapy provided by the Special Education program resumes. These children may have experienced a gap in speech therapy if it were not for this program. Therefore this practice results in optimal experiences for children that increase the opportunities for growth in the area of the child's delayed development in the child's native language.	Various providers and all center based services



Child Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217

Program Audit Review Year 2015 - 2016
PROGRAM STRENGTHS AND EXEMPLARY PRACTICES (Optional)

Page 1 of 1

☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start ☐ State

Pajaro Valley Unified School District

Agency

8-03-15 thru 8-07-15

Review Dates

Family and Community Services

Program Area

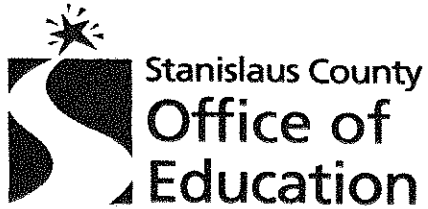
Salud Cervantes

Team Leader Signature

Team Member Signatures:

Director Signature →

Performance Standard #	Program Strengths and Exemplary Practices	Site(s)
1304.41(a)(2)(i-ix) 1304.20(a)(1)(i)	The agency has established strong partnerships with community organizations that have resulted in optimal outcomes for children and families in the program (e.g. Salud Para La Gente offers a low cost to parents without medical insurance and works directly with the MSHS program to complete dental screenings at no charge. Also, Spanish and Mixteco interpreters are available so that children and families can receive medical care and interact with medical providers in their native language resulting in a greater understanding of their medical care/screenings.) Other partnerships with community agencies that have resulted in optimal outcomes include La Manzana Community Resources (drop in center), Centro de Abogacia de la Comunidad (offering a series of 4 workshops for the season on strengthening families) and Project Immigration (offers services and lawyer assistance based on donations). In reviewing documentation and interviewing families, it is evident that families have taken advantage of these services and have become better advocates for their children.	All



Child/Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217**SELF-ASSESSMENT Review** Year 2015
PROGRAM STRENGTHS AND EXEMPLARY PRACTICES (Optional)Page 1 of 1☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start**Pajaro**

Delegate/DO Agency

Stanislaus

County

8/3-8/6/15

Review Dates

Health, Nutrition, and Safe Environments

Program Area

Staci Huber (ms)
Team Leader Signature

Team Member Signatures:

Ines Garcia (ms)
Maria Roda

Delegate/DO Director Signature

Angelica C. Renteria

Performance Standard #	Program Strengths and Exemplary Practices	Site(s)
1304.22(c)(1-2) 1304.23(a)(1)	For medications administered at Calabasas, the child's picture was stored with the medication, resulting in quick identification of children as well as minimizing the risk of children being misidentified, especially in the case of new staff or substitute teachers.	Calabasas
1304.20(a)(1)(ii)	This agency is ensuring that all enrolled children that are aged 0-3 receive a complete dental exam by a dentist that includes cleaning and any treatment that may be needed. This practice allows for the earliest possible identification of dental concerns resulting in optimal dental outcomes for children	All

SELF-ASSESSMENT Review
FINDINGS REQUIRING ACTION (Level II)

Year 2015

Page 1 of 1

☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start

Pajaro

Delegate/DO Agency

Santa Cruz

County

8/3-8/6/15

Review Dates

Health, Nutrition, and Safe Environments

Program Area

Staci Huber ms

Team Leader Signature

Team Member Signatures:

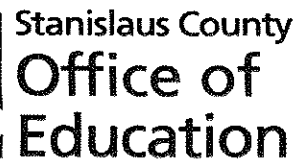
Francine Garcia ms
Maria Rodia

Corrective Plan of Action Due Date: **2 weeks after receipt of Validation Report**

Delegate/DO Director Signature


Angelica C. Renteria

Performance Standard #	Systematic Issues and Findings Requiring Action	Site (s)
1304.53(a)(10)(iii) Aligned Monitoring System: EnvHS 2.6	The agency is currently following the Grantee procedure of uploading the child asthma plan, medication labels and nebulizer care forms for each child. During this audit, there were 6 out of the 16 asthma medications reviewed which the dosage on the labels did not match the dosage on the asthma plan. The finding identified during this review were not noted in the Grantee's ongoing monitoring system of the medication e-docs uploaded to COPA.	All Sites



Tom Changnon, Superintendent

Page 1 of 1Year 2015-2016


Team Leader Signature

Elva March

Angelica C. Lenteria

[illegible]



Child Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217

Program Audit Review
Areas of Concern (Optional)

Year 2015-2016

Page 1 of

☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start ☐ State

Agency: PVUSD

Review Dates: August 3-6, 2015

Program Area Education, Disabilities, Mental Health

Maureen J. Ford, Cheryl Keck
Team Leader Signature

Team Member Signatures:

Maria Angeles Ralva

Director Signature →

Angelica C. Renteria

Performance Standard #	Area of Concern	Site(s)
1304.20(f)(1),	In the review of the education files and lesson planning documents it was found that the planned activities were inconsistently individualized for every child using the child's School Readiness goals, including those goals that were linked to an individual child's IEP or IFSP.	Various providers Freedom Center Hyde Calabasas
1304.20(f)(1), 1304.20(e)(2-3)	There was inconsistent evidence that the developmental screenings were completed with the input of the child's parent as indicated by the lack of documentation on the parent contact record that screenings were reviewed with parents; and inconsistent completion of the parent narrative areas on the ASQ:SE and the completion of information on the ASQ-3 tool that would require information about the child's family history.	Various providers Hyde Freedom Calabasas Hall

DISTRIBUTION: White – Grantee Copy – Agency



Child/Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217Program Audit Review
AREAS OF CONCERNYear 2015-2016Page 1 of 1☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start ☐ StatePajaro Valley Unified School District

Agency

8/3/15-8/6/15

Review Dates

Fiscal Management

Program Area

Buena Lopez
Team Leader SignatureTeam Member Signatures:

Director Signature → Angelica C. Lenteria

Performance Standard #	Areas of Concern	Site(s)
45 CFR Part 92.36	It is recommended that the Agency review their current written accounting policies and procedures and update them where needed. Grantee will provide guidance on specific accounting procedures that the Grantee expects the Agency to have in place.	Central Office
45 CFR 92.24(b)(7)(iii)(B)	It is recommended that the Agency review and update their documentation for the Provider Payment Differential Inkind that is claimed. The current system and form being used does not capture fluctuations/changes that may occur with the provider's fee schedule, which is commonly followed by the Regional Market Rate.	Central Office

DISTRIBUTION: White – Grantee

Copy – Agency



Child Family Services

Tom Changnon, Superintendent
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217

Program Audit Review
Area of Concern

Year 2015-2016

Page 1 of 1

☐ Early Head Start ☐ Regional Head Start ☒ Migrant Seasonal Head Start ☐ State

PVUSD

Agency

~~July 27-30, 2015~~ Aug 3-7, 2015

Review Dates

Program Design and Management

Program Area

Corrective Action Plan Due: 2 Weeks After Receipt of Validation Report

Jenny Pettit

Team Leader Signature

Team Member Signatures:

Claudia Lona

Director Signature →

Performance Standard #	Area of Concern	Site(s)
1304.51 (a)(1)(iii)	Agency is in the process of finalizing written program procedures. Recommend the completion of this task to ensure written procedures reflect the Head Start requirements in all program areas.	ALL


DISTRIBUTION: White – Grantee Copy – Agency

FP-364(a)

Program Audit Review Year
Corrective Plan of Action

2015

Page 1 of 1

Agency	Pajaro Valley Unified School District	Director Signature			
Program Area	Health, Nutrition and Safe Environments	Performance Standard No.	1304.53(a)(10)(iii) Aligned Monitoring System: EnvHS 2.6	Dates of Program Audit	8/03-06/15
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a <u>separate page</u> for each finding.</p> <p>Level 2 Finding: The agency is currently following the Grantee procedure of uploading the child asthma plan, medication labels and nebulizer care forms for each child. During this audit, there were 6 out of the 16 asthma medications reviewed which the dosage on the labels did not match the dosage on the asthma plan. The finding identified during this review was not noted in the Grantee's ongoing monitoring system of the medication e-docs uploaded to COPA.</p>					
CORRECTIVE PLAN OF ACTION					
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)
The program will modify the medication administration procedure to include effective processes for staff to confirm medication doses on the plans and labels match.	Program Director	10/31/15			
The monitoring medication checklist will also be updated to reflect changes in the procedure.	Program Director	10/31/15			
Revised procedure and checklist will be submitted to Grantee for approval.	Program Director	12/18/15			
Staff and FCCH providers will be trained on the revised procedure and checklist.	Health Services Supervisor	5/09/16 and ongoing			

Program Audit Review Year
Corrective Plan of Action

2015

Page 1 of 1

Agency	Pajaro Valley Unified School District	Director Signature	Angelica C. Renteria 11/06/15			
Program Area	Eligibility, Recruitment, Selection, Enrollment and Attendance	Performance Standard No.	1305.6	Dates of Program Audit	8/03-06/15	
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a <u>separate page</u> for each finding.</p> <p>Area of Concern: There is not clear documentation that shows proper selection of children chosen for enrollment. It is recommended that the Agency solicit support from the Grantee to provide guidance on a child selection system.</p>						
CORRECTIVE PLAN OF ACTION						
Specific activities planned to correct the systemic or substantial material failure in an area of performance		Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)
The program will solicit assistance from the Grantee to evaluate current enrollment and selection processes.		Program Director and Family and Community Services Coordinator	10/31/15			
Technical assistance will be requested from the Grantee to update the Enrollment Policy with the goal of reflecting the appropriate selection of children at enrollment.			12/18/15			
Revised Enrollment Policy will be submitted to Policy Committee and Board of Trustees for review and approval.			2/15/16			

Program Audit Review Year
Corrective Plan of Action

2015

Page 1 of 2

Agency	Pajaro Valley Unified School District	Director Signature	Angelica C. Renteria 11/06/15			
Program Area	Education, Disabilities, Mental Health	Performance Standard No.	1304.20(f)(1)	Dates of Program Audit	08/03-06/15	
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a <u>separate page</u> for each finding.</p> <p>Area of Concern: In the review of the education files and lesson planning documents it was found that the planned activities were inconsistently individualized for every child using the child's School Readiness goals, including those goals that were linked to an individual child's IEP or IFSP.</p>						
CORRECTIVE PLAN OF ACTION						
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)	
The program will request training and technical assistance from the Grantee to ensure consistency in the individualization of children's goals using the information from the School Readiness goals and IEP's or IFSP's.	Child Development Coordinator and Family Child Care Home Coordinator	12/18/15				
Based on training and technical assistance received, the program will support staff and Family Child Care Home providers with implementation.	Child Development Coordinator and Family Child Care Home Coordinator	5/09/16 and ongoing				

Program Audit Review Year
Corrective Plan of Action

2015

Page 2 of 2

Agency	Pajaro Valley Unified School District	Director Signature	Angela C. Renteria 11/06/15		
Program Area	Education, Disabilities, Mental Health	Performance Standard No.	1304.20(f)(1) 1304.20(e)(2-3)	Dates of Program Audit	08/03-06/15
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a separate page for each finding.</p> <p>Area of Concern: There was inconsistent evidence that the developmental screenings were completed with the input of the child's parent as indicated by the lack of documentation on the parent contact record that screenings were reviewed with parents; and inconsistent completion of the parent narrative areas on the ASQ: SE and the completion of information on the ASQ-3 tool that would require information about the child's family history.</p>					
CORRECTIVE PLAN OF ACTION					
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)
The program will strategize with the Grantee to identify appropriate avenues to ensure parent input is included in the completion of the developmental screenings.	Child Development Coordinator and Family Child Care Home Coordinator	12/18/15			
Training will be provided to staff and Family Child Care Home Providers to ensure parent input is well documented on the parent narrative areas of the developmental screenings as well as on parent contact records.	Child Development Coordinator and Family Child Care Home Coordinator	5/09/16 and ongoing			

Program Audit Review Year
Corrective Plan of Action

2015

Page 1 of 2

Agency	Pajaro Valley Unified School District	Director Signature	Angelica C. Renteria 11/06/15		
Program Area	Fiscal Management	Performance Standard No.	45 CFR Part 92.36	Dates of Program Audit	08/03-06/15
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a separate page for each finding.</p> <p>Area of Concern: It is recommended that the Agency review their current written accounting policies and procedures and update them where needed. Grantee will provide guidance on specific accounting procedures that the Grantee expects the Agency to have in place.</p>					
CORRECTIVE PLAN OF ACTION					
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)
The Pajaro Valley Unified School District will request technical assistance from the Grantee to identify and get guidance on required updates to existing accounting policies and procedures.	PVUSD Finance Director	12/18/15			
The Pajaro Valley Unified School District will submit drafted revisions of accounting policies and procedures to the Grantee for review and approval.	PVUSD Finance Director	3/31/16			

Program Audit Review Year
Corrective Plan of Action

2015

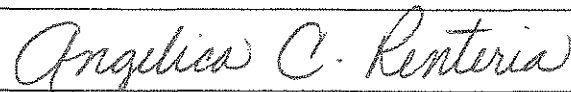
Page 2 of 2

Agency	Pajaro Valley Unified School District	Director Signature	Angelica C. Renteria 11/06/15			
Program Area	Fiscal Management	Performance Standard No.	45 CFR 92.24(b)(7)(iii)(B)	Dates of Program Audit	8/03-06/15	
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a <u>separate page</u> for each finding. Area of Concern: It is recommended that the Agency review and update their documentation for the Provider Payment Differential In-kind that is claimed. The current system and form being used does not capture fluctuations/changes that may occur with the provider's fee schedule, which is commonly followed by the Regional Market Rate.</p>						
CORRECTIVE PLAN OF ACTION						
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)	
The Non-Federal Share Summary Report for the month of July reflected adjusted amounts claimed during the months of May and June. The report was submitted to the Grantee on August 15, 2016.	Program Director	8/15/15				
A revised in-kind form reflecting the recently updated Family Child Care Home Reimbursement Rate Ceilings will be used during the 2016 program year.	Program Director	4/01/16				

Program Audit Review Year
Corrective Plan of Action

2015

Page 1 of 1

Agency	Pajaro Valley Unified School District	Director Signature	 11/06/15		
Program Area	Program Design and Management	Performance Standard No.	1304.51 (a)(1)(iii)	Dates of Program Audit	8/03-06/15
<p>Each finding identified on the Level 1/Level 2 Finding and Area of Concern Form should have a corresponding Corrective Plan of Action. Prepare a <u>separate page</u> for each finding.</p> <p>Area of Concern: Agency is in the process of finalizing written program procedures. Recommend the completion of this task to ensure written procedures reflect the Head Start requirements in all program areas.</p>					
CORRECTIVE PLAN OF ACTION					
Specific activities planned to correct the systemic or substantial material failure in an area of performance	Person Responsible	Timeline	Date Completed	Documentation/ Materials	Completion Verified By (Director Initial)
<p>The program continues working on the development and revision of procedures; final review/proper alignment and implementation will be completed as follows:</p> <p>Phase 1: Request technical assistance and guidance from the Grantee.</p> <p>Phase 2: Complete all procedures where there are areas of concern or findings.</p> <p>Phase 3: All procedures needing revisions to implement Head Start regulations and Title 22 changes. Phase 3 includes Fiscal Management.</p> <p>Phase 4: All other program procedures, including training and implementation.</p>	<p>Pajaro Valley Unified School District departments, Program Director and designated MSHS Supervisors or Coordinators</p>	<p>Phase 1: 12/18/15</p> <p>Phase 2: 2/15/16</p> <p>Phase 3: 3/31/16</p> <p>Phase 4: 12/31/16</p>			

**PAJARO VALLEY UNIFIED SCHOOL DISTRICT
PROGRAM AUDIT**

PROGRAM YEAR: 2015

VERIFICATION OF APPROVAL

I verify that the information provided herein is true and accurate and that the Board of Directors has reviewed and approved the results of the annual program audit and applicable corrective action plans for the Migrant and Seasonal Head Start Program.

Angelica C. Renteria

Print Name of Delegate Director

Angelica C. Renteria

Signature of Delegate Director

11/12/15

Date

Maria Orozco

Print Name of Board Chairperson

Signature of Board Chairperson

Date

I verify that the Policy Committee has reviewed and approved the results of the annual program audit and applicable corrective action plans for the Migrant and Seasonal Head Start Program.

VICENTA MONTES

Print Name of Policy Committee Chairperson

VICENTA MONTES

Signature of Policy Committee Chairperson

12/11/15

Date

11/12/15

Date of Policy Committee Approval

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: **9.5**

Date: 1/20/16

Item: **Program Goals and Objectives for year 3 (2016-2017) of the 5 Year Grant Cycle, including Self-Assessment Findings and Corrective Action Plan**

Overview: Grantees and Delegate Agencies are required to develop Goals and Objectives based on program information, children's outcomes, monitoring and self-assessment results.

Two documents are attached:

- 1) Program Goals and Objectives for year 3 of the 5 year grant cycle that align with the Grantee's Goals and Objectives and is used to improve quality within the program.
- 2) Summary of Self-Assessment Findings & Corrective Action Plan that delineates program's strengths and challenges and is used to document progress and to determine if adjustments are needed to develop solutions for program enhancement.

The Program Goals and Objectives including the Summary of Self-Assessment Findings and Corrective Action Plan were approved by the Policy Committee at their December 3, 2015 meeting.

Recommendation: Approve Migrant & Seasonal Head Start 2015 Program Goals and Objectives and Summary of Self-Assessment Findings & Corrective Action Plan.

Budget Considerations: **Budget is not affected by the approval of this report**

Funding Source: U.S. Department of Health and Human Services via Grantee (Central California Migrant Head Start/Stanislaus County Office of Education)

Prepared By: Angelica C. Renteria, Migrant & Seasonal Head Start Program Director

Superintendent's Signature:

Dorma Baker (A)

**Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)**

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Goal	Objectives, Strategies, Measurement and Data Source		Data Frequency	Unit of Measure
Program Goal #1 (School Readiness)	Pajaro Valley Unified School District – Migrant & Seasonal Head Start will increase families' capacity to support children's school readiness.			
	Objective #1 (Families)	Over the course of the five-year grant period, there will be a 10% increase of parents who will indicate that the program helped support their needs in key areas identified as part of school readiness planning.		
Program Impacts	Measurement 1	CCR Analytics Outcomes Survey results, CCR School readiness reports. In addition, program coordinators will conduct ongoing file monitoring to verify all school readiness forms are completed with parent input.		
	DATA SOURCE	Covariance Formula-COPA Report 1032N Measure #10 & family Outcomes Survey Area #3.8 (Very Helpful)	2 x year	%
	Measurement 2	Results of CCR Analytics Family Outcomes Survey Report-Page 4: How much did the program help you and your family?		
	DATA SOURCE	Family Outcomes Survey Area # 3-Families as Lifelong Educators (Very Helpful)	1 x year	%
	Short Term Outcome (Year 3)	The program will ensure consistency in the individualization of children's goals using information from the School Readiness goals and IEP's or IFSP's.		
	Mid Term Outcome (Year 3-4)	The program will support staff and Family Child Care Home Providers with implementation of effective parent engagement strategies and appropriate completion of School Readiness forms.		
	Long Term Outcome (Year 4-5)	Monitoring and program audits will reflect full implementation of effective parent engagement strategies and appropriate documentation reflecting parent participation in the development of goals and the completion of children's screenings.		
	Objective #2	Grantee's objective # 2 does not correspond to PVUSD's goals for the current grant cycle		
	Objective #3	Grantee's objective # 3 does not correspond to PVUSD's goals for the current grant cycle		

**Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)**

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Program Goal #1 (School Readiness)	Pajaro Valley Unified School District – Migrant & Seasonal Head Start will increase families' capacity to support children's school readiness.			
	Objective #4 (Mental Health)	Over the course of the five-year grant period, family engagement activities will lead to a 10% increase of <u>parents</u> indicating that they have the skills necessary to support the social emotional needs of children.		
Program Impacts	Measurement 1	Parent Participation in program organized activities; Family Assessment results		
	DATA SOURCE	Family Assessments through evaluation of Parent participation. Family Assessment ROMA-COPA Report 1032N Measure #10	2 x year	#
	Measurement 2	Results of CCR Analytics Family Outcomes Survey Report measuring parent-child relationships (Parent and Family Engagement Outcomes 1,2,5,6) In addition, program coordinators will conduct monitoring activities to measure the percentage of consistently completed parent narrative areas of the ASQ-3 and the informational sections of the ASQ-SE for enrolled children.		
	DATA SOURCE	Family Outcomes Survey Area # 2 (parent-Child relationships) and ongoing monitoring reports.	1 x year and ongoing	%
	Short Term Outcome (Year 3)	The program will strategize with the Grantee, and train program staff and Family Child Care Home Providers to identify appropriate avenues that will ensure parent input is included when completing the developmental screenings.		
	Mid Term Outcome (Year 3-4)	Parents, with Program staff support, will consistently complete the narrative areas of the ASQ-SE and provide input on required sections of the ASQ-3 tool regarding the child's family history.		
	Long Term Outcome (Year 4-5)	Monitoring, Program Audit and Family Outcome Survey Results will reflect parent input in the appropriate sections of the developmental screenings: ASQ-SE and the ASQ-3.		

**Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)**

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Program Goal #1 (School Readiness)	Pajaro Valley Unified School District – Migrant & Seasonal Head Start will increase families' capacity to support children's school readiness.			
	Objective #5 (School Readiness)	By the end of the five-year grant period, there will be a 10% increase of typically developing children ready for kindergarten.		
Program Impacts	Measurement 1	Results of kindergarten readiness assessments		
	DATA SOURCE	KSEP (Kindergarten Student Entrance Profile) and School Readiness Plan for Continuous Program Improvement	1 x year	%
	Measurement 2	Results of CCR Analytics Family Outcomes Survey Report measuring "how much did the program help your child."		
	DATA SOURCE	Family Outcomes Survey Area # 3 - Families as Lifelong Learners (Very Helpful)	1 x year	%
	Short Term Outcome (Year 3)	Conduct an in-depth evaluation of current practices and resources in order to develop an appropriate plan to improve children's outcomes in the areas of dual language acquisition, literacy and mathematics.		
	Mid Term Outcome (Year 3-4)	Children will demonstrate progress in the following: <ul style="list-style-type: none"> • Listening, understanding and speaking English. • Knowledge of the alphabet. Identification and naming of 10-15 letters. • Use of number concepts, quantities and math operations. 		
	Long Term Outcome (Year 5)	Children will acquire new vocabulary in a second language. Children will recognize and write letters, and will demonstrate emerging literacy skills. Children will understand numbers, learn how to count and solve simple math problems.		

Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Program Goal #2 (Recruitment)	Pajaro Valley Unified School District – Migrant & Seasonal Head Start will respond to the changing environment and needs of families in the service area, in a timely and effective manner			
	Objective # 1 (Recruitment)	By the end of the five-year grant period, timely data-based program service adjustments will be made to meet the needs of families in the community we serve.		
Program Impacts	Measurement 1	Positive changes in enrollment trends. Program changes as a direct result of demonstrated family needs. Family Demographic Data		
	DATA SOURCE	End of Month Reports; Community Assessment	12 x year	%
	Measurement 2	Results of CCR Analytics Family Outcomes Survey reports and Community Assessment		
	DATA SOURCE	Family Outcomes Survey	1 x year	%
	Long Term Outcome (Years 3- 5)	The Grantee is having a series of meetings to discuss options that would support provision of services to infants and toddlers on the PVUSD waiting list. Options may include exploring the possibility of opening the Ohlone center in the near future.		

Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Program Goal # 3 (Program Quality-Monitoring)	Pajaro Valley Unified School District – Migrant & Seasonal Head Start will increase quality throughout the program.			
	Objective # 1 (Program Quality - Monitoring)	Annually, the Pajaro Valley Unified School District – Migrant & Seasonal Head Start Program will develop an integrated support plan with the Grantee that reflects use of ongoing data and self-monitoring.		
Program Impacts	Measurement 1	Program audits resulting in fewer findings that should have been identified and resolved through ongoing monitoring and highlighting program strengths. Alignment of Grantee/Delegate Goals and Objectives		
	DATA SOURCE	COPA Monitoring Report Statistics, Program Audit Findings and Program Goals and Objectives	1 x year	#
	Measurement 2	Correlation between child assessment data, CCR Family Outcomes Survey (all areas), and questions or innovations, contributing ideas, growth, etc.		
	DATA SOURCE	Data Analysis, Planning sessions and progress reports	4 x year	#
	Short Term Outcome (Year 3)	Review and update medication administration forms and procedures to meet Head Start and Department of Social Services Title 22 Licensing Regulations		
	Mid Term Outcome (Year 3-4)	Provide training and technical assistance to staff and Family Child Care Home providers to ensure they understand the appropriate processes for medication administration at their individual sites.		
	Long Term Outcome (Year 5)	Implement an improved medication administration system to ensure the safety of enrolled children and to meet federal and state requirements.		

**Pajaro Valley Unified School District
Program Goals and Objectives
5 Year Grant Award - Year 3 of 5 (2016-2017)**

This format is used in alignment with the Grantee's Goals and Objectives for the current award period

Program Goal # 4 (Fiscal)	To have Pajaro Valley Unified School District fiscal systems reflective of new Super Circular regulations.			
	Objective # 1 (Fiscal)	By the end of year 2 of the five-year grant period, Grantee and delegate budgets, policies and procedures will comply with Super Circular regulations.		
Program Impacts	Measurement 1	Program audits resulting in no material findings or serious deficiencies related to Super Circular compliance		
	DATA SOURCE	Audit Findings Report	1 x year	#
	Measurement 2	Federal Monitoring resulting in no findings related to Super Circular compliance		
	DATA SOURCE	Audit Findings Report	Once during the 5 year grant cycle	#
	Short Term Outcome (Years 2-3)	<ul style="list-style-type: none"> • Pajaro Valley Unified School District will receive technical assistance from the Grantee to identify and provide guidance on required updates to existing accounting policies • Pajaro Valley Unified School District will submit drafted revisions of accounting policies and procedures to the Grantee for review and approval • Pajaro Valley Unified School District will comply with Super Circular requirements 		

PAJARO VALLEY UNIFIED SCHOOL DISTRICT – MIGRANT & SEASONAL HEAD START

PROGRAM GOALS AND OBJECTIVES FIVE YEAR GRANT AWARD – YEAR 3 (2016-2017)

VERIFICATION OF PARTICIPATION AND APPROVAL

I verify that the information provided herein is true and accurate and that the Board of Directors has been involved in discussions for the development of this information.

Angelica C. Renteria

Print Name of Delegate Director

Angelica C. Renteria 12/03/15
Signature of Delegate Director Date

Maria Orozco

Print Name of Board Chairperson

Signature of Board Chairperson

Date

I verify that the Policy Committee has been involved in discussions for the development of the attached Program Goals and Objectives and agrees with the information contained herein.

VICENTA MONTES
Print Name of Policy Committee Chairperson

VICENTA MONTES 12/03/15
Signature of Policy Committee Chairperson Date

VICENTA MONTES 12/03/15
Date of Policy Committee Approval

Self-Assessment Findings & Corrective Action Plan

Agency Name: PVUSD Program Year: 2015-2016

Program Analysis

Community Assessment:

Date Reviewed: 9/30/2015

Strengths:	There continues to be a high demand for child development services among farm-worker families in the PVUSD service area. The service delivery to families, including parent involvement and parent education activities, is outstanding. The training plan for program staff and Family Child Care Home Providers is very complete and includes training opportunities for all areas of need. The program has arranged a collaboration with San Jose State University to provide summer services for children with speech and language delays. Drought has not affected agricultural work in the area.
Challenges:	There is a lack of appropriate medical providers in the area. The program needs to develop partnerships with existing health care providers in order to receive required and accurate paperwork on children's medical services and medications and for timely follow-up. There is a lack of resources in the community to support the indigenous families coming into the area. The program had to close the Ohlone Center two seasons ago due to lack of financial resources which has resulted in a long waiting list of infants and toddlers, and an unserved population in the North Monterey County area.

Family Assessment:

Date Reviewed: 9/30/2015

Strengths:	Families have expressed that MSHS is a place where they can form bonds with other families, feel supported and learn about available community services. The overall message from the 2014 family outcomes report is that PVUSD is doing an excellent job at serving the needs of families.
Challenges:	Family Partnership Agreements and referral processes are not properly documented. Families are very busy, working long hours during the day, and they are not available to meet with teachers and providers on a regular basis to support School Readiness goals and child individualization. Housing is scarce; what is available is inadequate and expensive. Immigration issues prevent families from moving out of the area. Parents have a hard time taking care of their own health due to the lack of medical insurance or medical services available at low cost. Due to funding limitations, the program is only able to provide services during the core agricultural season (mid-May to mid-October) and the vast majority of parents have expressed a need for services from April to November.

Child Assessment:

Date Reviewed: 9/30/2015

Strengths:	Preschool children's outcomes reflect high scores in social-emotional development. Family Child Care Home Providers and teachers have established effective relationships with children and their families and provide a wide array of opportunities and experiences for children to maintain positive outcomes.
Challenges:	Preschool children's outcomes reflect low scores in the areas of dual language acquisition, literacy and mathematics. The program is doing an in-depth evaluation of its current practices and resources in order to develop an appropriate plan for implementation during the 2016 program season. The plan will include training, mentoring and coaching opportunities, scheduling specific blocks of time when teachers and providers will model English with children, as well as close monitoring, technical assistance and purchase of supporting materials and resources.

PIR:

Date Reviewed: 9/30/2015

Strengths:	A large percentage of children enrolled have received a dental examination and follow-up. The majority of children in the program have some type of medical insurance. All enrolled children but 2 have been determined to be up-to-date on all immunizations appropriate for their age. The program has exceeded the required 10% of children with disabilities. All teachers and licensed providers meet Head Start required qualifications.
Challenges:	Children's primary health care problems are principally associated with dental disease, asthma, other pulmonary conditions and obesity. Due to a lack of medical providers in the area, families are unable to get timely appointments to follow-up on medical conditions or needed immunizations.

Program Audit & Monitoring:

Date Reviewed: 9/30/2015

Strengths:	<p>Community Partnerships:</p> <ul style="list-style-type: none"> • Collaboration with San Jose State University for speech and language therapy • Salud Para la Gente for medical and dental services • Community Bridges (W.I.C.) for nutrition services and workshops on strengthening families <p>There are different layers of communication and support within the program to ensure all parties are informed of services being provided to children and families.</p>
------------	---

Program Audit & Monitoring:

Date Reviewed: 9/30/2015

Challenges: During the program audit it was found that there are issues with Asthma Care Plans and medication administration. The medication dosage needs to match on all documentation. Agency has revised procedures/forms to ensure consistency. It was also found that the program is not clearly documenting the selection process for enrollment. Agency has requested support from the Grantee to get clarification on the expectations.

Program Goals & Objectives

Date Reviewed: 9/2/2015

Strengths: The program has revised job descriptions to reflect Head Start requirements regarding staff qualifications and experience. All management job descriptions are Board approved. The program has worked hard to develop a large number of written procedures.

Challenges: The program needs to align goals and objectives to the Grantee's goals and objectives.

Program T&TA Plan:

Date Reviewed: 9/2/2015

Strengths: The program is on target to meet most of the strategies in the T&TA Plan.

Challenges: Current year's revisions include additional training in Math in response to children's outcomes reports. The program needs to focus on second language acquisition, literacy and math for the 2016 season. Some children are expressing more social emotional challenges in the classroom, therefore the program needs to provide additional training to staff and FCCH Providers on inclusive practices.

Budget:

Date Reviewed: 9/30/2015

Strengths: The program monitors expenditures on an ongoing basis. This year, the program was able to extend services to children and families by 9 days partially based on savings that resulted from vacancies and partially from additional funding received for over enrollment.

Challenges: Center services are very expensive due to personnel costs. Increases in health insurance and retirement benefits have resulted in a shortfall of \$157,000 for the upcoming year. The program needs to balance the budget and develop strategies to retain highly qualified providers.

Professional Development Plan:

Date

9/30/2015

Reviewed:

Strengths: FCCH providers and teaching staff receive ongoing training and support. Based on FCCH providers' needs and monitoring results, Action Plans are developed with FCCH Specialists to support the FCCH providers. All teachers have a current professional growth plan to maintain their required permits. The program is working with FCCH providers to obtain and maintain permits and child development credentials.

Challenges: Staff and FCCH providers are not consistently modeling English in the classrooms and Family Child Care Homes. FCCH Specialists need coaching and mentoring strategies on how to best support FCCH providers.

Review & Analyze Program Goals & Objectives, T&TA Plan, School Readiness, Support Plan, Budget, Program Service Plan / Grant & Determine if Adjustments are Needed to Develop Solutions for Program Enhancement

Quarterly Date: 9/30/2015

Short Term Corrective Action Plan:	<p>Agency will determine strategies to address the program budget short fall. Agency may need to discontinue the use of a speech therapist during the summer.</p> <p>Agency will request grantee support with the following:</p> <ul style="list-style-type: none"> • Revise procedure guiding the selection of families for enrollment • Revise Enrollment Policy • Revise policies and procedures for children with disabilities • Devise a plan to ensure parent participation in the screening process (ASQ-3 and ASQ-SE) • Revise accounting procedures to meet Head Start requirements
Support Needed from Grantee:	See above

Quarterly Date: 11/9/2015

Short Term Corrective Action Plan:	Click here to enter text.
Support Needed from Grantee:	By December 18, 2015, Grantee will provide examples of fiscal procedures and training and technical Assistance on fiscal regulations. Grantee will also provide guidance on the Enrollment Policy.

Quarterly Date: Click here to enter a date.

Short Term Corrective Action Plan:	N/A
Support Needed from Grantee:	Click here to enter text.

Quarterly Date: Click here to enter a date.

Short Term Corrective Action Plan:	N/A
Support Needed from Grantee:	Click here to enter text.

Review & Analyze Program Goals & Objectives, T&TA Plan, School Readiness, Support Plan, Budget, Program Service Plan / Grant & Determine if Adjustments are Needed to Develop Solutions for Program Enhancement

Data Analysis Summary:

Strengths: Community partnerships, family satisfaction, training plan

Challenges: Not enough medical providers, long infant and toddler waiting lists, unable to open the Ohlone center due to budget issues.

Long Term Corrective Action Plan:

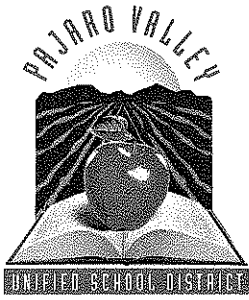
- Goals & Objectives:**
- Improve the development of Family Partnership Agreements and the appropriate documentation of progress
 - Improve family selection procedures for proper documentation
 - Improve School Readiness
 - Increase parent participation in the development of appropriate children's individual goals
 - Increase parent participation in the completion of developmental screenings
 - Improve children's outcomes in the areas of dual language acquisition, literacy and math
 - Increase inclusive practices to support varied abilities in classrooms and FCCH. I.e. children with disabilities.
 - Improve medication administration system and monitoring to ensure compliance
 - Balance budget to maintain a high quality program
 - Explore options to re-open the Ohlone Center in future seasons
 - Explore options to recruit and maintain qualified Family Child Care Home Providers
 - Explore options to increase days of service to meet the needs of the families

Long Term Corrective Action Plan:

SR Support Plan:	<p>Grantee will provide support to the agency on the following:</p> <p>2015:</p> <ul style="list-style-type: none"> • Family selection process and revision of Enrollment Policy by December 1 • School Readiness system and revised forms by December 1 <p>2016:</p> <ul style="list-style-type: none"> • Provide disabilities component support for the new Disabilities Coordinator • Work with staff on disabilities procedures • Provide support on the development or the revision of Memorandums of Understanding with Part B and Part C agencies serving children with disabilities • Provide training on Disabilities and School Readiness to coordinators during pre-operation and to staff during pre-service and in-service • Provide technical assistance and training on Family Partnerships: Connecting family goals to case notes and follow-up • Development of a mentoring/assistance plan to enable FCCH Specialists to support assigned providers in all areas • Streamline health forms • Provide technical and preparation assistance for monitoring events • Provide on-site support with family selection and enrollment during enrollment period • Provide on-site support in social emotional development.
T&TA Plan:	Focus on Disabilities, School Readiness, Family Partnerships, CLASS
Budget:	Agency will strategize solutions to balance the budget.
Program Service Plans/Grant:	The Grantee is having a series of meetings to discuss options that would support provision of services to infants and toddlers who remain on the PVUSD waiting list. Options may include exploring the possibility of opening the Ohlone center in the near future.

Director Signature: Angelica C. Renteria Date: 11/30/15

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 9.6

Date: 1/20/16

Item: 2015 CCMHS Federal Review (Environmental Health and Safety Monitoring Event) Final Report – June 2015

Overview: From 6/01/15 to 6/05/15, the Administration for Children and Families (ACF) conducted an Environmental Health and Safety (EnvHS) review event for the Central California Migrant and Seasonal Head Start (Grantee) and Pajaro Valley Unified School District (Delegate).

Based on information gathered during the review event, Central California Migrant & Seasonal Head Start Program was found out of compliance in an area unrelated to Pajaro Valley Unified School District.

Pajaro Valley Unified School District was not found out of compliance and is not required to submit a corrective plan of action.

The Policy Committee accepted the 2015 Migrant & Seasonal Head Start Federal Review Monitoring Event Report at their November 12, meeting.

Recommendation: Accept 2015 Migrant & Seasonal Head Start Federal Review Monitoring Event Report.

Budget Considerations: Budget is not affected by the acceptance of this report

Funding Source: U.S. Department of Health and Human Services via Grantee (Central California Migrant Head Start/Stanislaus County Office of Education)

Prepared By: Angelica C. Renteria, Migrant & Seasonal Head Start Program Director

Superintendent's Signature:

Dermot Baker (S)



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Head Start | 8th Floor Portals Building, 1250 Maryland Ave, SW, Washington DC 20024 | eclkc.ohs.acf.hhs.gov

RECEIVED

OCT 2 2015

TOM CHANGNON
Superintendent of Schools

To: Board Chairperson
Mr. Tom Changnon
Board Chairperson
Central California Migrant Head Start
Program
1100 H Street
Modesto, CA 95354

From: Responsible HHS Official
Dr. Blanca Enriquez
Director, Office of Head Start

Blanca E. Enriquez 9/20/15
Date

Overview of Findings

From 6/1/2015 to 6/5/2015, the Administration for Children and Families (ACF) conducted an Environmental Health and Safety (EnvHS) review event for the Central California Migrant and Seasonal Head Start program. We wish to thank the governing body, Policy Council, staff, and parents of your program for their cooperation and assistance during the review events. This Head Start Review Event Report has been issued to Mr. Tom Changnon, Board Chairperson, as legal notice to your agency of the results of the on-site review events.

Based on the information gathered during this review event, your Head Start program was found to be out of compliance with one or more applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. The report provides you with detailed information in each area where program performance did not meet applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. Each area of noncompliance identified in this report should be corrected within 120 days following receipt of this report.

Please contact your ACF Regional Office with any questions or concerns you may have about this report.

Distribution of the Head Start Review Report

Copies of this report will be distributed to the following recipients:

Ms. Sandra Carton, Regional Program Manager
Ms. Karina Sandoval, Policy Council Chairperson
Ms. Janet Orvis-Cook, CEO/Executive Director
Ms. Karen Pekarcik, Head Start Director

Overview Information

Review Type:	<i>EnvHS</i>
Organization:	<i>Central California Migrant Head Start Program</i>
Program Type:	<i>Head Start</i>
Field Lead:	<i>Corliss Starks</i>
Funded Enrollment HS:	<i>2864</i>
Funded Enrollment EHS:	<i>Not Applicable</i>

Glossary

A glossary of terms has been included to explain the various terms used throughout this report.

Term	Definition
Compliance Measure (CM)	The specific statements that collectively assess the level of program performance for each Key Indicator, focusing on one or more Federal regulations critical to the delivery of quality services and the development of strong management systems.
Strength	A new and/or unique way of reaching the community.
Compliant	No findings. Meets requirements of Compliance Measure.
Concern	An area or areas of performance which need improvement or technical assistance. These items should be discussed with the Regional Office and do not include a timeframe for correction.
Noncompliance	A finding that indicates the agency is out of compliance with Federal requirements (including, but not limited to, the Head Start Act or one or more of the performance standards) in an area or areas of program performance, but does not constitute a deficiency. Noncompliances require a written timeline of correction and possible technical assistance (TA) or guidance from their program specialist, and if not corrected within the specified timeline, can become a deficiency.
Deficiency	<p>An area or areas of performance in which an Early Head Start or Head Start grantee agency is not in compliance with State or Federal requirements (including but not limited to, the Head Start Act or one or more of the regulations) and which involves:</p> <ul style="list-style-type: none"> (A) A threat to the health, safety, or civil rights of children or staff; (B) A denial to parents of the exercise of their full roles and responsibilities related to program governance; (C) A failure to perform substantially the requirements related to Early Childhood Development and Health Services, Family and Community Partnerships, or Program Design and Management; or (D) The misuse of Head Start grant funds. <p>(ii) The loss of legal status or financial viability, as defined in part 1302 of this title, loss of permits, debarment from receiving Federal grants or contracts or the improper use of Federal funds; or</p> <p>(iii) Any other violation of Federal or State requirements including, but not limited to, the Head Start Act or one or more of the performance standards of this title, and which the grantee has shown an unwillingness or inability to correct within the period specified by the responsible HHS official, of which the responsible HHS official has given the grantee written notice of pursuant to section 1304.61.</p>

Summary of Findings

Finding Type	Applicable Standards	Program Type	Grant	Timeframe	Status
Safe and Clean Facilities	1304.53(a)(7), 1306.35(b)(2)(i)	HS	90CM9801	N/A	Concern
Safe Learning Environments and Supervision	648A(g)(3)(A)	HS	90CM9801	120 days	Noncompliance
Safe Physical Environments	1304.53(a)(10)(viii)	HS	90CM9801	N/A	Concern
Healthy Learning Environments	1304.22(c)	HS	90CM9801	N/A	Concern

Environmental Health & Safety

CMH	Compliance Measure	Compliance Level
EnvHS 1.1	<p>The program ensures all facilities are healthy and safe for children, families, and staff.</p> <p>The program has not ensured the safety and health of children by keeping facilities, materials, and equipment well maintained, clean, and in good repair.</p> <ul style="list-style-type: none"> • 1 to 4% of the items on the Health and Safety Checklist indicated a concern <p>Additionally,</p> <ul style="list-style-type: none"> • In 1 to 10% of the program's settings, an item on the Health and Safety Checklist indicated a concern. 	<p>Concern</p> <p>1304.53(a)(7), 1306.35(b)(2)(i)</p>
EnvHS 1.2	Evacuation routes are clearly marked, and emergency procedures are posted for all facilities.	<p>Compliant</p> <p>1304.22(a)(1, 3), 1304.53(a)(10)(vii), 1306.35(b)(1)</p>
EnvHS 1.3	All facilities comply with State and local licensing requirements including, but not limited to, child care licensing, fire and building inspections, and occupancy permits.	<p>Compliant</p> <p>1306.30(c), 1306.35(d)</p>
EnvHS 2.1	<p>The program provides safe, clean, and appropriate indoor and outdoor learning environments.</p> <p>In 1 to 10% of the program's settings, the program did not provide safe, clean, and appropriate indoor and outdoor learning environments.</p>	<p>Concern</p> <p>1304.53(a)(10)(viii)</p>
EnvHS 2.2	Staff, volunteers, and children wash their hands properly and when needed to ensure the health of children and adults.	<p>Compliant</p> <p>1304.22(e)(1)(i-iv)</p>
EnvHS 2.3	<p>Spilled bodily fluids are cleaned up and disinfected immediately according to established professional guidelines.</p> <p>Spills of bodily fluids were not observed in any of the observations conducted.</p>	<p>N/A</p> <p>1304.22(e)(3-4)</p>
EnvHS 2.4	<p>The program adopts sanitation and hygiene practices for diapering that adequately protect the health and safety of children and staff.</p> <p>Diapering did not occur during any of the observations conducted.</p>	<p>N/A</p> <p>1304.22(e)(5)</p>

EnvHS 2.5	<p>The program's Nutrition program is designed and implemented to:</p> <ul style="list-style-type: none"> • Comply with USDA nutrition requirements • Ensure food safety, including all meals are void of choking hazards • Ensure that breast milk and formula are handled appropriately (when applicable) • Meet the individual nutritional needs and feeding requirements of each child (including children with special dietary, medical, or disability needs) 	<p>Compliant</p> <p>1304.23(b)(1), 1304.23(b)(1)(vii), 1304.23(e)(2)</p>
EnvHS 2.6	<p>The program ensures that medication is not accessible to children and is properly administered, stored, and labeled.</p> <p>In 1 to 10% of the program's settings, child or adult medications were not labeled, stored under lock and key, or refrigerated, if necessary.</p>	<p>Concern</p> <p>1304.22(c)</p>
EnvHS 3.1	<p>Head Start Act Sec. 648A. STAFF QUALIFICATIONS AND DEVELOPMENT [42 U.S.C. 9843a] (g) Staff Recruitment and Selection Procedures- Before a Head Start agency employs an individual, such agency shall (3) obtain (A) a State, tribal, or Federal criminal record check covering all jurisdictions where the grantee provides Head Start services to children;</p> <p><u>EnvHS (6/5/2015)</u></p> <p>The grantee did not obtain State, Tribal, or Federal criminal record checks (CRCs) covering all jurisdictions in which it provided Head Start services to children prior to hiring staff. One employee did not complete a CRC prior to hire.</p> <p>A review of the grantee's Criminal Records Tracking document found one full time employee—a Human Resources support staffer working at the San Joaquin site--was hired July 9, 2014 and completed a CRC October 20, 2014. This was confirmed by the Head Start Director.</p> <p>The grantee did not obtain State, Tribal, or Federal CRCs covering all jurisdictions in which it provided Head Start services to children prior to hiring staff; therefore, it was not in compliance with the regulation.</p> <p>Timeframe for correction: 120 days</p>	<p>Noncompliance</p> <p>648A(g)(3)(A)</p>
EnvHS 3.5	The program ensures children are released only to a parent, legal guardian, or other individuals as designated in writing by the parent or legal guardian.	<p>Compliant</p> <p>1310.10(g)</p>
EnvHS 3.6	Program staff supervise children at all times with limited disruptions and engage with them in a manner that is developmentally appropriate (e.g., the use of positive guidance techniques; timely, predictable and unrushed routines; technology is used only to promote children's learning).	<p>Compliant</p> <p>1304.52(i)(1)(iii-iv), 1306.35(b)(2)(iv)</p>
EnvHS 4.1	<p>The program's vehicles are properly equipped.</p> <p>The grantee did not provide transportation services.</p>	<p>N/A</p> <p>1310.10(d)(1-4), 1310.12(a), 1310.12(b)(2)</p>
EnvHS 4.2	<p>At least one bus monitor is aboard the vehicle at all times.</p> <p>The grantee did not provide transportation services.</p>	<p>N/A</p> <p>1310.15(c)</p>
EnvHS 4.3	<p>Each bus monitor, before duty, has been trained on:</p> <ul style="list-style-type: none"> • Child boarding-and-exiting procedures • Use of child restraint systems • Required paperwork • Emergency response and evacuation procedures • Use of special equipment 	<p>N/A</p> <p>1310.17(f)(2)</p>

- Child pick-up and release procedures
- Pre- and post-trip vehicle checks

The grantee did not provide transportation services.

**EnvHS
4.4**

The program ensures that persons employed to drive vehicles receive the required behind-the-wheel and classroom training before transporting children.

N/A

1310.17(b)(1-7)

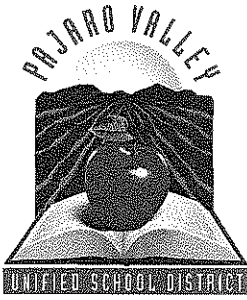
The grantee did not provide transportation services.

— END OF REPORT —

FY 2015 Environmental Health & Safety Monitoring Report Appendix

This appendix provides details on issues identified during observation of centers and classrooms during the Environmental Health & Safety monitoring event. The information is organized by grantee center and classroom. It includes findings associated with noncompliances and deficiencies identified in the review report as well as issues related to concerns, which do not require corrective action but may warrant attention. The Office of Head Start has provided this resource to assist grantees in continuous program improvement. The review report itself, to which this appendix is attached, remains the official, legal notice communicating findings that require correction. The federal regulations associated with each of the findings are provided in the official report. This appendix is designed to be used in conjunction with the official report.

Center	Classroom	CM	Item Type	Details
Hall Dist PS Migrant & Seasonal Head Start		EnvHS1.3	Life Safety Code	The facility does not have a fire-alarm system.
Hall Dist PS Migrant & Seasonal Head Start		EnvHS2.1	Area of Concern	There were sharp edges on the small white fence that was installed to separate the infant/toddler area. The white fence was made of plastic and was broken in two places exposing sharp edges, posing a risk of injury to children.
PVUSD-Hortencia Anaya Vargas (FCCH Independent Contractor)		EnvHS1.1	Area of Concern	The small storage space under the house (mobile home) could be accessed by children; the storage doors are not safely secured to prevent children from accessing the space.
PVUSD-Leonor Melgoza (FCCH-Independent Contractor)		EnvHS2.1	Area of Concern	There were sharp edges protruding from the kitchen door, posing a risk of injury to children.
Riverbank Child Development Center		EnvHS1.3	Life Safety Code	The classroom does not have an exit that leads directly to the outside or a window for emergency rescue or ventilation. The center, which is a mobile unit, only has one exit and does not have windows.
SCCOE-Esperanza Magdaleno (FCCH Independent contractor)		EnvHS2.6	Area of Concern	A child's medication kept on site during the June 2015 review event was expired. The medication expired in April 2015.
SCCOE-Estela Palmerin Zamudio (FCCH independent contractor)		EnvHS1.1	Area of Concern	There were rusted chairs used in the outdoor play area.
SCCOE-Maria P. Fernandez (FCCH Independent Contractor)		EnvHS1.1	Area of Concern	There was a loose nail protruding from the gate of the outdoor play area, posing a risk of injury to children. The nail was an inch long and 55 inches from the ground.
SCCOE-Maria T. Fernandez (FCCH independent contractor)		EnvHS2.1	Area of Concern	A tip-over hazard was identified in the indoor space occupied by children. A heavy TV and other electronics were poorly secured on a stand that was mounted on the wall 57 inches above the floor. Two pieces of electronic equipment were stacked together and were tied with a black belt. Children were observed sleeping beneath these items that were poorly secured.
SCCOE-Rosalia Fernandez (FCCH independent contractor)		EnvHS1.1	Area of Concern	One of the tables on the outdoor area was weathered out and had small splinters, posing a risk of injury to children.
Sierra Vista Migrant Head Start		EnvHS1.3	Life Safety Code	The facility does not have a fire-alarm system.



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: 9.7

Date: 1/20/16

Item: 2015-2016 Migrant & Seasonal Head Start Enrollment Policy/Procedure

Overview: Governing body approval of the recruitment, selection and enrollment policy and procedures for eligible Migrant & Seasonal Head Start families and children is a requirement.

The program works in collaboration with the district's Migrant Education Program for determination of migrant eligibility through an intra-district memorandum of understanding.

The enrollment policy was revised to align with the Grantee's policies and procedures as stipulated in the contract terms and also to reflect the Head Start Eligibility Final Rule that went into effect March 12, 2015.

The Migrant & Seasonal Head Start Enrollment policy and procedures were approved by the Policy Committee at their December 3, 2015 meeting.

Recommendation: Approve the 2015-2016 PVUSD Migrant & Seasonal Head Start Enrollment Policy/Procedure

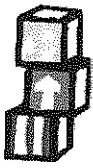
Budget Considerations: Budget is not affected by the approval of this Policy/Procedure

Funding Source: U.S. Department of Health and Human Services via Central California Migrant Head Start (Grantee)

Prepared By: Angelica C. Renteria, Migrant & Seasonal Head Start Program Director

Superintendent's Signature:

Dorma Baker (A)



ENROLLMENT POLICY

POLICY: Families shall be enrolled in the PVUSD/Migrant & Seasonal Head Start Program according to the Head Start admission guidelines and priorities. Pajaro Valley Unified School District strives to enroll the most eligible families with the greatest needs first as outlined, defined and prioritized below.

POLICY INTENT:

The purpose of this enrollment policy is to ensure an equitable process by which applicants are admitted into the Migrant and Seasonal Head Start Program. This policy is also intended to serve as a guide for Program personnel in determining the eligibility and priority of those families applying for Migrant and Seasonal Head Start Program services.

The State licensing laws that regulate Child Care Centers and Family Child Care Homes determine, for the most part, center capacity and the ages of the children enrolled.

Basic Definitions Concerning Eligibility and the Annual Verification Process

These policies are based on Head Start Regulations, as they are interpreted by the Migrant and Seasonal Head Start Office (Region 12), which give high priority to children of mobile migrant families.

Migrant Families: Those families that move their residence from one geographical area to another, inside the same state, or between states, within a period of two years prior with the intent to be employed in agricultural work including the production and harvesting of tree and field crops, and whose family income is based primarily on said work. (Definition from Head Start Act)

Seasonal Farm Workers: A farm worker family that works in the production or the harvest of tree or field crops and whose income is derived primarily from said activity, but without frequent changes in residence. (Definition from Head Start Act)

The intent is to serve farm workers, not the owners of the agricultural land, wherever they work in the United States.

Minimum age and Previously Attended Kindergarten

The minimum age of enrollment for infants in this Program is 2 months. The Program may not enroll a child that has previously attended kindergarten.

Annual Verification of all Families

The age, migration and percentage of income realized from agricultural work of all families will be reviewed each year to verify that they qualify for services. The gross income of the family will be reviewed according to the government's current guidelines.

DEFINITIONS: Whenever the following words are used in this Policy, they have the following meaning:

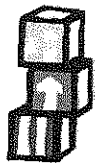


Eligibility Definitions: Key Points

- a) **Age:** The minimum age to participate in the Program is 2 months. For Migrant and Seasonal Head Start purposes, children 2 to 18 months of age will be referred to as infants and children 19 through 35 months will be called toddlers. Children from 36 months up to compulsory school age will be called preschoolers.

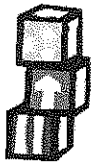
Kindergarten age-eligible children:

- The Program may enroll a child that has not previously attended kindergarten before elementary school begins, but may not enroll a child who has already started kindergarten.
 - A child enrolled in the Program before kindergarten has begun will end MSHS services prior to the first day of kinder.
- b) **Abuse and Neglect:** Children and families with concerns involving the Department of Child Protective Services (CPS) regarding abuse and/or neglect.
- c) **Disabled:** The child is eligible if he/she is disabled according Head Start guidelines. The Program requires that not less than 10 percent of the total number of children actually enrolled be children with disabilities who are determined to be eligible for special education and related services, or early intervention services, as appropriate, as determined under the Individuals with Disabilities Education Act.....The Secretary {of Health & Human Services} shall establish policies and procedures to provide Head Start agencies with waivers of the requirements of paragraph (1) for not more than 3 years. Such policies and procedures shall require Head Start agencies, in order to receive such waivers, to provide evidence demonstrating that the Head Start agencies are making reasonable efforts on an annual basis to comply with the requirements of that paragraph. (Definition from Head Start Act of December 12, 2007)... Spaces for seasonal farm workers are reserved for children with disabilities and high risk factors. When all children with identified disabilities have been enrolled, any remaining slots will be filled from other high priority categories (Abuse and/or Neglect, Homeless, etc.) and/or program categories (preschool center slots, etc.)
- c.1) Head Start defines disability as: health impairment, emotional disturbance, speech or language impairment, intellectual disability, hearing impairment, including deafness, orthopedic impairment, visual impairment, including blindness, specific learning disability, autism, traumatic brain injury, non-categorical/developmental delay, multiple disabilities, deaf-blind, and other disabilities that for some reason require special services.
- d) **Family Income:**
- 1) A family's annual gross income, from either the prior twelve months or calendar year, is used to determine eligibility according to Federal Poverty Guidelines. Not more than ten percent (10%) of the enrollment may be over federal poverty income guidelines without grantee approval. Pending grantee approval, based on data regarding community assessment demographics and



identified program needs, agencies may also serve a maximum of 35% of families whose income is under 130% of the poverty line, (after families in higher priorities are served). These families are defined as “near poverty” for federal income guidelines purposes. Families that are currently receiving Temporary Assistance to Needy Families (TANF) or Supplemental Security Income (SSI) are automatically income eligible. Families that are homeless, and/or are providing Foster Care or Kinship Care for the age-eligible child are categorically eligible.

- 2) More than fifty percent (50%) of the earned family’s annual income must come from agricultural labor; this has to be verified annually.
 - 3) Families with children returning for a second year of services without any new children for the Program may not be disqualified for being over-income if they still have 50% or more of their earnings coming from agricultural work.
 - 4) Families returning for a third consecutive year of services will need to re apply as if it was their first year applying for the program.
- e) **Legal Guardian:** A person who has legal custody and parental rights to care for a child.
- f) **Homeless (without housing):** Individuals who lack a fixed, regular, and adequate nighttime residence; and includes:
- a. Children who are sharing the housing of other persons due to loss of housing, economic hardship, or similar reasons; are living in motels, hotels, trailer parks or camping grounds due to lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
 - b. Children who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
 - c. Children who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings;
 - d. Migratory children who qualify as homeless because they are living in circumstances described in a-c above.
- (Definition from the McKinney-Vento Homeless Assistance Act)
- g) **Dual Enrollment:** This term applies to children in the disability category, or children referred for abuse and/or neglect (having a special schedule in this program and/or another program), who receive other related services (health or social services).
- h) **Program Options:** The Program offers two types of services:
- 1) Centers
 - 2) Family Child Care Homes
- i) **Siblings:** Children in the same family both enrolled in the Program at the same time or children in the same family with one child enrolled in the Program and the other having never been enrolled.



- j) **High Risk:** Children who have needs requiring treatment, intervention or special care; for example, serious health or emotional problems, etc. Families with foster care children and families whose dominant language is an indigenous language.
- k) **Family in Crisis:** A family with emergency needs.
- l) **Disabled Parent:** A parent unable to work due to a disabling physical or mental condition.
- m) **Program Year:** The period of time within a calendar year during which the Migrant & Seasonal Head Start Program offers child development and other activities for the children enrolled in the Centers and Family Child Care Homes.
- n) **Intra-state Migrant Families:** Families that have crossed county lines within the State of California for the purpose of employment in agriculture.
- o) **Inter-state Migrant Families:** Families that have crossed state lines within the United States, or have crossed international borders seeking employment in agriculture.

Policy for Enrollment Priorities:

General Priorities

All families must comply with the definitions given for age eligibility and for status as a migrant or seasonal farm-worker family. Families who moved more recently or with higher frequency within the last 12 and 24 months will be given a higher priority.

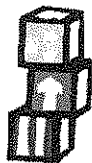
Families in all priority levels must be low income as defined by the Federal Poverty Guidelines. The child with the highest points (ranking) will be selected for enrollment as listed below, except when the agency has not reached the 10% cumulative enrollment of children with disabilities. In such cases, a child on the waitlist with a disability will be enrolled prior to an income eligible child who does not have a documented disability, so long as said enrollment does not cause the agency to exceed the maximum 10% over income threshold or the maximum 35% near low income threshold.

Every two (2) years, the family income will be checked to verify that their income still qualifies. The family's income related to work in agriculture will be reviewed every year. As defined in Eligibility Definitions, D.1 above, an income eligible family is defined as current recipient of TANF, SSI or Foster/Kinship Care; homeless; or by the Federal Poverty Guidelines based on family size.

Spaces for seasonal farm workers will be reserved for children with disabilities and high risk in their order of priority until this list has been exhausted. Remaining seasonal slots will be filled with children from families in high priority categories or by program slot availability.

Priority List

Families will be selected for enrollment in the following order under the general priorities listed above:



- 1.0 **Children with Disabilities:** Children with disabilities should have first priority for enrollment in the Program.
 - 1.1 Age
 - 1.2 Program option
 - 1.3 Percentage of income related to agriculture
 - 1.4 Family income

- 2.0 **Abuse/Negligence, High Risk:** The children of migrant families with concerns related to Child Protective Services of abuse and/or neglect, or families considered as high risk, or families in crisis; should have second priority for enrollment in the Program.
 - 2.1 Age
 - 2.2 Program option
 - 2.3 Migration
 - 2.4 Percentage of income related to agriculture.
 - 2.5 Family income.

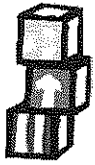
- 3.0 Children who return to the program for a second year should have third priority for enrollment in the Program.
 - 3.1 Age
 - 3.2 Program option
 - 3.3 Migration
 - 3.4 Percentage of income related to agriculture.
 - 3.5 Family income.

- 4.0 Children with siblings already enrolled in the program should have fourth priority for enrollment in the Program.
 - 4.1 Age
 - 4.2 Program option
 - 4.3 Migration
 - 4.4 Percentage of income related to agriculture.
 - 4.5 Family income.

ADDITIONAL CONSIDERATIONS:

1) Staff will give additional consideration to the following circumstances in order to establish individual priorities for enrollment. The following circumstances are enumerated in the order of their importance:

- a. Family in crisis



- b. Disabled parent
- c. Single parent family: A family that has only one legal parent or guardian living in the same household. This excludes families in which an unmarried couple shares the monthly costs of maintaining the household.

2) Children from the same family who qualify for the Program under different priorities will be able to qualify the whole family at the highest priority, as long as one of the children is eligible under priorities 1 to 2 (Children with Disabilities; Abuse/Neglect or High Risk).

3) Families with children returning for a second year of services who return with new children will be registered during the first registration period (period set for returning children), taking into consideration that their income will be verified as if they were a new family. Slots cannot be guaranteed. Children from families that have moved more frequently or more recently will be offered services first.

4) As the Program is able to do so, children will initially be placed geographically closest to the parents' residence. Parent input is also a consideration to geographic placement. Children with special needs or high risk children may be placed outside of their geographic area if it meets the best interests of the child/ren.

5) Children may be reassigned to a different center or Family Child Care Home if special needs arise during the season. This may include children with disabilities, certain medical conditions, special behavior issues, domestic violence, or other such special circumstances. Whenever possible, a plan will be implemented to support the transition of children from one child care environment to another.

Eligibility and enrollment priorities are based on federal regulations; Community Needs Assessment, and other sources of program data. In accord with the December 2007 Head Start Act, changes in the Enrollment Policy must be approved through the shared governance process, which requires Policy Committee and District Board approval.

Non-discrimination in District Programs and Activities:

The Pajaro Valley Unified School District is committed to providing programs and activities that are free from discrimination based upon sex, sexual orientation, ethnic group identification, race, national origin, age, marital status, religion, color, or mental or physical disability, physical size or characteristics.



Board Agenda Backup

Item No: 9.8

Date: January 20, 2016

Item: Resolution: #15-16-11
Report on the Use of Developer Fees for 2014-2015

Overview: The law requires the District to report on the amount of developer fees collected each fiscal year and the manner in which they were spent. This report and resolution covers the fees collected and spent for the 2014-2015 fiscal year and explain the anticipated use of the fund balance in the Capital Facilities Account.

The attached listing shows the total amount for developer fees collected last year along with the interest accrued in that account. It also shows that the expenditures were dedicated to some unfinished projects from the prior year, some construction match, installation and lease payments on growth portables.

Beginning Balance 7/1/2014:	\$1,482,838
Collected in 2014-2015:	837,305
Spent in 2014-2015:	520,253
Fund Balance 6/30/2015:	\$1,799,890

Recommendation: Accept the Developer Fee report as required by law

PREPARED BY: Helen Bellonzi, Director of Finance

REVIEWED BY: Melody Canady, Chief Business Officer

SUPERINTENDENT SIGNATURE: *Dorma Baker* (A)

Resolution Number: 15-16-11
RESOLUTION OF THE GOVERNING BOARD OF THE
PAJARO VALLEY UNIFIED SCHOOL DISTRICT
REGARDING ACCOUNTING OF DEVELOPMENT FEES
FOR 2014-2015 FISCAL YEAR
IN THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES (FUND 25)
(Government Code sections 66001(d) & 66006(b))

1. Authority and Reasons for Adopting this Resolution.

A. This District has levied school facilities fees pursuant to various resolutions, the most recent of which is dated May 2015, and is referred to herein as the "School Facilities Fee Resolution" and is hereby incorporated by reference into this Resolution. These resolutions were adopted under the authority of Education Code section 17620 (formerly Government Code section 53080). These fees have been deposited in the following fund or account:

Capital Facilities – Fund 25 (the "Fund");

- B. Government Code sections 66001(d) and 66006(b) require this District to make an annual accounting of the Fund and to make additional findings every five years if there are any funds remaining in the Fund at the end of the prior fiscal year;
- C. Government Code sections 66001(d) and 66006(b) further require that the annual accounting of the Fund and those findings be made available to the public no later than December 26, 2015, that this information be reviewed by this Board at its next regularly scheduled board meeting held no earlier than 15 days after they become available to the public, and that notice of the time and place of this meeting (as well as the address at which this information may be reviewed) be mailed at least 15 days prior to this meeting to anyone who has requested it.
- D. The Superintendent has informed this Board that a draft copy of this Resolution (along with Exhibits A and B which are hereby incorporated by reference into this Resolution) was made available to the Public on December 14, 2015. The Superintendent has further informed this Board that notice of the time and place of this meeting (as well as the address at which this information may be reviewed) was mailed at least 15 days prior to this meeting to anyone who had requested it.
- E. The Superintendent has also informed this Board that there is no new information which would adversely affect the validity of any of the findings made by this Board in its School Facilities Fee Resolution.

2. What This Resolution Does

This Resolution makes various findings and takes various actions regarding the Fund as required by and in accordance with Government Code sections 66001(d) and 66006(b).

3. Findings Regarding the Fund.

Based on all findings and evidence contained in, referred to, or incorporated into this Resolution, as well as the evidence presented to this Board at this meeting, the Board finds each of the following with respect to the Fund for the 2014-2015 Fiscal Year:

- A. In reference to Government Code section 66006(b)(2), the information identified in section 1 above is correct;
- B. In further reference to Government Code section 66006(b)(2), this Board has reviewed the annual accounting for the Fund as contained in Exhibit A and determined that it meets the requirements set forth in Government Code section 66006(b)(1);
- C. In reference to Government Code section 66001(d)(1), and with respect only to that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the purpose of the fees is to finance the construction or reconstruction of school facilities necessary to reduce overcrowding caused by the development on which the fees were levied, which facilities are more specifically identified in Exhibit B;
- D. In reference to Government Code section 66001(d)(2), and with respect only to that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the findings and evidence referenced above demonstrate that there is a reasonable relationship between the fees and the purpose for which it is charged;
- E. In reference to Government Code section 66001(d)(3), and with respect only to that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, all of the sources and amounts of funding anticipated to complete financing in any incomplete improvements identified as the use to which the fees are to be put is identified in Exhibit B;
- F. In reference to Government Code section 66001(d)(4), and with respect only to that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the approximate dates on which the funding referred to in paragraph E above is expected to be deposited into the appropriate account or fund is designated in Exhibit B; and
- G. In reference to the last sentence of Government Code section 66006(d), because all of the findings required by that subdivision have been made in the fees that were levied

in paragraphs C-F above, the District is not required to refund any moneys in the Fund as provided in Government Code section 66001(e).

4. Superintendent Authorized to Take Necessary and Appropriate Action.

The Board further directs and authorizes the Superintendent to take on its behalf such further action as may be necessary and appropriate to effectuate this Resolution.

5. Certificate of Resolution.

I, _____, _____ of the
Governing Board of the Pajaro Valley Unified School District of Santa Cruz County,
State of California, certify that this Resolution
proposed by _____,
seconded by _____, was duly passed and
adopted by the Board, at an official and public meeting this 20th day of January 2016, by the
following vote:

AYES:

NOES:

ABSENT:

_____ of the Board
of the Pajaro Valley Unified School District
of Santa Cruz County, California

EXHIBIT A

**TO RESOLUTION REGARDING
ACCOUNTING OF DEVELOPMENT FEES
FOR FISCAL YEAR 2014-2015
FOR THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES (FUND 25)**

Per Government Code section 66006(b)(1)(A)-(H) as indicated:

A. A brief description of the type of fee in the Fund:

- Redevelopment Agency Fees:
 - Watsonville RDA Cntl 1998
 - Watsonville RDA West 1998
 - Watsonville 00 RDA
- Commercial Development Fees
- Residential Development Fees

B. The amount of the fee.

- Commercial: \$0.54
- Residential: \$4.96

C. The beginning and ending balance of the Fund.

Beginning Balance 7/1/2013:	\$ 1,186,490
Fund Balance 6/30/2014:	\$ 1,482,838

D. The amount of the fees collected and the interest earned.

Commercial and Residential:	\$ 383,109
Redevelopment:	\$ 447,635
Interest Earned:	\$ 6,669

E. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

See Exhibit B

F. An identification of the approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have

EXHIBIT B

**TO RESOLUTION REGARDING
ACCOUNTING OF DEVELOPMENT FEES
FOR FISCAL YEAR 2014-2015
FOR THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES (FUND 25)**

Per Government Code section 66006(d)(1)-(4) as indicated:

- A. With respect to only that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the purpose of the fees is to finance the construction or reconstruction of school facilities necessary to reduce overcrowding caused by the development on which the fees levied, which facilities are more specifically identified as follows:
 - Ongoing costs for the lease of portables placed on campuses to house students and various programs
 - Ongoing and new costs for set up and/or removal of portable housing as needed
- B. See section 3.D of the Resolution.
- C. With respect to only that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the sources and amounts of funding anticipated to complete financing in any incomplete improvements identified in paragraph A above are as follows:
 - All remaining funds and new funds anticipated to be collected in the current year will be needed to fund the items (some of which are ongoing) in Section A above.
- D. With respect to only that portion of the Fund remaining unexpended at the end of the 2014-2015 Fiscal Year, the following are the approximate dates on which the funding referred to in paragraph C above is expected to be deposited into the appropriate account or fund:
 - All funds are in the appropriate Fund (Capital Facilities)

Developer Fees 2014-2015

Object	Site Name	YTD Actual	Object Description
Revenues			
8625	District Office	447,526.93	Community Redevelopment Fees
8660	District Office	6,669.27	Interest
8681	District Office	383,109.50	Mitigation/Developer Fees
	Total Revenues	837,305.70	

Object	Site Name	YTD Actual	Object Description
Expenses			
6290		(500.00)	DSA Plan Check Costs
	MAINTENANCE/OPERATIONS/FACILITIES	(500.00)	
5602		58,365.36	Building Rental
6290		(500.00)	DSA Plan Check Costs
	APTOS HIGH SCHOOL	57,865.36	
5602		9,315.00	Building Rental
	RENAISSANCE CONTINUATION HIGH	9,315.00	
5602		8,818.92	Building Rental
	ROLLING HILLS MIDDLE SCHOOL	8,818.92	
5602		5,292.00	Building Rental
	E.A. HALL MIDDLE SCHOOL	5,292.00	
5602		73,884.55	Building Rental
	APTOS JUNIOR HIGH	73,884.55	
5602		19,455.12	Building Rental
	CESAR CHAVEZ MIDDLE SCHOOL	19,455.12	
5602		43,405.20	Building Rental
6290		119.00	DSA Plan Check Costs
	AMESTI ELEMENTARY	43,524.20	
5602		31,680.00	Building Rental
	ALIANZA CHARTER	31,680.00	
5602		23,890.20	Building Rental
	BRADLEY ELEMENTARY	23,890.20	
5602		16,512.12	Building Rental
	CALABASAS ELEMENTARY	16,512.12	
5602		29,317.32	Building Rental
	FREEDOM ELEMENTARY	29,317.32	
5602		6,485.04	Building Rental
	H.A. HYDE ELEMENTARY	6,485.04	
5602		17,705.16	Building Rental
	HALL DISTRICT ELEMENTARY	17,705.16	
5602		35,410.32	Building Rental
6290		3,375.00	DSA Plan Check Costs
	MAC QUIDDY ELEMENTARY	38,785.32	
5602		34,204.68	Building Rental
	MINTIE WHITE ELEMENTARY	34,204.68	
5602		7,235.04	Building Rental
	RIO DEL MAR ELEMENTARY	7,235.04	
5602		24,660.12	Building Rental
	STARLIGHT ELEMENTARY	24,660.12	
5602		14,320.92	Building Rental
	VALENCIA ELEMENTARY	14,320.92	
5602		17,705.16	Building Rental
	OHLONE ELEMENTARY	17,705.16	
5602		11,220.12	Building Rental
	DIAMOND TECHNOLOGY INSTITUTE	11,220.12	
5602		22,392.00	Building Rental
	WATSONVILLE CHARTER OF ARTS	22,392.00	
5602		6,485.04	Building Rental
	SELPA DUNCAN HOLBERT	6,485.04	
	Total Expenditures	520,253.39	

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 9.9

Date: January 20, 2016

Item: Williams Uniform Complaint Quarterly Report
(October, November, December, 2015)

Overview and Rationale: All school districts have been required to adopt a complaint system as part of the Williams Settlement.

On a quarterly basis Williams complaints must be reported to the Board and the County Superintendent. The report must include the number and types of complaints received and how they were corrected.

During this quarter there were zero (0) complaints submitted. However, this report includes an unqualified complaint submitted in April 2014. The District's response to the complaint issuer is included as part of the back up.

Recommendation: Approve Williams Quarterly Report as submitted. .

Budget Considerations: N/A

Prepared By: Ian MacGregor, Assistant Superintendent, HR, Interim

Superintendent's Signature:

Dorma Baker (A)

**QUARTERLY DISTRICT STATUS REPORT OF UNIFORM COMPLAINTS
TO THE COUNTY SUPERINTENDENT OF SCHOOLS
QUARTER ENDED DECEMBER 2015**

DISTRICT: Pajaro Valley Unified School District Date Reported to District Governing Board: January 20, 2015

I. INSTRUCTIONAL MATERIALS

A) Insufficient text books or instructional materials in classroom:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

- Explanation: _____

B) Insufficient textbooks or instructional materials to take home:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

- Explanation: _____

C) Textbooks or instructional materials in poor or unusable condition:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

- Explanation: _____

II. TEACHER VACANCY OR MISASSIGNMENT

A) No assigned certified teacher at beginning of semester:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

- Explanation: _____

**B) Teacher lacking credentials or training to teach English Language Learners (ELL) with
More than 20% ELL in class:**

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

- Explanation: _____

D) Teacher instructing class lacking subject matter competency:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
1 (April 9, 2014 – Issued by B. Beecher) **		1

- Explanation: Williams complaint addresses teacher vacancy or specific teacher mis-assignment (lacking proper credentials). All PVUSD high school math teachers are authorized according to statute.

** The Williams Complaint issued by Mr. William Beecher on April 9, 2014 included the following two complaints including topics that do not meet the criteria established by the Williams Complaint legislature:

1. Low Student achievement rates based in the 2012-13 SARC document.
2. Process for selecting Department Chairs.

The District's response to Mr. Beecher is included as part of this back up.

III. FACILITIES

A) Conditions pose an emergency or urgent threat to the health or safety of students/staff:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Human Resources Department • 294 Green Valley Rd. • Watsonville, CA 95076
Phone (831) 786-2145 • Fax (831) 761-6018 • web site: www.pvUSD.net

Human Resources

May 12, 2014

Superintendent
Dorma Baker

Response to Williams Complaint

Issued by: William Beecher

Date: April 9, 2014

Mr. Beecher,

Your complaint publically submitted on April 9th does not constitute a Williams Complaint and therefore cannot be responded to in the manner you are seeking. The table below summarizes the discrepancy between your areas of complaint and the specific Williams Act areas for complaint.

Your Complaint	Williams Complaint	Resolution/Comment
Low student achievement rates based on data outcomes reported in the 2012-13 SARC document	Does not include student performance data as a topic for Complaint	--
Teachers are lacking competence due to low student achievement in high school math	Addresses teacher vacancy or specific teacher mis-assignment (lacking proper credentials)	All PVUSD high school math teachers are authorized according to statute.
Process for selecting Department Chairs	Does not include this topic as a basis of Complaint.	Selection process of department chairs is negotiable

Sharon B. Roddick
Assistant
Superintendent,
Human Resources
Department

Since your complaints do not lie in the appropriate Williams Complaint parameters there is no response affiliated.

Human Resources
Directors

Your interest and concern in the topics of student achievement, teacher competency, and overall accountability are noted. The District Staff is certainly willing to direct you to resources regarding these areas.

Ian Mac Gregor
Director of
Certificated
Personnel

Your comments, observations, and suggestions are valuable to us and are appreciated.

Sincerely,

Sharon B. Roddick

Sharon B. Roddick
Assistant Superintendent, Human Resources

Pam Shanks
Director of
Classified
Personnel



Board Agenda Backup

Item No: 9.10

Date: January 20, 2016

Item: Approve Professional Services Agreement with Dannis Woliver Kelly

Overview: The Maintenance, Operations & Facilities Department recommends that the Board approve an Agreement for Professional Services with Dannis, Woliver Kelley to provide legal services pertaining to Energy Services Contracts pursuant to Government Code section 4217.10 *et seq.* as well as advice with regard to such other matters that may arise from time to time, to the District for the 2015-16 school year and asks that the Board authorize the superintendent, or her designee, to sign the agreement.

Recommendation: It is recommended that the Board approve the District's Superintendent, or her designee, to sign the agreement.

Budget Considerations:

Funding Source: MEASURE L BOND FUNDS

Budgeted: Yes: ☐ No: ☒

Amount: None at this time

Prepared By: 
Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:  (AB)
Dorma Baker

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into this 23rd day of December, 2015, by and between the Pajaro Valley Unified School District, hereinafter referred to as District, and Dannis Woliver Kelley, a professional corporation, hereinafter referred to as Attorney.

In consideration of the promises and the mutual agreements hereinafter contained, District and Attorney agree as follows:

District appoints Attorney to represent, advise, and counsel it from December 23, 2015, through and including June 30, 2016, and continuing thereafter as approved. Any services performed during the period between the above commencement date and the date of Board action approving this Agreement are hereby ratified by said Board approval. Attorney agrees to prepare periodic reviews of relevant court decisions, legislation, and other legal issues. Attorney agrees to keep current and in force at all times a policy covering incidents of legal malpractice.

District shall be truthful with Attorney, cooperate with Attorney, keep Attorney informed of developments, perform the obligations it has agreed to perform under this Agreement and pay Attorney bills in a timely manner.

Except as hereinafter provided, District agrees to pay Attorney two hundred twenty-five dollars (\$225) to three hundred ten dollars (\$310) per hour for shareholders, special counsel and of counsel; one hundred eighty-five dollars (\$185) to two hundred twenty-five dollars (\$225) per hour for associates; and one hundred twenty dollars (\$120) to one hundred forty dollars (\$140) per hour for paralegals and law clerks. The rate for Gregory J. Dannis will be three hundred thirty-five dollars (\$335) per hour. Rates for individual attorneys may vary within the above ranges depending on the level of experience and qualifications and the nature of the legal services provided. Substantive communications advice (telephone, voice-mail, e-mail) is billed in a minimum increment of one-tenth (.1) of an hour, except for the first such advice in any business day, which is charged in a minimum of three-tenths (.3) of an hour. In the course of travel it may be necessary for Attorney to work for and bill other clients while in transit. If, during the course of representation of District, an insurance or other entity assumes responsibility for payment of all or partial fees of Attorney on a particular case or matter, District shall remain responsible for the difference between fees paid by the other entity and Attorney's hourly rates as specified in this Agreement unless otherwise agreed by the parties.

Agreements for legal fees at other than the hourly rate set forth above may be made by mutual agreement for special projects or particular scopes of work.

District further agrees to reimburse Attorney for actual and necessary expenses and costs with respect to providing the above services, including support services such as copying costs, express postage, and facsimile transmittals. District agrees that such actual and necessary expenses may vary according to special circumstances necessitated by request of District or emergency conditions which occasionally arise.

District further agrees to pay for major costs and expenses by paying third parties directly including, but not limited to, costs of serving pleadings, filing fees and other charges assessed by courts and other public agencies, arbitrators' fees, court reporters' fees, jury fees, witness fees, investigation expenses, consultants' fees, and expert witness fees. Upon mutual consent of District and Attorney, Attorney may pay for such costs and expenses and District shall advance costs and expenses to Attorney.

Occasionally Attorney may provide District officials and/or employees with food or meals at Attorney-sponsored trainings or when working with District officials and/or employees. Attorney may provide such food or meals without additional charge in exchange for the consideration provided by the District under this Agreement.

Attorney shall send District a statement for fees and costs incurred every calendar month. Attorney's statements shall clearly state the basis thereof, including the amount, rate and basis for calculations or other methods of determination of Attorney's fees. District shall pay Attorney's statements within thirty (30) days after each statement's date. Upon District office's request for additional statement information, Attorney shall provide a bill to District no later than ten (10) days following the request. District is entitled to make subsequent requests for bills at intervals of no less than thirty (30) days following the initial request.

It is expressly understood and agreed to by both parties that Attorney, while carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and is not an employee of the District.

Because Attorney represents many school and community college districts, county offices of education, joint powers authorities, SELPAs and other educational entities, conflicts of interest may arise in the course of Attorney's representation. If Attorney becomes aware of any potential or actual conflicts of interest, Attorney will inform the District of the conflict and comply with the legal and ethical requirements to fulfill its duties of loyalty and confidentiality to District. If District has any question about whether Attorney has a conflict of interest in its representation of District in any matter, it may contact Attorney or other legal counsel for clarification.

District or Attorney may terminate this Agreement by giving thirty (30) days written notice of termination to the other party.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement for Professional Services.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT


Dorma Baker, Superintendent

Date

DANNIS WOLIVER KELLEY



Marilyn J. Cleveland, Attorney at Law



Date

At its public meeting of _____, 2016, the Board approved this Agreement and authorized the Board president, Superintendent or Designee to execute this Agreement.



Board Agenda Backup

Item No: 9.11

Date: January 20, 2016

Subject: Approve Change Orders #1 for Kent Construction,
Network Operation Center Remodel Project #8600

Comments: On August 26, 2015 the Board approved the Contracts for Kent Construction for the remodel of the Network Operations Center in the Eiskamp Building at the Towers.

Overview: Due to unforeseen conditions during construction, additional stump grinding and base rock was needed below the footing of the retaining wall. Also, a reimbursement for the permit cost for the City's building permit for the project (This is a direct cost). These changes resulted in a net increase to the contract.

Original Contract Amount:	\$735,880.00
Change Order #1	\$7,596.88
New Contract Amount:	\$743,476.88

Recommendation: It is recommended that the Board approves the Change Order and authorize the Director of Maintenance Operations and Facilities to approve the Change Order and have the contract for Kent Construction increased by this approved amount.

Budget Considerations:

Funding Source: Technology Funds 7819

Budgeted: Yes: ☒ No: ☐

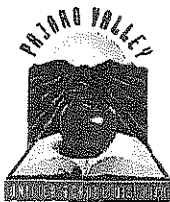
Amount: \$7,596.88

Prepared By:

Richard Mullikin
Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:

Dorma Baker
Dorma Baker



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Maintenance, Operations & Facilities Department

294 Green Valley Road, Watsonville, CA 95076

Phone: (831) 786-2100 Fax: 728-0136

CHANGE ORDER REQUEST – SUMMARY

PROJECT NAME: Network Operation Center Remodel #8600

CONTRACTOR: Kent Construction

CO #: 1 – with PCO 1 & 2

APPROVAL DATE: 1-13-2015

ORIGINAL CONTRACT AMOUNT: \$735,880.00

PO #: 16-04238

The Owner (PVUSD) accepts the above noted change order request in the amount of: **\$7,596.88**

and agrees to extend the contract completion date by: **0 days for this C.O.R.**

The change order request amount is to be:

<input type="checkbox"/>
<input checked="" type="checkbox"/>

deducted from allowance

Added to contract sum

LEGEND – Reason(s) for Change

AE= ARCHITECTURAL ERROR

CE = CONTRACTOR ERROR

UC = UNFORSEEN CONDITIONS

AV = ADDED VALUE

RS = REDUCED SCOPE

The description of the change order is as follows:

Item No. 1: **UC – Kent Construction PCO #1 – Additional Stump Grinding & In-fill of Base Rock under Retaining wall Footing.**
Cost = \$1,655.18

Item No. 2: **AV – Kent Construction PCO #2 – Reimbursement of City Permit (Direct Cost)**
Cost = \$5,941.70

Total of all Items: \$7,596.88.00 + \$735,880.00= \$743,476.88 (New contract total).

Total of all days added to contract: 0

On behalf of the Owner (PVUSD):

Signature: _____ Date: _____

Richard Mullikin, Director - Maintenance, Operations & Facilities Department

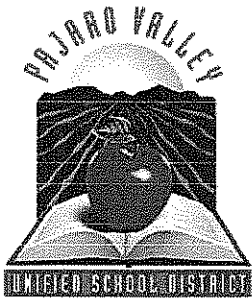
The Contractor accepts the above as full and complete compensation and contract time adjustments for the described change order request. The Contractor has no reservation of rights to adjust the contract amount or time based on this change order request unless there is a material change in the scope of work as described above and the Contractor provides notice immediately to the Owner or Construction Manager of any perceived change of scope and prior to performing any additional scope.

On behalf of the Contractor:

Signature: Tim Sherman Date: 1-13-2016

Kent Construction

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 9.12

Date: Jan. 20, 2015

Item: Transportation Yard Site Improvements Project #7500

Overview: Installation of new asphalt, curb stops and re-striping at the Transportation Yard at 196 Grimmer Road. This will include the grinding of all existing broken and uneven asphalt; regrading to promote positive drainage to existing drainage inlets and install new asphalt. This will also include the re-striping of disturbed parking spaces and re-numbering of all parking spaces as well as new wheel stops. These improvements are to comply with the settlement between the California Sportfishing Protection Alliance v Santa Cruz County at the Roy Wilson Yard.

Seven bids were received:

Granite Construction Company	\$263,842.00
American Asphalt Repair & Resurfacing	\$267,446.00
A&C Grading	\$276,000.00
Sunrise Paving & Grading	\$283,000.00
The Don Chapin Company	\$310,215.00
Galeb Paving, Inc.	\$580,900.00
Earthworks Paving Contractors	Non-Responsive

Recommendation: It is recommended that the Board approve the Bid Proposal of Granite Construction Company, the apparent low bidder, with a bid amount of \$263,842.00. In addition, it is recommended that the Board authorize the Director of Maintenance, Operations, and Facilities to execute a construction agreement with the Contractor.

Budget Considerations: N/A

Funding Source: General Fund

Budgeted: Yes: ☒ No: ☐

Amount: \$263,842.00

Prepared By:

Richard Mullikin
Richard Mullikin - Director of Maintenance, Operations & Facilities

Superintendent's Signature:

Dorma Baker
Dorma Baker



Transportation Yard Site Improvements Bid #: TD-16-13-01-864-7500
PAJARO VALLEY UNIFIED SCHOOL DISTRICT - MAINTENANCE, OPERATIONS & FACILITIES DEPARTMENT
Bid Opening: January 13TH, 2016 - 2:00:00PM

REVIEWED BY: Adam Lint - PVUSD
REVIEWED BY: Daniel Welch - PVUSD

	Granite Construction Company License #89	American Asphalt Repair & Resurfacing License #439591	A & C Grading License #811282	Sunrise Grading & Paving License #899856
	Contractor A	Contractor B	Contractor C	Contractor D
Bid Form	X		X	X
Bid Bond	X	X	X	X
Sub-Contractor List	X	X	X	X
Non-Collusion Affidavit	X	X	X	X
# of Addenda - 1	1	1	1	1
Site Visit Certification	X	X	X	X
Fingerprinting	X	X	X	X
Iran Contracting Certification	X	X	X	X
Sufficient Funds	X	X	X	X
Bid Amounts				
Base Bid	\$263,842.00	\$267,446.00	\$276,000.00	\$283,000.00
Add Alternate #1	\$6,652.80	\$6,360.00	\$14,060.00	\$4,000.00

Bid Summary Sheet/Sub Contractors List

Contractor's Name	Granite Construction Company License #89	American Asphalt Repair & Resurfacing License #439591	A & C Grading License #811282	Sunrise Grading & Paving License #899856
Sub Contractor 1 - Striping	Bond Pavement - Lic #842780			
Sub Contractor 2 - Pulverizing	Griffin Soil - #791232		FMG - #796046	Durham Stabilization - #797758
Sub Contractor 3 - Wheel Stops				
Sub Contractor 4 - N/A				
Sub Contractor 5 - N/A				



Transportation Yard Site Improvements Bid #: TD-16-13-01-864-7500
PAJARO VALLEY UNIFIED SCHOOL DISTRICT - MAINTENANCE, OPERATIONS & FACILITIES DEPARTMENT
 Bid Opening: January 13TH, 2016 - 2:00:00PM

REVIEWED BY: Adam Lint - PVUSD
REVIEWED BY: Daniel Welch - PVUSD

	The Don Chapin Company License #406512	Galeb Paving, Inc. License #325912	EarthworksPaving Contractors, Inc. License #807689	N/A
	Contractor E	Contractor F	Contractor G	Contractor H
Bid Form	X		X	
Bid Bond	X	X	X	
Sub-Contractor List	X	X	X	
Non-Collusion Affidavit	X	X	X	
# of Addenda - 1	1	1	No Addenda Acknowledged	
Site Visit Certification	X	X	X	
Fingerprinting	X	X	X	
Iran Contracting Certification	X	X	X	
Sufficient Funds	X	X	X	
Bid Amounts				
Base Bid	\$310,215.00	\$580,900.00	\$260,629.00	
Add Alternate #1	\$9,890.00	\$12,100.00	\$10,720.00	

Bid Summary Sheet/Sub Contractors List

Contractor's Name	The Don Chapin Company License #406512	Galeb Paving, Inc. License #325912	EarthworksPaving Contractors, Inc. License #807689
Sub Contractor 1 - Striping	Tri-Valley Striping - #850528	Detail Striping - Lic #624251	
Sub Contractor 2 - Pulverizing	Griffin Soil - #791232		
Sub Contractor 3 - Wheel Stops	Tri-Valley Striping - #850528		
Sub Contractor 4 - N/A			
Sub Contractor 5 - N/A			



Board Agenda Backup

Item No: 9.13

Date: January 20, 2016

Item: Award the Water Saving Project at North Zone Sites,
(Bid#: B06-15-02-12-000-8955)

Overview: Advertisement for this project started on December 17, 2015 with both public advertising and individual invitations to plumbing companies.

Upgrading all sub-standard water fixtures in four schools located within the Soquel Creek Water District. Aptos Jr. High, Mar Vista Elementary, Rio Del Mar Elementary, and Valencia Elementary. There are rebates from the Soquel Water District helping pay for this project.

Initial District estimate for this project was \$80,000.00

Three bids were received:

Val's Plumbing:	\$218,406.00
Associated Plumbing	\$148,000.00
Geo. H Wilson	\$ 89,820.00

Recommendation: It is recommended that the Board approve the Bid Proposal of Geo. H Wilson, the apparent low bidder, with a bid amount of \$89,820.00. In addition, it is recommended that the Board authorize the Director of Maintenance, Operations, and Facilities to execute a construction agreement with the Contractor.

Budget Considerations:

Funding Source: Measure L Bond Endowment – Fund 06
(Soquel Creek Water District will Reimburse 100% of funds to District)


Budgeted: Yes: ☒ No: ☐

Amount: \$89,820.00

Prepared By:


Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:


Dorma Baker



Board Agenda Backup

Item No: 9.14

Date: January 20, 2016

Subject: Approve Change Orders #1 (AMS) for EA Hall 9 Classroom Addition Project #8524

Comments: On November 12, 2014 the Board approved the Piggy Back Contracts for American Modular Systems to construct nine (9) new modular classrooms at E.A. Hall Middle School.

During the design development of the project several changes took place; a new custodial room was added; a permanent wall was added between rooms #7 & #8 in lieu of an 'accordion' style wall; a new exhaust fan was added inside the DATA/ electrical room and the Energy Management System was deleted from the scope. As a result of these changes the District is due back a credit from AMS for this project.

Overview:

E.A. Hall Middle School #8524

Original Contract Amount:	\$2,196,780.00
Change Order #1	(\$7,481.00)
New Contract Amount:	\$2,189,299.00

Recommendation: It is recommended that the Board approves the Change Order and authorize the Director of Maintenance Operations and Facilities to approve the Change Order and have the contract for American Modular Systems decreased by this approved amount.

Budget Considerations:**Funding Source: Measure L Bond Funds**Budgeted: Yes: ☐ No: ☐

Amount: (\$7,481.00) - Credit

Prepared By:

Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:

Dorma Baker



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Maintenance, Operations & Facilities Department

294 Green Valley Road, Watsonville, CA 95076

Phone: (831) 786-2100 Fax: 728-0136

RECEIVED
PVUSD
MAINT., OPERATIONS
& FACILITIES

2015 DEC -1 PM 1:55

CHANGE ORDER REQUEST - SUMMARY

PROJECT NAME: E.A. Hall Relocatable Replacement Project #8524

CONTRACTOR: AMS Inc.

CO #: 1 - Includes PCO #1-4

APPROVAL DATE:

ORIGINAL CONTRACT AMOUNT: \$2,196,780.00

PO #: 16-01550

The Owner (PVUSD) accepts the above noted change order request in the amount of: -\$7,481.00 and agrees to extend the contract completion date by: 0 days for this C.O.R.

The change order request amount is to be:

☒

deducted from allowance

☐

Added to contract sum

LEGEND - Reason(s) for Change

AE= ARCHITECTURAL ERROR

AV= ADDED VALUE

CE= CONTRACTOR ERROR

RS= REDUCED SCOPE

UC= UNFORSEEN CONDITIONS

The description of the change order is as follows:

Item No. 1: AV - AMS PCO #1 - Add Custodial Room per HMC Drawing Dated 12-11-2014
Cost = \$5,600.00

Item No. 2: AV - AMS PCO #2 - Add Wall Between Classrooms #7 & #8.
Cost = \$5,113.00

Item No. 3: AV - AMS PCO #3 - Add Exhaust Fan to DATA Room.
Cost = \$456.00

Item No. 4: RS - AMS PCO #4 - Subtract EMS System.
Cost = \$18,650.00

Total of all Items: -\$7,481.00 + \$2,196,780.00 = \$2,189,299.00 (New contract total).

Total of all days added to contract: 0

On behalf of the Owner (PVUSD):

Signature:

Date:

Richard Mullikin, Director - Maintenance, Operations & Facilities Department

The Contractor accepts the above as full and complete compensation and contract time adjustments for the described change order request. The Contractor has no reservation of rights to adjust the contract amount or time based on this change order request unless there is a material change in the scope of work as described above and the Contractor provides notice immediately to the Owner or Construction Manager of any perceived change of scope and prior to performing any additional scope.

On behalf of the Contractor:

Signature:

AMS, Inc.

[Signature] - Dan Sarich Date: 11-30-15



Board Agenda Backup

Item No: 9.15

Date: January 20, 2016

Subject: Approve Change Orders #1 (CRW) for EA Hall 9 Classroom Addition Project #8524

Comments: On March 25, 2015 the Board approved the Contracts for CRW Industries for the site work for the addition of nine (9) new modular classrooms at E.A. Hall Middle School.

Due to unforeseen conditions during construction, additional concrete and base rock was needed for the rolled fire access curb and ADA ramp on Palm Ave, multiple fencing changes; an upgrade to a larger break for the restroom facility and future expansion; and the addition of two new hose bibs and an irrigation controller. All these changes resulted in a net increase to the contract.

Overview:

E.A. Hall Middle School #8524

Original Contract Amount:	\$1,178,163.00
Change Order #1	\$10,786.00
New Contract Amount:	\$1,188,949.00

Recommendation: It is recommended that the Board approves the Change Order and authorize the Director of Maintenance Operations and Facilities to approve the Change Order and have the contract for CRW Industries increased by this approved amount.

Budget Considerations:

Funding Source: Measure L Bond Funds

Budgeted: Yes: ☒ No: ☐

Amount: \$10,786.00

Prepared By:

Richard Mullikin

Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:

Dorma Baker (AB)

Dorma Baker



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Maintenance, Operations & Facilities Department

294 Green Valley Road, Watsonville, CA 95076

Phone: (831) 786-2100 Fax: 728-0136

CHANGE ORDER REQUEST – SUMMARY

PROJECT NAME: E.A. Hall Relocatable Replacement Project #8524

CONTRACTOR: CRW Industries

CO #: 1 – with PCO 2, 4, 5, 6, 8, 10

APPROVAL DATE: 11-18-2015

ORIGINAL CONTRACT AMOUNT: \$1,178,163.00

PO #: 16-01551

The Owner (PVUSD) accepts the above noted change order request in the amount of: **\$10,786.00**

and agrees to extend the contract completion date by: **0 days for this C.O.R.**

The change order request amount is to be:

<input type="checkbox"/>
<input checked="" type="checkbox"/>

deducted from allowance
Added to contract sum

LEGEND – Reason(s) for Change

AE= ARCHITECTURAL ERROR

CE= CONTRACTOR ERROR

UC= UNFORSEEN CONDITIONS

AV= ADDED VALUE

RS= REDUCED SCOPE

The description of the change order is as follows:

Item No. 1: AE – CRW PCO #2 – Additional Concrete at Revised ADA Ramp on Palm Ave & Fire Access Rolled Curb.
Cost = \$614.00

Item No. 2: AV - CRW PCO #4R – Fencing Changes. CFI COR 1-11.
Cost = \$839.00

Item No. 2: AV - CRW PCO #5 – Fencing Changes. CFI COR 10, 12, 13
Cost = \$1,665.00

Item No. 3: AE – CRW PCO #6 – Additional Charge from 100A Breaker to 150A Breaker in Rm 6.
Cost = \$2,289.00

Item No. 4: AV – CRW PCO #8 - Revised Landscaping scope. Add two hose bibs and irrigation Controller
Cost = \$1,108.00

Item No. 5: UC - CRW PCO #10 - Base Rock for ADA Ramp and Fire Access Lane on Palm
Cost = \$4,271.00

Total of all Items: \$10,786.00 + \$1,178,163.00 = \$1,188,949.00 (New contract total).

Total of all days added to contract: 0

On behalf of the Owner (PVUSD):

Signature: _____ Date: _____

Richard Muffikin, Director - Maintenance, Operations & Facilities Department

The Contractor accepts the above as full and complete compensation and contract time adjustments for the described change order request. The Contractor has no reservation of rights to adjust the contract amount or time based on this change order request unless there is a material change in the scope of work as described above and the Contractor provides notice immediately to the Owner or Construction Manager of any perceived change of scope and prior to performing any additional scope.

On behalf of the Contractor:

Signature: Bill Burr / Pres Date: 11/18/2015
CRW Industries

RECEIVED
PVUSD
MAINT. OPERATIONS
& FACILITIES
2015 NOV 23 PM 11:12



Board Agenda Backup

Item No: 9.16

Date: January 20, 2016

Item: Award the Valencia Elementary School, New Perimeter Chainlink Fence & Gates, Measure L Bond Project (Bid# B-15-01-12-846-8150)

Comments: Advertisement for this project started on October 22nd with both published announcements and individual invitations were sent to five fencing companies, two construction companies, and four Builders exchanges. On November 17th, 2015 a job walk with four companies represented took place. December 1st, 2015 the District received two sealed bids from the following contractors:

Golden Bay Fence Plus Iron Works, Inc.	\$100,306.00
Cyclone Fence and Iron	\$ 76,513.00

Overview: District staff reviewed both bid packets for this project. The apparent low bidder, Cyclone Fence and Iron bid was deemed incomplete. Golden Bay Fence plus Iron Works, Inc. submitted a clean bid which was \$10,000.00 under our project estimates.
The attached document shows the bid results.

Recommendation: It is recommended that the Board approve the Bid Proposal of Golden Bay Fence plus Iron Works, Inc. for \$100,306.00. In addition, it is recommended that the Board authorize the Director of Maintenance, Operations and Facilities to execute a construction agreement with the Contractor.

Budget Considerations:

Funding Source: Measure L Bond Funds

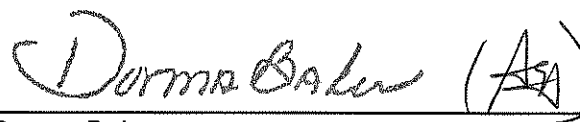
Budgeted: Yes: ☒ No: ☐

Amount: \$100,306.00

Prepared By:


Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:


Dorma Baker

[illegible]



Board Agenda Backup

Item No: 9.17

Date: January 20, 2016

Item: Award: Migrant Seasonal Head Start Exterior Improvements

Comments: Advertisement for this project started on November 23, 2015 with individual invitations to numerous Contractors. On August 5th the District received two sealed bids from the following contractors:

Knowlton Construction	\$ 69,154.00
Pueblo Construction	\$ 85,380.00
Scheel Construction	Declined to bid
Wolcott Construction	Declined to bid

Overview: District staff, reviewed both bid packets for this project. The apparent low bidder has been contacted and vetted to ensure their paperwork was in order. The apparent low bidder for this project is Knowlton Construction of Freedom, CA with a bid amount of \$69,154.00. Knowlton is also on the District's list of Pre-Qualified Contractors.

The attached document shows the bid results.

Recommendation: It is recommended that the Board approve the Bid Proposal of Knowlton Construction for the amount of \$69,154.00. In addition, it is recommended that the Board authorize the Director of Maintenance, Operations and Facilities to execute a construction agreement with the Contractor.

Budget Considerations:

Funding Source: Child Development - Fund 12


Budgeted: Yes: ☒ No: ☐

Amount: \$69,154.00

Prepared By:


Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:


Dorna Baker



Notes:

[illegible]



Board Agenda Backup

Item No: 9.18

Date: January 20, 2016

Item: Award - Migrant Seasonal Head Start – Interior Improvements Project

Comments: Advertisement for this project started on November 23, 2015 with individual invitations to various Contractors. On December 17, 2015 the District received two sealed bids from the following contractors:

Knowlton Construction	\$ 55,571.00
Pueblo Construction	\$ 41,963.00
Scheel Construction	Declined to submit
Wolcott Construction	Declined to submit

Overview: District staff, reviewed both bid packets for this project. The apparent low bidder has been contacted and vetted to ensure their paperwork was in order. The apparent low bidder for this project is Pueblo Construction of Seaside, CA with a bid amount of \$41,963.00. Pueblo Construction is also on the District's list of Pre-Qualified Contractors.

The attached document shows the bid results.

Recommendation: It is recommended that the Board approve the Bid Proposal of Pueblo Construction for the amount of \$41,963.00. In addition, it is recommended that the Board authorize the Director of Maintenance, Operations and Facilities to execute a construction agreement with the Contractor.

Budget Considerations:

Funding Source: Child Development – Fund 12

Budgeted: Yes: ☒ No: ☐

Amount: \$41,963.00

Prepared By:

Richard Mullikin
Richard Mullikin, Director of Maintenance, Operations & Facilities

Superintendent's Signature:

Dorma Baker
Dorma Baker

[illegible]



PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 11.1

Date: January 20, 2016

Item: Coordinate Board Representatives to District and Community Committees.

Overview: Attached is the form for 2016. It may list members of the Board who have expressed their preference for the committees they wish to serve in for this calendar year. As a reminder, no more than three members can volunteer to be in any one committee.

The following committees are in place:

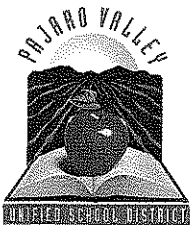
1. Community Advisory Committee – SELPA
2. District English Learners Advisory Committee (DELAC)
3. Inter-Governmental Relations
4. Migrant Head Start Policy Advisory
5. Pajaro Valley Prevention and Student Assistance (PVPSA)
6. Safety Committee
7. Drop Out Committee
8. SPECTRA (Visual and Performing Arts- VAPA)

Recommendation: Coordinate representation.

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature:

Dorma Baker (AB)



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

BOARD REPRESENTATIVES TO COMMITTEES 2016

COMMITTEE	NAMES	Dates/Times
Community Advisory Committee SELPA (CAC) (Toji Muramoto, toji@ucsc.edu ; 728-4532) (Lucila Bedolla, 786-2100 x2782)		
District English Learner Advisory Committee (ELAC) (Ruby Vasquez 786-2100 x2614)		
Inter-Governmental Relations (City Library, 2 nd Floor, Elizabeth 768-3010 elizabeth.padilla@cityofwatsonville.org)		
Migrant Head Start Policy Advisory (Angelica Renteria, Director 786-2186)		
Pajaro Valley Prevention Student Assistance (PVP SA) (Monica Torres - 728-6300 x 302)		
Safety (Rich Buse, x2195)		
Arts Education Advisory Committee - SPECTRA (Cultural Council of SCZ County, Sarah Brothers, sarah@ccscc.org , 475-9600 x20 e- mail: artsedcoord@ccscc.org)		
DropOut Committee Mark Brewer, 786-2395		



Board Agenda Backup

Item No: 11.2

Date: January 20, 2016

Item: Update on progress of Aptos High Solar installation

Overview: District staff will deliver a presentation on the progress of the Aptos High solar project. Presentation will include a history of the project and current timeline as well as possible factors that could delay project further.

Recommendation: Receive report and presentation

Budget Considerations:

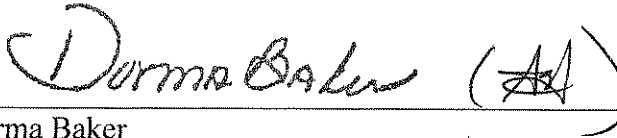
Funding Source: No budget expenditure, savings reverted to the General Fund

Budgeted: Yes: ☐ No: ☐

Amount: None

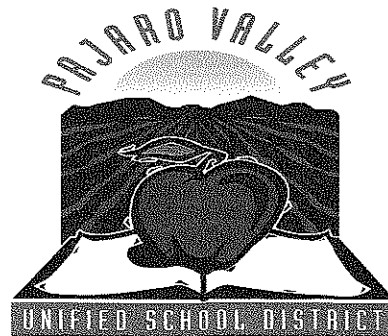
Prepared By: Steve Okamura, Energy Management Manager

Superintendent's Signature:

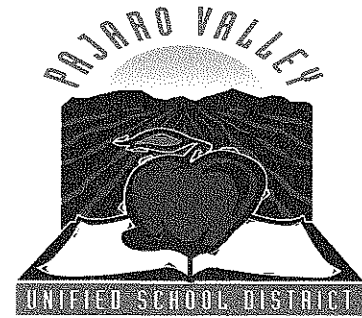

Dorma Baker

Pajaro Valley Unified School District Aptos High Solar Update

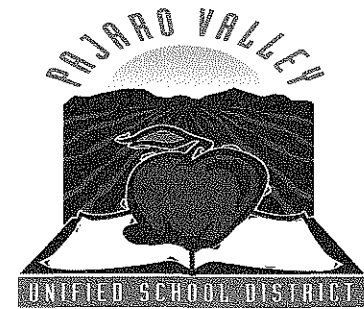
January 2016



Estimated Construction Timeline



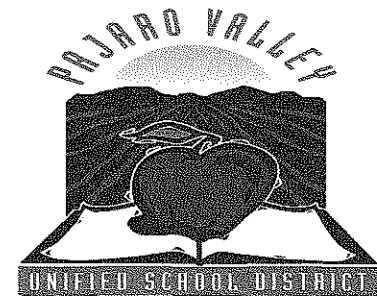
- From November 2013 to May 2014 design phase of project.
- From June to September of 2014 major construction portion of project to be completed.
- October to April 2015 the commissioning and 30 day proving period.
- April 2015 completion of project.



Actual Timeline for Aptos High

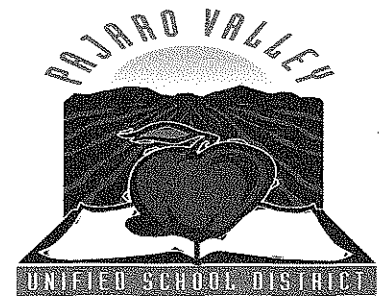
- Construction of solar project began June 2014.
- Trenching and concrete work was on schedule.
- Delay in obtaining steel for main structure, high demand for a specific kind of steel cited as the cause.
- Discovery of worn out switchgear during investigative shutdown October 2014
- Replacement design confirmed on December 2014
- PG&E application for new main switchgear submitted in January 2015
- Sunpower wanted to install the new pad during the summer break 2015. Civil soils engineer found problem with soils.
- Also site had problems with activities during the summer, did not approve shutdown.
- We had geotech testing done and then pad design had to be redone and approved by DSA. This process took us into October 2015.

Current timeline



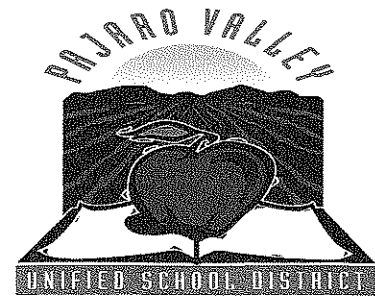
- Sunpower was scheduled to start the construction of the pad and installation of the main switchgear on December 7th 2015.
- Pad has been completed and we are just waiting for a one day shut down to core into the transformer and a five day shutdown to do final connections and power up.
- Estimated completion date of pad and switchgear is April 1st 2016. (to be done during spring break)
- Have okay from site to do five day shutdown, but having trouble getting site approval for the one day shutdown.
- As soon as the main switchgear install is complete the commissioning portion of the project will start and a PTO (permission to operate) with PG&E will be submitted

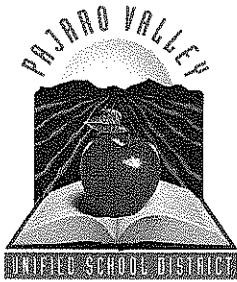
Possible Actions That Could Delay Project



- The major delay predicted will be the weather.
- The weather could not only delay the construction portion of the project but could delay the tie in of the new switchgear. PG&E crews will be diverted to emergencies and will not be available to do the connection.
- Site delays because of activities on campus. Trouble getting site to approve a time to do a shutdown, to finish install.

Questions





PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: **11.3**

Date: January 20, 2106

Item: Report on school best practices: Rio Del Mar Mathematics

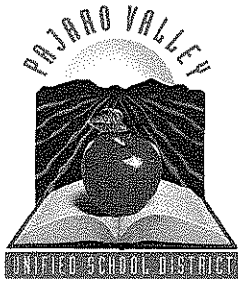
Overview: Rio del Mar will be presenting on mathematics talks and best practices in mathematics.

Recommendation: Report item only.

Prepared By: Lisa Aguerria Lewis, Assistant Superintendent, Elementary Education
Deborah Dorney, Principal, Rio del Mar Elementary School

Superintendent's Signature:

Dorinda Baker (A)



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: 11.4

Date: January 20, 2016

Item: Report and Discussion and the District's Super Saturday Program.

Overview: Administration will provide an update on Super Saturday program that was implemented to provide students with extended learning opportunities and district ADA recovery.

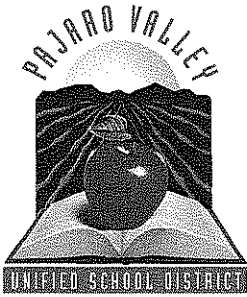
Recommendation: Report item only.

Prepared By: Mark Brewer, Assistant Superintendent

Superintendent's Signature:

Dorma Baker (A)

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: **12.1**

Date: January 20, 2016

Item: Resolution #15-16-14, Acknowledging School Counseling Week,
February 1-5, 2016

Overview: The attached is a resolution that outlines the importance and benefits of
school counseling services for our students.

Recommendation: Approve Resolution #15-16-14

Prepared By: Ian MacGregor, Assistant Superintendent, HR

Superintendent's Signature:

Dennis Baker (AA)



Acknowledging National School Counseling Week

February 1-5, 2016

Resolution 15-16-14

Whereas, school counselors are employed in public and private schools to help students reach their full potential; and

Whereas, school counselors are actively committed to helping students explore their abilities, strengths, interests, and talents as these traits relate to career awareness and development; and

Whereas, school counselors help parents focus on ways to further the educational, personal and social growth of their children; and

Whereas, school counselors work with teachers and other educators to help students explore their potential and set realistic goals for themselves; and

Whereas, school counselors seek to identify and utilize community resources that can enhance and complement comprehensive school counseling programs and help students become productive members of society; and

Whereas, school counselors help children to become members of teams that nurture their individual strengths across both personal and academic endeavors; and

Whereas, school counselors are specially trained to deliver a continuum of academic support that lower barriers to learning; and

Whereas, the Pajaro Valley Unified School District community should recognize the vital role that school counselors play in the personal and academic development of our children,

Whereas, comprehensive developmental school counseling programs are considered an integral part of the educational process that enables all students to achieve success in school;

Therefore, we, the Board of Trustees of Pajaro Valley Unified School District, do hereby proclaim February 1-5, 2016 as National School Counseling Week.

PASSED AND ADOPTED THIS 20th day of January, 2016 by the following vote:

AYES _____

NOES: _____

ABSTENTIONS: _____

ABSENT: _____

Attest:

President

Secretary, Dorma Baker



Board Agenda Backup

Item No: 12.2

Date: January 20, 2016

Item: Update to BP3350 Travel Policy

Overview: Board Travel Policy BP3350 is updated to coincide with current federal state, and local regulations as well as recommendations from CSBA.

Recommendation: Update Travel Policy BP3350 as directed.

Budget Considerations:

Funding Source:

Budgeted: Yes: ☐

No: ☐

Amount:

Prepared By: Melody Canady, Chief Business Officer

Superintendent's Signature:

Dorma Baker (A)

Business and Noninstructional Operations

BP 3350(a)

TRAVEL EXPENSES

The Governing Board recognizes that district employees may incur expenses in the course of performing their assigned duties and responsibilities. To ensure the prudent use of public funds, the Superintendent or designee shall establish rules to keep such expenses to a minimum while affording employees a reasonable level of safety and convenience.

(cf. 9250 - Remuneration, Reimbursement and Other Benefits)

The Board shall authorize payment for actual and necessary travel expenses incurred by any employee performing authorized services for the district, whether within or outside district boundaries. (Education Code 44032)

The Superintendent or designee shall establish procedures for the approval of travel requests and the submission and verification of expense claims. He/she also shall establish reimbursement rates in accordance with law and Board policy.

An employee shall obtain approval from the Superintendent or designee prior to traveling. The Superintendent or designee may approve travel requests in accordance with the adopted budget and upon determining that the travel is authorized or assigned by the employee's supervisor, is necessary to attend a conference or other staff development opportunity that will enhance employee performance, and/or is otherwise necessary to the performance of the employee's duties. Travel expenses not previously budgeted may be approved on a case-by-case basis by the Superintendent or designee if he/she determines that the travel is essential and that resources may be obtained or redirected for this purpose.

(cf. 3100 - Budget)

(cf. 3110 - Transfer of Funds)

(cf. 4131 - Staff Development)

(cf. 4231 - Staff Development)

(cf. 4331 - Staff Development)

All out-of-state travel for which reimbursement will be claimed shall be approved in advance by the Board or Superintendent.

Reimbursable travel expenses may include, but are not limited to, costs of transportation, parking fees, bridge or road tolls, lodging when district business reasonably requires an overnight stay in accordance with Internal Revenue Service Regulations, registration fees for seminars and conferences, telephone and other communication expenses incurred on district business, and other necessary incidental expenses.

TRAVEL EXPENSES (continued)

The district shall not reimburse personal travel expenses including, but not limited to, tips or gratuities, alcohol, entertainment, laundry, expenses of any family member who is accompanying the employee on district-related business, personal use of an automobile, and personal losses or traffic violation fees incurred while on district business.

Except as otherwise provided, reimbursement of travel expenses shall be based on actual expenses as documented by receipts.

Authorized employees shall be reimbursed for the use of their own private vehicles in the performance of assigned duties, on either a mileage or monthly basis as determined by the Superintendent or designee. (Education Code 44033)

The mileage allowance provided by the district for employees' use of their private vehicles shall be equal to the rate established by the Internal Revenue Service.

Vehicles should be shared whenever possible to minimize travel costs. No employee shall be entitled to reimbursement for automobile travel when he/she is transported free of charge or by another employee who is entitled to the expense reimbursement.

The district may choose whether to reimburse meal expenses on the basis of actual receipts (Option 1) or a per diem rate (Option 2). The Option must be written in the approved Administrative Procedure must apply to all reimbursements within a fiscal year.

OPTION 1: Meal costs shall be reimbursed based on documented actual expenses within the maximum amounts established by the Superintendent or designee and based on the time of day that travel for district business begins and ends.

OPTION 2: The Superintendent or designee shall establish a per diem allowance for meal costs incurred while traveling on district business based on the location and hours of travel. The per diem allowance shall not exceed the standard meal allowance for business-related travel prescribed for within the Internal Revenue Service Regulations.

TRAVEL EXPENSES (continued)

All expense reimbursement claims shall be submitted on a district form, within 3 months following return from travel. The form shall be accompanied by receipts and any explanation necessary to document that the expenses meet district criteria for reimbursement.

The Superintendent or designee shall approve expense claims only upon verifying that all necessary documentation is provided and that all expenses are appropriate and related to district business. If an expense claim is disallowed due to lack of documentation or inappropriate expenses, the employee may be personally responsible for any improper costs incurred.

When necessary, the Superintendent or designee may approve a cash advance, not to exceed the estimated out-of-pocket reimbursable expenses, to an employee authorized to travel on district business. Within 3 months following return from travel, the employee shall submit a final accounting with all necessary supporting documentation. He/she shall refund to the district any amount of cash advance exceeding the actual approved reimbursable expenses. Any funds not accounted for will be added to the employees W2 in accordance with Internal Revenue Service Regulations and could result in the amount being reported to a credit collection agency.

*Legal Reference:*EDUCATION CODE

42634 Itemization of expenses

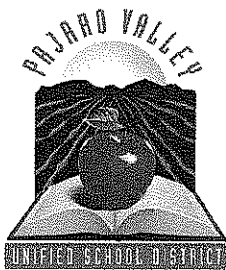
44016 Travel expense to employment interview

44032 Travel expenses

44033 Automobile allowance

44802 Student teacher's travel expense

*Management Resources:*INTERNAL REVENUE SERVICE PUBLICATIONSPer Diem Rates (For Travel Within the Continental United States), Publication 1542WEB SITESInternal Revenue Service: <http://www.irs.gov>U.S. General Services Administration, Per Diem Rates: <http://www.gsa.gov/perdiem>



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: 12.3

Date: January 20, 2016

Item: Fiscal Year 2014-15 Annual Financial Report and Audit

Overview: The district is required to have an annual audit conducted by an independent, state certified auditor who examines the records of the district and the procedures used in processing fiscal transactions and maintaining financial records. The audit for the 2014-15 fiscal year was performed by Vavrinek, Trine, Day & Co. and is presented to the board for review pursuant to Education Code Section 41020.3:

41020.3 "By January 31 of each year, the governing body of each local education agency shall review, at a public meeting, the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or management letter issue. This review shall be placed on the agenda of the meeting pursuant to Section 35145."

Opinions of the auditor

The auditing team found the district's financial records to represent the true financial condition of the district and that there were no material weaknesses in the internal control over financial reporting. In addition, the auditor found that the district complied, in all material respects, with State laws and regulations and with the requirements of each of the Federal programs operated by the district in the fiscal year audited.

Findings and recommendations

The audit notes that no major findings or exceptions were found. When accounting for all district funds, district financial and program staff oversee a combined budget totaling more than \$268 million annually. This includes the administration, accounting and oversight of over multiple different federal, state and local programs.

Recommendation: Approve the 2014-15 Financial Report and Audit as presented.

Prepared By: Melody Canady, Chief Business Officer
Helen Bellonzi, Director of Finance

Superintendent's Signature:

Dermot Baker (AB)

**PAJARO VALLEY UNIFIED
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2015**

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Funds - Balance Sheet	15
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	19
Proprietary Fund - Statement of Net Position	21
Proprietary Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	22
Proprietary Fund - Statement of Cash Flows	23
Fiduciary Funds - Statement of Net Position	24
Fiduciary Funds - Statement of Changes in Net Position	25
Notes to Financial Statements	26

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	66
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	67
Schedule of the District's Proportionate Share of the Net Pension Liability	68
Schedule of District Pension Contributions	69

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	71
Local Education Agency Organization Structure	73
Schedule of Average Daily Attendance - District	74
Schedule of Average Daily Attendance - Charter Schools	75
Schedule of Instructional Time - District	76
Schedule of Instructional Time - Charter Schools	77
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	78
Schedule of Financial Trends and Analysis	79
Schedule of Charter Schools	80
Charter Schools - Schedule of Changes in Fund Balances	81
First 5 Monterey Grant - Schedule of Grant Revenues and Expenditures	82
Non-Major Governmental Funds - Combining Balance Sheet	83
Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85
Note to Supplementary Information	87

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

INDEPENDENT AUDITOR'S REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	90
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	92
Report on State Compliance	94

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	97
Financial Statement Findings	98
Federal Awards Findings and Questioned Costs	99
State Awards Findings and Questioned Costs	100
Summary Schedule of Prior Audit Findings	101

FINANCIAL SECTION

This page left blank intentionally.



INDEPENDENT AUDITOR'S REPORT

Governing Board
Pajaro Valley Unified School District
Watsonville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pajaro Valley Unified School District (the District) as of and for the year ended June 30, 2015, 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Pajaro Valley Unified School District, as of June 30, 2015, 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, such as management's discussion and analysis, budgetary comparison, other postemployment benefit information, the District's proportionate share of the net pension liability and the District's pension contribution, 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 Pajaro Valley Unified School District's basic financial statements. The other supplementary information as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is 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 15, 2015, on our consideration of the Pajaro Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pajaro Valley Unified School District's internal control over financial reporting and compliance.



Palo Alto, California
December 15, 2015



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

294 Green Valley Road, Watsonville, CA 95076
(831) 786-2100

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the 2014-2015 Annual Financial Audit summarizes the District's financial performance during the 2014-2015 fiscal year ending June 30, 2015. The District's financial systems and reporting adhere to standards and requirements prescribed under the Governmental Accounting Standards Board (GASB), State Board of Education, federal law, and the California *Education Code*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Pajaro Valley Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

- The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present major governmental activities in accordance with accrual accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.
- The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.
- The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

The Pajaro Valley Unified School District is the primary governmental agency represented in this audit. The District also includes five charter schools established and overseen pursuant to the *Education Code*. They include Linscott Elementary, Watsonville School of the Arts, Pacific Coast Charter School, Alianza Charter School, and Academic Vocational Charter Institute. Financial information for the charter schools is included in the special revenue, charter school fund of the District. Separately issued financial statements for the charter schools are not prepared.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. These statements are one measure of the District's financial health and position. Over time, increases or decreases in the District's net position is one indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

Overall, these factors are subject to significant influences from state and federal education funding policies. As a result of current economic conditions, they have undergone dramatic fluctuations over the past five fiscal years. These changes have largely been unforeseen and unprecedented. Projections indicate this condition will continue over the next two fiscal years.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to all students, and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the instructional program, academic achievement among students, and the safety and condition of school facilities are important components in the evaluation of District effectiveness.

In the *Statement of Net Position* and the *Statement of Activities*, we include the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, other student services, and the on-going effort to improve and maintain buildings and sites. Property taxes, state education funding, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by general obligation bond covenants. In addition, District leadership establishes many other funds to provide appropriate fiscal control and accountability to manage money for particular purposes. Specified funds will also provide legally required reporting demonstrating the District's compliance with state and federal education funding requirements and other legal/statutory guidelines.

Governmental Funds - Most of the District's basic services are reported in governmental funds. These focus on how money flows into and out of those funds and the balances left at year-end. Specific funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance District programs. The differences of results in the governmental fund financial statements compared to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, such as funds for associated student body activities, scholarships, and employee retiree benefits. The District's fiduciary activities are reported in the Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its general operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

THE DISTRICT AS A WHOLE

Net Position

The District's net position was -\$81.1 million and -\$54.0 million for the fiscal years ended June 30, 2015 and 2014, respectively. Of this amount, -\$157.6 million and -\$156.9 million were unrestricted for fiscal years ending June 30, 2015 and 2014, respectively. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

TABLE 1

	Governmental Activities	
	2015	2014*
Current and other assets	\$ 129,499,613	\$ 152,870,134
Loan receivable	1,878,915	2,024,952
Capital assets	141,954,423	142,361,430
Total Assets	273,332,951	297,256,516
Deferred charge on refunding	2,296,806	2,623,810
Current year pension contribution	12,581,266	9,968,558
Total Deferred Outflow of Resources	14,878,072	12,592,368
Current liabilities	27,374,275	21,712,074
Long-term debt	169,342,098	174,308,991
Aggregate net pension liability	135,891,024	167,819,013
Total Liabilities	332,607,397	363,840,078
Difference between actual and expected rate of investment return	36,692,145	-
Total Deferred Inflows of Resources	36,692,145	-
Net investment in capital assets	55,551,652	62,453,586
Restricted	20,979,189	40,501,957
Unrestricted	(157,619,360)	(156,946,737)
Total Net Position	\$ (81,088,519)	\$ (53,991,194)

*Adjusted for the adoption of GASB Statement No. 68.

The -\$157.6 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Changes in Net Position

The results of 2014-2015 general operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement and rearranges it slightly so you can see our total revenues and expenses for the year.

TABLE 2

	Governmental Activities	
	2015	2014*
Revenues		
Program revenues:		
Charges for services	\$ 723,335	\$ 983,043
Operating grants and contributions	69,382,234	68,616,014
General revenues:		
Federal and state sources	102,513,325	88,793,969
Property taxes	63,367,431	61,119,533
Other general revenues	5,389,164	6,632,334
Total Revenues	241,375,489	226,144,893
Expenses		
Instruction related	193,279,515	179,619,607
Student support services	33,820,063	30,136,227
Administration	12,636,048	5,023,617
Maintenance and operations	21,042,314	19,737,650
Other	7,694,872	8,067,487
Total Expenses	268,472,812	242,584,588
Change in Net Position	\$ (27,097,323)	\$ (16,439,695)

*Not adjusted for the adoption of GASB Statement No. 68.

Governmental Activities

As reported in the Statement of Activities, the cost of all of governmental activities in 2014-2015 was \$268.5 million. However, the amount that District taxpayers ultimately financed for related activities through local taxes was only \$63.4 million. This is because \$70.1 million was paid by those benefiting from District programs or by other governments and organizations who subsidized certain programs with grants and contributions. The District paid for the remaining "public benefit" portion of its governmental activities with \$135 million in State and federal funds and with other revenues, such as interest and general entitlements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

In Table 3, we have presented the net cost of each of the District's largest functions - (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows members of the public to consider the cost of each function in comparison to the benefits they believe are provided by that function.

TABLE 3

	Net Cost of Services	
	2015	2014
Instruction and instruction related	\$ 142,454,411	\$ 126,523,092
Pupil services	20,128,138	16,997,815
General administration	10,645,340	3,394,511
Maintenance and operations	18,834,162	19,206,727
Other	6,305,192	6,863,386
Totals	\$ 198,367,243	\$ 172,985,531

GENERAL FUND HIGHLIGHTS

A district of this size and complexity will often see a three to five percent swing in its final ending balance between estimated and unaudited actuals. In addition, district revenues and expenditures are now influenced by changes in the state's Local Control Funding Formula (LCFF). In 2013-14, the ending balance increased by 2.8 percent from the district's June estimates. For 2014-15, the district's ending balance increased by 4.0 percent. This was primarily due to increases in LCFF revenue adopted by the state and a decrease in expenditures. District staff provided the Board of Trustees and public information highlighting projected and actual variances to the District's expenditures and revenues over the course of the fiscal year. This is a standard practice. This information can be found on the District's website (www.pvUSD.net) in the Business Services section.

2014-15 fiscal year was the second year of working with the newly implemented Local Control Funding Formula (LCFF) and Local Control Accountability Plan (LCAP). The district engaged the various stakeholder groups to provide specific input and implementation requirements for the LCAP. The district continued to align the budget and its LCAP as required by law. The district's current year LCAP was adopted as part of its 2015-16 Budget.

As part of the LCAP the district brought in additional counselors, coaches to assist teachers in specific content areas, and continued to phase in the K-3 class-size reduction.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015 and 2014, the District had \$142.0 million and \$142.4 million, net of depreciation in a broad range of capital assets including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of just under \$0.4 million, or 0.3 percent, from last year.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

TABLE 4

	Governmental Activities	
	2015	2014
Land	\$ 17,055,144	\$ 17,055,144
Construction in progress	11,556,908	6,277,875
Buildings and improvements	269,666,201	264,315,420
Equipment	5,837,139	5,613,474
Accumulated depreciation	(162,160,969)	(150,900,483)
Totals	\$ 141,954,423	\$ 142,361,430

This year's additions to capital assets of \$10.8 million (excluding depreciation) are primarily from site improvement and Measure L projects at various sites. Projects were started using the District's Measure L general obligation bond funds and approximately \$9.7 million of the additions to capital assets were Measure L projects. Measure L was enacted by District voters in November 2012.

Long-Term Debt

At the end of this year, the District had \$137.8 million in bonds outstanding. The District's long-term debt is summarized below.

TABLE 5

	Governmental Activities	
	2015	2014*
General obligation bonds	\$ 132,204,928	\$ 137,835,042
Bond premium	5,119,830	5,404,190
Accumulated vacation - net	2,825,256	2,546,375
Supplemental employees retirement plan	922,287	2,935,966
Capital leases	2,280,557	702,702
Other post employment benefits	31,886,318	24,884,717
Net pension liability	135,891,024	167,819,013
Totals	\$ 311,130,200	\$ 342,128,004

*Adjusted for the adoption of GASB Statement No. 68.

The State limits the amount of general obligation debt school districts can issue to 2.5 percent of the assessed value of all taxable property within a district's legal boundaries.

Other financial obligations include compensated absences payable, capital leases, and other long-term debt. We present more detailed information regarding the District's long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

As a result of the pension reform within the State of California, in 2014-15 the state required the District to record \$102.7 million and \$33.2 million as the District's portion of the State Teachers Retirement System liability and California Public Employees Retirement System, respectively.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW:

During the 2014-15 fiscal year, as a result of the implementation of the LCFF and LCAP, the District experienced the following accomplishments:

- Visual and Performing Arts was introduced to the elementary schools through providing release time teachers and purchased musical instruments and art supplies
- The afterschool program was integrated with the curriculum department in order to support the daily activities in the classroom
- Brought in additional coaches to assist teachers in specific content areas
- Continued to phase in the K-3 class-size reduction
- Hired a Director of Equity, Categorical Program, and Accountability to coordinate English Language development assessment to identify areas of improvement
- Hired additional counselors to help students with social and emotional issues
- Hired additional parent liaisons at the district level to support continued parent outreach

FISCAL OUTLOOK FOR 2015-16

In considering the District Budget for the 2015-2016 year, the District Board and management used the following criteria:

The key assumptions in our forecast are:

1. Projection of LCFF revenue based on the FCMAT/BASC calculator
2. The District's ADA has been projected at the same level as prior year
3. Employee benefits will be increased by 1.48%
4. STRS and PERS (employee retirement systems) rates are increasing 1.85% and 0.076%, respectively

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The annual financial report is designed to provide District citizens, taxpayers, investors and creditors with a general overview of the District's finances and accountability for the public funds it administers under law. For additional information and/or questions about this report or other District financial activities, please contact:

Melody Canady
Chief Business Officer
294 Green Valley Road, Watsonville, CA 95076
Melody_Canady@pvusd.net

Helen Bellonzi
Director of Fiscal Services
294 Green Valley Road, Watsonville, CA 95076
Helen_Bellonzi@pvusd.net

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2015

	Governmental Activities
ASSETS	
Deposits and investments	\$ 115,507,970
Receivables	13,621,440
Prepaid expenses	100,000
Stores inventories	270,203
Current portion of loan receivable	196,128
Noncurrent portion of loan receivable	1,682,787
Capital assets not depreciated	28,612,052
Capital assets, net of accumulated depreciation	113,342,371
Total Assets	273,332,951
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	2,296,806
Current year pension contribution	12,581,266
Total Deferred Outflows of Resources	14,878,072
LIABILITIES	
Accounts payable	8,682,392
Interest payable	1,893,830
Unearned revenue	2,373,059
Claim liabilities	8,527,916
Current portion of long-term obligations	5,897,078
Noncurrent portion of long-term obligations other than pensions	169,342,098
Aggregate net pension liability	135,891,024
Total Liabilities	332,607,397
DEFERRED INFLOWS OF RESOURCES	
Difference between actual and expected rate of investment return	36,692,145
Total Deferred Inflows of Resources	36,692,145
NET POSITION	
Net investment in capital assets	55,551,652
Restricted for:	
Debt service	4,513,846
Capital projects	1,799,890
Food program	4,334,960
Child development program	17,366
Charter schools	1,871,443
Self-Insurance	122,913
Educational programs	8,318,771
Unrestricted	(157,619,360)
Total Net Position	\$ (81,088,519)

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 148,739,717	\$ 71,655	\$ 37,574,856	\$ (111,093,206)
Instruction-related activities:				
Supervision of instruction	21,854,103	13,795	12,332,693	(9,507,615)
Instructional library, media, and technology	4,688,078	1,251	479,686	(4,207,141)
School site administration	17,997,617	635	350,533	(17,646,449)
Pupil services:				
Home-to-school transportation	7,391,319	451	23,753	(7,367,115)
Food services	10,559,874	571,316	9,386,148	(602,410)
All other pupil services	15,868,870	5,174	3,705,083	(12,158,613)
Administration:				
Data processing	2,240,744	174	7,609	(2,232,961)
All other administration	10,395,304	23,734	1,959,191	(8,412,379)
Plant services	21,042,314	5,319	2,202,833	(18,834,162)
Ancillary services	1,723,534	205	67,440	(1,655,889)
Community services	26,232	8	369	(25,855)
Interest on long-term obligations	5,196,437	-	-	(5,196,437)
Other outgo	748,669	29,618	1,292,040	572,989
Total Governmental Activities	\$ 268,472,812	\$ 723,335	\$ 69,382,234	(198,367,243)
General revenues and subventions:				
Property taxes, levied for general purposes				54,792,913
Property taxes, levied for debt service				8,125,690
Taxes levied for other specific purposes				448,828
Federal and State aid not restricted to specific purposes				102,513,325
Interest and investment earnings				120,162
Miscellaneous				5,269,000
Subtotal, General Revenues				171,269,918
Change in Net Position				(27,097,325)
Net Position - Beginning, as restated (Note 18)				(53,991,194)
Net Position - Ending				\$ (81,088,519)

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 25,744,858	\$ 52,282,991	\$ 15,510,289	\$ 93,538,138
Receivables	10,356,293	-	3,265,147	13,621,440
Due from other funds	15,191,334	-	-	15,191,334
Prepaid expenses	100,000	-	-	100,000
Stores inventories	168,020	-	102,183	270,203
Total Assets	<u>\$ 51,560,505</u>	<u>\$ 52,282,991</u>	<u>\$ 18,877,619</u>	<u>\$ 122,721,115</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,419,641	\$ 1,374,886	\$ 774,512	\$ 8,569,039
Due to other funds	-	2,368	1,983,316	1,985,684
Unearned revenue	1,836,762	-	536,297	2,373,059
Total Liabilities	<u>8,256,403</u>	<u>1,377,254</u>	<u>3,294,125</u>	<u>12,927,782</u>
Fund Balances:				
Nonspendable	388,020	-	102,183	490,203
Restricted	8,318,771	50,905,737	14,329,152	73,553,660
Committed	17,580,000	-	1,152,159	18,732,159
Assigned	3,531,928	-	-	3,531,928
Unassigned	13,485,383	-	-	13,485,383
Total Fund Balances	<u>43,304,102</u>	<u>50,905,737</u>	<u>15,583,494</u>	<u>109,793,333</u>
Total Liabilities and Fund Balances	<u>\$ 51,560,505</u>	<u>\$ 52,282,991</u>	<u>\$ 18,877,619</u>	<u>\$ 122,721,115</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2015

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance - Governmental Funds **\$ 109,793,333**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 304,115,392	
Accumulated depreciation is	<u>(162,160,969)</u>	
Net Capital Assets		141,954,423

Expenditures relating to contributions made to pension plans are expensed when paid, but are not recognized on the accrual basis in the governmental funds. However, in the government-wide financial statements, as required by GASB 68, they are deferred and expensed in the subsequent year.

12,581,266

In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.

(1,893,830)

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

122,913

The difference between projected and actual pension plan investment earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.

(36,692,145)

Long-term loan receivable is not received during the current year and, therefore are not reported as receivable in the government funds.

1,878,915

Deferred charges on refunding related to the loss on refunding of debt which is classified as a deferred outflow of resources and expensed over the life of the debt on the government-wide financial statements, but were recorded as an expenditure in the governmental fund statements when the debt was issued.

2,296,806

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)

JUNE 30, 2015

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Bonds payable	(132,204,928)	
Unamortized bond premium	(5,119,830)	
Capital leases payable	(2,280,557)	
Compensated absences (vacations)	(2,825,256)	
Supplemental employee retirement plan	(922,287)	
OPEB obligations	(31,886,318)	
Net pension liability	<u>(135,891,024)</u>	
Total Long-Term Liabilities		(311,130,200)
Total Net Position - Governmental Activities		<u><u>\$ (81,088,519)</u></u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	\$ 140,356,152	\$ -	\$ 12,979,931	\$ 153,336,083
Federal sources	21,675,092	-	15,992,400	37,667,492
Other state sources	29,454,110	-	5,360,774	34,814,884
Other local sources	3,507,507	263,361	10,506,854	14,277,722
Total Revenues	<u>194,992,861</u>	<u>263,361</u>	<u>44,839,959</u>	<u>240,096,181</u>
EXPENDITURES				
Instruction	122,467,914	-	15,930,895	138,398,809
Instruction-related activities:				
Supervision of instruction	17,480,180	-	2,572,648	20,052,828
Instructional library, media and technology	3,767,301	-	519,532	4,286,833
School site administration	11,444,337	-	5,057,170	16,501,507
Pupil services:				
Home-to-school transportation	6,748,749	-	-	6,748,749
Food services	-	-	9,720,847	9,720,847
All other pupil services	13,323,292	-	1,233,821	14,557,113
Administration:				
Data processing	2,082,487	-	-	2,082,487
All other administration	8,497,522	-	804,265	9,301,787
Plant services	16,494,721	892,339	1,926,191	19,313,251
Facility acquisition and construction	849,390	9,875,565	170,018	10,894,973
Ancillary services	1,557,521	-	30,924	1,588,445
Community services	24,380	-	-	24,380
Other outgo	602,632	-	-	602,632
Debt service				
Principal	689,894	-	6,250,000	6,939,894
Interest and other	18,789	-	4,589,486	4,608,275
Total Expenditures	<u>206,049,109</u>	<u>10,767,904</u>	<u>48,805,797</u>	<u>265,622,810</u>
Excess of Expenditures Over Revenues	<u>(11,056,248)</u>	<u>(10,504,543)</u>	<u>(3,965,838)</u>	<u>(25,526,629)</u>
Other Financing Sources (Uses)				
Transfers in	16,356,307	-	972,594	17,328,901
Other sources	2,267,749	-	-	2,267,749
Transfers out	(972,594)	-	-	(972,594)
Net Financing Sources (Uses)	<u>17,651,462</u>	<u>-</u>	<u>972,594</u>	<u>18,624,056</u>
NET CHANGE IN FUND BALANCES	<u>6,595,214</u>	<u>(10,504,543)</u>	<u>(2,993,244)</u>	<u>(6,902,573)</u>
Fund Balance - Beginning	<u>36,708,888</u>	<u>61,410,280</u>	<u>18,576,738</u>	<u>116,695,906</u>
Fund Balance - Ending	<u>\$ 43,304,102</u>	<u>\$ 50,905,737</u>	<u>\$ 15,583,494</u>	<u>\$ 109,793,333</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds \$ (6,902,573)
**Amounts Reported for Governmental Activities in the Statement
of Activities are Different Because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:

Depreciation expense	\$ (11,260,486)	
Capital outlays	<u>10,853,479</u>	
Net Expense Adjustment		(407,007)

In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned by \$278,882. (278,882)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows, and net pension liability during the year. (2,151,448)

Payment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 689,894

Payment of the principal of general obligation bonds is an expenditure in the governmental funds, but reduces the long-term liabilities in the statement of net position and does not affect the statement of activities. 6,250,000

Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. 74,368

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED JUNE 30, 2015

Accreted interest on capital appreciation bonds is not recorded in the governmental funds, but it increases the bond principal in the statement of net position and increases interest expense in the statement of activities.		(619,886)
Other postemployment benefit expenditures are recorded in the governmental funds to the extent of amounts actually funded. However, in the statement of activities, the expense is recorded for the full amount of the accrual-basis annual OPEB cost.		(7,001,601)
Amortization of premium and refunding costs are not recorded in the governmental funds, but they impact the statement of activities. The net amortization amount during the year is as follows:		
Premium on general obligation bonds	284,360	
Defeasance costs on general obligation bonds	<u>(327,004)</u>	
Net amortization		(42,644)
Equipment acquired under the terms of a capital lease is recognized as revenues in the governmental funds but is recognized as liabilities in the government-wide statements.		(2,267,749)
Supplemental employee retirement plan payment is an expenditure in the governmental funds, but it decreases the long-term liabilities in the statement of net position and does not affect the statement of activities.		2,013,679
Amounts loaned to charter schools are recorded as expenditures in the governmental funds. However, the amount paid is not an expense in the statement of activities. Instead, it increases the loan receivable in the statement of net position.		(146,037)
An internal service fund is used by the District's management to charge the costs of the various insurance programs to the individual funds. The net expenses of the internal service fund is reported with governmental activities.		<u>(16,307,439)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (27,097,325)</u></u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	\$ 21,969,832
Total Current Assets	<u>21,969,832</u>
LIABILITIES	
Current Liabilities	
Accounts payable	113,353
Due to other funds	13,205,650
Non-current Liabilities	
Claim liabilities	<u>8,527,916</u>
Total Current Liabilities	<u>21,846,919</u>
NET POSITION	
Restricted for insurance programs	<u>122,913</u>
Total Net Position	<u>\$ 122,913</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In-district contributions	\$ 5,181,769
Total Operating Revenues	<u>5,181,769</u>
OPERATING EXPENSES	
Claims and insurance expense	5,218,956
Total Operating Expenses	<u>5,218,956</u>
Operating deficit	<u>(37,187)</u>
NONOPERATING REVENUES	
Interest income	86,055
Transfers out	(16,356,307)
Total Nonoperating Expenses	<u>(16,270,252)</u>
Change in Net Position	(16,307,439)
Total Net Position - Beginning	16,430,352
Total Net Position - Ending	<u><u>\$ 122,913</u></u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 5,181,919
Cash received from assessments made to other funds	97,376
Cash payments for insurance claims	<u>2,274,395</u>
Net Cash Provided by Operating Activities	<u>7,553,690</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Transfers out	(16,356,307)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>86,055</u>
Net Decrease in Cash and Cash Equivalents	(8,716,562)
Cash and Cash Equivalents - Beginning	<u>30,686,394</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 21,969,832</u></u>
RECONCILIATION OF OPERATING DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating deficit	\$ (37,187)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	150
Due from other funds	97,376
Accrued liabilities	(627,267)
Claims liabilities	(2,795,720)
Due to other funds	<u>10,916,338</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 7,553,690</u></u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

	Retiree Benefits Trust	Scholarship Trust	Agency Funds
ASSETS			
Deposits and investments	\$ 4,713,893	\$ 2,304,341	\$ 360,617
Accounts receivable	-	1,500	-
Total Assets	<u>4,713,893</u>	<u>2,305,841</u>	<u>\$ 360,617</u>
LIABILITIES			
Accounts payable	51,705	251,684	\$ -
Due to student groups	-	-	360,617
Total Liabilities	<u>51,705</u>	<u>251,684</u>	<u>\$ 360,617</u>
NET POSITION			
Held in trust for scholarship and retiree benefits	4,662,188	2,054,157	
Total Net Position	<u>\$ 4,662,188</u>	<u>\$ 2,054,157</u>	

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Retiree Benefits Trust	Scholarship Trust
ADDITIONS		
Private donations	\$ -	\$ 206,782
District contributions	3,770,427	-
Investment income	8,832	10,171
Total Additions	3,779,259	216,953
DEDUCTIONS		
Benefit payments	3,305,675	-
Scholarships awarded	-	207,640
Total Deductions	3,305,675	207,640
Change in Net Position	473,584	9,313
Net Position - Beginning	4,188,604	2,044,844
Net Position - Ending	\$ 4,662,188	\$ 2,054,157

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Pajaro Valley Unified School District was unified in 1964 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates sixteen elementary, six middle, three high school, one community day school, one continuation high school, an adult education school, twelve childcare centers, a migrant center and five charter schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Pajaro Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units – Charter Schools

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to operate charter schools authorized by the District.

The District has approved Charters for Academic Vocational, Alianza Elementary, Linscott Elementary, Watsonville School of Arts, Pacific Coast and Ceiba Charter School pursuant to *Education Code* Section 47605. All Charter Schools, except Ceiba, are operated by the District and their financial activities are accounted for in the charter school special revenue fund. Ceiba Charter School is not a component unit of the District.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Joint Powers Agencies and Public Entity Risk Pools The District is associated with Schools Association For Excess Risk (SAFER), Protection Insurance Program for Schools (PIPS), Self Insured Schools of California (SISC) for medical and vision insurance, and public entity risk pools Benefit Liability Excess Fund (BeLiEF) that provides insurance coverage to the District. These organizations do not meet the criteria for inclusion as component units, so they are not component units of the District for financial reporting purposes. The District also participates in the Henry J. Mello Center for the Performing Arts Administration Agency (the JPA), through a joint powers agreement with the City of Watsonville and the District. Each member's board appoints three directors. The JPA was established for the purpose of administering all functions necessary for the operation and maintenance of the Performing Arts Center (the Center). On August 2, 1994, the JPA entered into a management, operation and maintenance agreement with the Pajaro Valley Performing Arts Association (PVPAA), a tax exempt, nonprofit public benefit corporation. The agreement was for a period of ten years and has been reviewed and continued annually, whereby; PVPAA shall operate the Center and perform all services reasonably required in connection with the management and operation of the Center. PVPAA shall pay costs and operating expenses of every kind pertaining to the Center's operation.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The 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. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Adult Education Fund The Adult Education Fund is used to account separately for federal, State, and local resources committed for adult education programs and is to be expended for adult education purposes only.

Charter Schools Fund This fund may be used by authorizing Districts to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Child Development Fund The Child Development Fund is used to account separately for federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for resources committed for deferred maintenance purposes.

Debt Service Funds The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term obligations.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*Education Code* Sections 15125-15262).

Capital Project Funds The Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of capital facilities and other major capital assets (other than those financed by proprietary funds and trust funds).

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

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has only one internal service fund which is Self-Insurance fund.

Self-Insurance Fund Self-Insurance Fund may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates workers' compensations, health, dental and vision programs that are accounted for in the Self-Insurance fund.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Fiduciary Funds Fiduciary Funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds are Retiree Benefits Trust and Private Purpose Scholarship Trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position use is 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 net position use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a 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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Certain grants received before the eligibility requirements are met 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 they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2015, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County and State investment pools are determined by the program sponsor.

Prepaid Expenditures/Expenses

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. 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 expenditures/expenses over the benefiting period.

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$25,000 with the exception to federally funded equipment which has a threshold of \$2,000 for expenditures pertaining to Food Services and \$5,000 for all others. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified and certificated school members who retire after January 1, 1999. At retirement, each member will receive service credit for each day of unused sick leave per STRS and PERS regulations.

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 governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt obligations and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized amount on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board, chief business officer and assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund insurance premium. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental columns of the statement of activities.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Estimates

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

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Cruz bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Changes in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$157,850,455. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 93,538,138
Proprietary fund	21,969,832
Fiduciary funds	7,378,851
Total Deposits and Investments	<u>\$ 122,886,821</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 1,652,905
Cash in revolving	55,000
Investments	121,178,916
Total Deposits and Investments	<u>\$ 122,886,821</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the U.S. Government bonds are not required to be rated, nor have they been rated as of June 30, 2015. Pooled investments, such as the county pool and mutual funds were not rated.

Interest Rate Risk

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

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

Investment Type	Cost	Fair Value	Maturity in Years
U.S. Government Bonds	\$ 19,900	\$ 23,028	1.88
Mutual Funds	2,602,771	2,602,771	N/A
County Pool	118,556,245	118,463,178	1.00
Total	<u>\$ 121,178,916</u>	<u>\$ 121,088,977</u>	

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance of \$990,825 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government				
Categorical aid	\$ 5,446,057	\$ 2,212,055	\$ 7,658,112	\$ -
State Government				
State principal apportionment	1,363,633	133,530	1,497,163	-
Categorical aid	864,805	643,614	1,508,419	-
Lottery	1,654,969	133,833	1,788,802	-
Other Local Sources	1,026,829	142,115	1,168,944	1,500
Total	<u>\$ 10,356,293</u>	<u>\$ 3,265,147</u>	<u>\$ 13,621,440</u>	<u>\$ 1,500</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 17,055,144	\$ -	\$ -	\$ 17,055,144
Construction in Progress	6,277,879	9,770,814	4,491,785	11,556,908
Total Capital Assets Not Being Depreciated	23,333,023	9,770,814	4,491,785	28,612,052
Capital Assets Being Depreciated:				
Buildings and Improvements	264,315,416	5,350,785	-	269,666,201
Furniture and Equipment	5,613,474	223,665	-	5,837,139
Total Capital Assets Being Depreciated	269,928,890	5,574,450	-	275,503,340
Less Accumulated Depreciation:				
Buildings and Improvements	146,998,776	10,952,643	-	157,951,419
Furniture and Equipment	3,901,707	307,843	-	4,209,550
Total Accumulated Depreciation	150,900,483	11,260,486	-	162,160,969
Capital Assets Being Depreciated, Net Governmental Activities	119,028,407	(5,686,036)	-	113,342,371
Capital Assets, Net	<u>\$ 142,361,430</u>	<u>\$ 4,084,778</u>	<u>\$ 4,491,785</u>	<u>\$ 141,954,423</u>

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

Governmental Activities	
Instruction	\$ 6,485,133
Supervision of instruction	939,642
Instructional library and media	200,874
School site administration	773,233
Home to school transpiration	316,235
Food services	455,502
All other pupil services	682,122
Ancillary services	74,432
Community services	1,142
All general administration	329,603
Data processing services	97,582
Plant services	904,986
Total Depreciation Expense	<u>\$ 11,260,486</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivables and payable balances arise from interfund transactions and are recorded by all funds affected in the period which transactions are executed. Interfund receivable and payable balances at June 30, 2015, between major and non-major governmental funds, proprietary funds and fiduciary funds are as follows:

	Due To	Due From General Fund
Building Fund		\$ 2,368
Non-Major Governmental Funds		1,983,316
Proprietary Fund		13,205,650
Total		<u>\$ 15,191,334</u>

Operating Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	Transfer Out	General Fund	Transfer In Non-Major Governmental Funds	Total
General Fund		\$ -	\$ 972,594	\$ 972,594
Proprietary Fund		16,356,307	-	16,356,307
Total		<u>\$ 16,356,307</u>	<u>\$ 972,594</u>	<u>\$ 17,328,901</u>

The General Fund transferred to the Cafeteria Fund to support the District's cafeteria operations including providing assistance to student outstanding accounts.	\$ 4,904
The General Fund transferred to the Adult Education Fund to support its program.	331,425
The General Fund transferred to the Charter School Fund to support the schools' operations.	272,249
The Self-Insurance Fund transferred to the General Fund an operating surplus from the District's insurance program.	16,356,307
The General Fund transferred to the Child Development Fund to support the child development program.	364,016
Total	<u>\$ 17,328,901</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources is a consumption of net position by the District that is applicable to a future reporting period. The \$2,296,806 balance of the deferred outflows of resources at June 30, 2015 will be recognized as an expense and as a decrease in net position over the remaining life of related bonds. The District's current year pension contribution of \$10,574,391 was made after the pension liability measurement date, June 30, 2014. Therefore, the recognition of current year payment is deferred and will be recognized as a pension expense in fiscal year 2015-16 (see Note 13 for more information on pension expense). In addition, adjustment of changes in proportionate share of \$2,006,875 will be amortized over a closed-three year period.

The change in the District's deferred outflow of resources during the year consisted of the following:

	Balance June 30, 2014	Accretion/ Additions	Deductions	Balance June 30, 2015
Deferred charges on refunding	\$ 2,623,810	\$ -	\$ 327,004	\$ 2,296,806
Current year District's pension contribution	9,968,558	12,581,266	9,968,558	12,581,266
Total	<u>\$ 12,592,368</u>	<u>\$ 12,581,266</u>	<u>\$ 10,295,562</u>	<u>\$ 14,878,072</u>

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Fund	Fiduciary Funds
Vendor payables	\$ 1,606,593	\$ 1,374,886	\$ 277,236	\$ 3,258,715	\$ 113,353	\$ 251,684
Salaries and benefits	4,813,048	-	497,276	5,310,324	-	-
Other	-	-	-	-	-	51,705
Total	<u>\$ 6,419,641</u>	<u>\$ 1,374,886</u>	<u>\$ 774,512</u>	<u>\$ 8,569,039</u>	<u>\$ 113,353</u>	<u>\$ 303,389</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 389,273	\$ 176,849	\$ 566,122
State categorical aid	58,781	-	58,781
Other local	1,388,708	359,448	1,748,156
Total	<u>\$ 1,836,762</u>	<u>\$ 536,297</u>	<u>\$ 2,373,059</u>

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2014	Accretion/ Additions	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	\$ 137,835,042	\$ 619,886	\$ 6,250,000	\$ 132,204,928	\$ 4,085,000
Bond premium	5,404,190	-	284,360	5,119,830	284,360
Accumulated vacation - net	2,546,374	278,882	-	2,825,256	-
Capital leases	702,702	2,267,749	689,894	2,280,557	605,431
Other postemployment benefits	24,884,717	10,772,028	3,770,427	31,886,318	-
Supplemental employees retirement benefits	2,935,966	-	2,013,679	922,287	922,287
Net pension liability	167,819,013	-	31,927,989	135,891,024	-
Total	<u>\$ 342,128,004</u>	<u>\$ 13,938,545</u>	<u>\$ 44,936,349</u>	<u>\$ 311,130,200</u>	<u>\$ 5,897,078</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Regularly scheduled principal payments on the capital leases are paid by the General Fund. Accumulated vacation, supplemental employee retirement benefits, and net pension liability are paid by the funds for which the employees worked.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2014	Accreted	Redeemed	Bonds Outstanding June 30, 2015
2005	2023	3.00%-5.31%	\$ 40,215,000	\$ 4,620,000	\$ -	\$ 2,200,000	\$ 2,420,000
2005	2030	3.00%-5.31%	18,254,288	24,085,042	619,886	245,000	24,459,928
2013	2048	3.00%-5.00%	68,540,000	68,540,000	-	3,330,000	65,210,000
2013	2038	0.63%-5.12%	11,460,000	11,460,000	-	15,000	11,445,000
2013	2023	0.73%-3.19%	19,675,000	19,450,000	-	395,000	19,055,000
2013	2023	2.00%-4.00%	9,765,000	9,680,000	-	65,000	9,615,000
				<u>\$ 137,835,042</u>	<u>\$ 619,886</u>	<u>\$ 6,250,000</u>	<u>\$ 132,204,928</u>

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ 4,085,000	\$ 4,393,533	\$ 8,478,533
2017	4,530,000	4,261,465	8,791,465
2018	3,760,000	4,166,968	7,926,968
2019	4,030,000	4,079,470	8,109,470
2020	4,305,000	3,974,336	8,279,336
2021-2025	19,015,873	25,474,718	44,490,591
2026-2030	12,433,414	38,259,165	50,692,579
2031-2035	7,360,000	15,797,592	23,157,592
2036-2040	14,985,000	13,040,452	28,025,452
2041-2045	25,910,000	8,021,375	33,931,375
2046-2048	22,285,000	1,473,369	23,758,369
Subtotal	<u>122,699,287</u>	<u>\$ 122,942,443</u>	<u>\$ 245,641,730</u>
Accretion to date	9,505,641		
Total general obligation bonds	<u>\$ 132,204,928</u>		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to \$2,825,256.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Capital Leases

The District's liabilities on lease agreements with options to purchase are summarized below:

	Porter Building	School Buses	School Buses	Total
Balance, July 1, 2014	\$ 92,366	\$ 651,066	\$ -	\$ 743,432
Additions	-	-	2,346,614	2,346,614
Payments	92,366	162,766	453,550	708,682
Balance, July 1, 2015	<u>\$ -</u>	<u>\$ 488,300</u>	<u>\$ 1,893,064</u>	<u>\$ 2,381,364</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2016	\$ 647,583
2017	639,974
2018	632,229
2019	461,578
Total	<u>2,381,364</u>
Less: Amount Representing Interest	<u>100,807</u>
Present Value of Minimum Lease Payments	<u>\$ 2,280,557</u>

Supplemental Employees Retirement Plan (SERP)

The outstanding balance for the Supplemental Employee Retirement Plans as of June 30, 2015 consists of the 2012 Plan's amount of \$922,287.

Defeased Debt

In 2005, the District defeased the 2002, Series A bond in the amount of \$39,995,542 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's Long-Term Obligations. As of June 30, 2015, the amount of the trust fund account balance amounted to \$2,585,688, which is established to pay total value of the outstanding bonds on August 1, 2027 of \$4,075,000.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In 2013, the District defeased part of the 2002, Series B bond in the amount of \$2,265,000 and \$24,635,000 of the 2005 GO Refunding bond by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's Long-Term Obligations. As of June 30, 2015, the amount of defeased debt outstanding that was removed from the Long Term Debt Obligations and the related trust fund account balance amounted to \$26,900,000 and \$27,405,258, respectively.

In 2013, the District defeased the remaining balance of the 2005 certificates of participation, Series in the amount of \$1,205,000 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's Long-Term Obligations. As of June 30, 2015, the amount of defeased debt outstanding that was removed from the Long Term Debt Obligations and the related trust fund account balance amounted to \$1,060,000 and \$1,081,249, respectively.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 55,000	\$ -	\$ -	\$ 55,000
Stores inventories	168,020	-	102,183	270,203
Prepaid expenditures	100,000	-	-	100,000
Other reserve	65,000	-	-	65,000
Total Nonspendable	388,020	-	102,183	490,203
Restricted				
Educational programs	8,318,771	-	1,888,809	10,207,580
Food program	-	-	4,232,777	4,232,777
Capital projects	-	50,905,737	1,799,890	52,705,627
Debt services	-	-	6,407,676	6,407,676
Total Restricted	8,318,771	50,905,737	14,329,152	73,553,660
Committed				
Deferred maintenance programs	-	-	1,152,159	1,152,159
Stabilization	17,580,000	-	-	17,580,000
Total Committed	17,580,000	-	1,152,159	18,732,159
Assigned				
Other	3,531,928	-	-	3,531,928
Total Assigned	3,531,928	-	-	3,531,928
Unassigned				
Reserve for economic uncertainties	6,116,533	-	-	6,116,533
Remaining unassigned	7,368,850	-	-	7,368,850
Total Unassigned	13,485,383	-	-	13,485,383
Total	\$ 43,304,102	\$ 50,905,737	\$ 15,583,494	\$ 109,793,333

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Pajaro Valley Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 198 retirees and beneficiaries currently receiving benefits and 1,978 active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association (PVFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, PVFT, CSEA and the unrepresented groups. For fiscal year 2014-2015, the District contributed \$3,770,427 to the plan, all of which was used for current premiums (approximately 100% percent of total premiums incurred by retirees plus one eligible dependent).

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 9,154,521
Interest on net OPEB obligation	1,617,507
Annual OPEB cost (expense)	<u>10,772,028</u>
Contributions made	<u>(3,770,427)</u>
Increase in net OPEB obligation	7,001,601
Net OPEB obligation, beginning of year	24,884,717
Net OPEB obligation, end of year	<u><u>\$ 31,886,318</u></u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the most recent six years was as follows:

Year Ended June 30,	OPEB Cost	Amount Contributed	Percentage Contributed	Net OPEB Asset/Obligation
2015	\$ 10,772,028	\$ 3,770,427	35.00%	\$ 31,886,318
2014	8,957,471	4,353,494	48.60%	24,884,717
2013	8,026,326	4,943,178	61.59%	20,280,740
2012	7,795,167	4,492,879	57.64%	17,197,592
2011	6,539,254	3,090,172	47.26%	13,895,304
2010	6,367,435	2,917,171	45.81%	10,446,222

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The following shows the funded status for the most recent actuarial valuation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
April 1, 2015	\$ 2,534,396	\$ 71,971,950	\$ 69,437,554	3.52%	\$ 120,692,614	57.53%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2015, actuarial valuation, the Entry age normal actuarial cost method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare, dental, and vision cost trend rates were averaged at 4 percent. The UAAL is being amortized at a level percentage of payroll method on an open basis. The remaining open amortization period at April 1, 2015, was 20 years. The actuarial value of assets as of April 1, 2015 was \$2,534,396.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Schools Association For Excess Risk for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District's workers' compensation activities are recorded in the Internal Service Fund. The purpose of the fund is to administer workers' compensation on a cost reimbursement basis. The program accounts for the risk financing activities of the District.

Coverage provided by the Schools Association for Excess Risk for Property and Liability and the Pajaro Valley Unified School District Workers' Compensation Self-Insurance Program is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Public Insurance Program for Schools	Workers' Compensation (Incidents after 7/1/2012)	\$ 1,000,000
Schools Association For Excess Risk	Property	250,250,000
Schools Association For Excess Risk	Liability	25,000,000
Schools Association For Excess Risk	Excess Liability	25,000,000

Claims Liabilities

The District records an estimated liability for workers' compensation, health care, dental and vision. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2013 to June 30, 2015:

Liability Balance, July 1, 2013	\$ 13,616,220
Claims and changes in estimates	39,273,661
Claims payments	(41,566,245)
Liability Balance, June 30, 2014	11,323,636
Claims and changes in estimates	1,707,161
Claims payments	(4,502,881)
Liability Balance, June 30, 2015	\$ 8,527,916
Assets available to pay claims at June 30, 2015	\$ 8,650,829

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 102,724,052	\$ 6,752,541	\$ 25,295,602	\$ 8,868,403
CalPERS	33,166,972	5,828,725	11,396,543	3,828,717
Total	\$ 135,891,024	\$ 12,581,266	\$ 36,692,145	\$ 12,697,120

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	December 31, 2012	January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the District's total contributions were \$6,752,541.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	102,724,052
State's proportionate share of the net pension liability associated with the District		62,029,218
Total	\$	164,753,270

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1758 percent.

For the year ended June 30, 2015, the District recognized its proportionate share pension expense of \$8,868,403. In addition, the District recognized pension expense and revenue of \$5,355,124 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of Resources	Deferred inflow of Resources
Pension contributions subsequent to measurement date	\$ 6,752,541	\$ -
Net differences between projected and actual earnings on plan investments	-	25,295,602
Total	\$ 6,752,541	\$ 25,295,602

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The deferred outflow 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, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 6,323,901
2017	6,323,901
2018	6,323,901
2019	6,323,899
Total	<u>\$ 25,295,602</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 160,119,932
Current discount rate (7.60%)	\$ 102,724,052
1% increase	\$ 54,866,320

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk 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. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, and Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total District contributions were \$3,821,850.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$33,166,972. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June, 30 2014 and June 30, 2013, respectively was 0.2922% and 0.2735%, resulting in a net decrease in proportionate share of .0187%.

For the year ended June 30, 2015, the District recognized pension expense of \$3,828,717. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,821,850	\$ -
Adjustment to changes in proportionate share	2,006,875	-
Net differences between projected and actual earnings on plan investments	-	11,396,543
Total	<u>\$ 5,828,725</u>	<u>\$ 11,396,543</u>

The deferred outflow 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, 2016. The deferred outflows of resources related to the adjustment to changes in proportionate share will be amortized over a closed three-year period. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense. The amortization of deferred outflows and inflows of resources is as follows:

Year Ended June 30,	Deferred Outflow and Inflow Amortization
2016	\$ 2,180,177
2017	2,180,177
2018	2,180,177
2019	2,849,137
Total	<u>\$ 9,389,668</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.50%)	\$ 58,182,440
Current discount rate (7.50%)	\$ 33,166,972
1% increase (8.50%)	\$ 12,264,027

Accumulated Program for Part-Time and Limited Services Employees (APPLE)

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the APPLE Retirement Program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$4,210,741, \$4,126,937 and \$3,700,126, respectively, for 2015, 2014 and 2013 (5.679, 5.541, and 5.176 percent of annual payroll for 2015, 2014, and 2013, respectively). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have been recorded in the financial statements. These amounts have not been included in the actual or budgeted amounts reported in the General Fund Budgetary Comparison Schedule. On behalf payments have been excluded from the calculation of available reserves.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2015 the District had the following construction commitments.

Capital Project	Remaining Construction Commitment	Expected Date of Completion
AHS-Freedom Field Upgrade-Ph 1,2 and 3	\$ 414,773	Aug 2016
AHS Modernization	2,597,803	June 2017
AHS Solar	47,358	Jan 2016
AJHS New Gymnasium	3,226,393	June 2017
Bradley Modernization	1,572,800	June 2017
Bradley Solar	3,888	Jan 2016
Mar Vista - Reconfigure MPR MOD	1,189,529	Aug 2018
Mar Vista - Modernization	580,677	June 2016
Mar Vista - New MPR Building	3,787,350	Aug 2017
Rio Del Mar Modernization	1,378,098	Dec 2017
Valencia Modernization	957,368	Dec 2017
Renaissance High - Modernization	2,422,132	Aug 2017
PV High Upper Fields	10,326,606	Aug 2016
PV High New Auditorium	3,132,220	Aug 2016
PV High Solor	2,552,110	Aug 2019
Cesar Chavez MS Modernization	1,386,995	Dec 2016
Lakeview MS Modernization	1,155,164	Dec 2016
RHMS Gym Modernization	317,931	Aug 2018
RHMS - Modernization	1,999,207	Aug 2017
RHMS Solar	24,897	Jan 2016
Amesti Modernization	2,059,713	Aug 2018
Ann Soldo Modernization	1,020,875	Aug 2018
Calabastas Modernization	1,429,671	Aug 2018
Freedom Modernization	1,549,604	Aug 2017
HA Hyde Modernization	2,061,673	Aug 2017
Radcliff Modernization	1,240,548	Sept 2017
Starlight Modernization	1,519,583	Aug 2018

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Alianza Fire Hydrant and Water Tank	899,469	Apr 2017
Alianza Modernization	2,475,966	Aug 2018
WCSA Modernization	2,295,079	Aug 2017
Landmark Modernization	485,689	Aug 2017
WHS C and F Wing Modernization	3,581,500	Aug 2019
WHS 2-Story Classroom Addition	640,152	Mar 2016
WHS Solar	8,531	Jan 2016
PMS Modernization	69,969	Jan 2016
EA Hall A Wing Modernization	18,619	Aug 2019
EA Hall Track and Field Replacement	2,805,386	Aug 2017
EA Hall 9-Relocatable Replacement	41,851	Jan 2016
Hall District Modernization	401,097	Aug 2017
MacQuiddy Modernization	1,528,457	Aug 2017
Ohlone Modernization	1,485,726	Jan 2018
Mintie White Other Modernization	275,058	Jan 2017
Linscott Modernization	2,232,093	Jan 2017
	<u>\$ 69,199,608</u>	

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the district at June 30, 2015.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Schools Association For Excess Risk (SAFER), Self Insured Schools of California (SISC), and Public Insurance Program for Schools (PIPS) public entity risk pools (JPAs). The District pays an annual premium to the applicable entity for its property and liability coverage, excess workers' compensation and excess medical insurance. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPA has a budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. During the year ended June 30, 2015, the District made payments of \$3,350,106 to PIPS for workers' compensation insurance, \$20,468,464 to SISC for medical and vision insurance and \$953,708 to SAFER for excess property and liability insurance.

NOTE 16 - SUBSEQUENT EVENT

The District's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of net position dated through December 15, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 17 - LOAN RECEIVABLE

In May 8, 2013, the District entered into a Release and Settlement agreement with Ceiba College Preparatory Academy (the Charter). The agreement includes a \$2 million renovation loan to the Charter school. The loan bears interest at 0.84%. The loan amount will be recovered over ten years, beginning July 1, 2014 and ending June 30, 2024. Quarterly payment of \$52,722 is due the first day of each quarter, commencing December 1, 2014.

The loan matures through 2025 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ 196,128	\$ 47,060	\$ 243,188
2017	197,821	13,067	210,888
2018	199,489	11,401	210,890
2019	201,169	9,719	210,888
2020	202,842	8,047	210,889
2021-2025	881,466	14,863	896,329
Total Loan Receivable	<u>\$ 1,878,915</u>	<u>\$ 104,157</u>	<u>\$ 1,983,072</u>

NOTE 18 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. The restatement does not include deferred inflows of resources, as this information was not available. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position

Net Position - Beginning	\$ 103,859,261
Restatement related to net pension activities	(157,850,455)
Net Position - Beginning as Restated	<u>\$ (53,991,194)</u>

REQUIRED SUPPLEMENTARY INFORMATION

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts			Variances- Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local control funding formula	\$ 140,551,924	\$ 139,466,954	\$ 140,356,152	\$ 889,198
Federal sources	22,105,158	28,850,393	21,675,092	(7,175,301)
Other state sources	22,428,961	24,767,631	29,454,110	4,686,479
Other local sources	1,281,956	4,135,262	3,507,507	(627,755)
Total Revenues	186,367,999	197,220,240	194,992,861	(2,227,379)
EXPENDITURES				
Certificated salaries	77,652,692	79,075,074	77,469,289	1,605,785
Classified salaries	29,566,775	30,495,241	29,334,218	1,161,023
Employee benefits	61,442,617	63,077,090	63,862,798	(785,708)
Books and supplies	10,408,697	13,438,175	9,237,959	4,200,216
Services and operating expenditures	18,333,363	25,388,594	22,637,646	2,750,948
Other outgo	500,000	948,983	2,067,790	(1,118,807)
Capital outlay	388,782	398,500	730,726	(332,226)
Debt service - principal	686,345	689,896	689,894	2
Debt service - interest	18,790	18,790	18,789	1
Total Expenditures	198,998,061	213,530,343	206,049,109	7,481,234
Deficiency of Revenues Over Expenditures	(12,630,062)	(16,310,103)	(11,056,248)	5,253,855
Other Financing Sources (Uses)				
Transfers in	50,000	51,182	16,356,307	16,305,125
Other sources	-	-	2,267,749	2,267,749
Transfers out	(921,124)	(1,442,006)	(972,594)	469,412
Net Financing Sources (Uses)	(871,124)	(1,390,824)	17,651,462	19,042,286
NET CHANGE IN FUND BALANCES	(13,501,186)	(17,700,927)	6,595,214	24,296,141
Fund Balance - Beginning	36,708,888	36,708,888	36,708,888	-
Fund Balance - Ending	\$ 23,207,702	\$ 19,007,961	\$ 43,304,102	\$ 24,296,141

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
April 1, 2015	\$ 2,534,396	\$ 71,971,950	\$ 69,437,554	3.52%	\$ 120,692,614	57.53%
May 1, 2013	2,208,592	60,161,152	57,952,560	3.67%	116,303,100	49.83%
April 1, 2011	1,913,997	64,844,554	62,930,557	2.95%	90,439,263	69.58%

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
CalSTRS	
District's proportion of the net pension liability	<u>0.1758%</u>
District's proportionate share of the net pension liability	\$ 102,724,052
State's proportionate share of the net pension liability associated with the District	<u>62,029,218</u>
Total	<u>\$ 164,753,270</u>
District's covered - employee payroll	<u>\$ 80,688,631</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>127.31%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 CalPERS	
District's proportion of the net pension liability (asset)	<u>0.2922%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 33,166,972</u>
District's covered - employee payroll	<u>\$ 30,895,833</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>107.35%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
CalSTRS	
Contractually required contribution	\$ 6,752,541
Contributions in relation to the contractually required contribution	<u>6,752,541</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 82,863,246</u>
Contributions as a percentage of covered - employee payroll	<u>8.15%</u>
 CalPERS	
Contractually required contribution	\$ 3,821,850
Contributions in relation to the contractually required contribution	<u>3,821,850</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 32,468,352</u>
Contributions as a percentage of covered - employee payroll	<u>11.77%</u>

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

SUPPLEMENTARY INFORMATION

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education Act:			
Adult Basic Education and ESL	84.002A	14508	\$ 110,676
Priority 5, Adult Secondary Education	84.002	13978	55,313
English Literacy and Civics Education	84.002A	14109	41,059
No Child Left Behind Act:			
Title I-Basic Grants Low-Income and Neglected	84.010	14329	4,935,755
Title I-Migrant Education (Regular and Summer Program)	84.011	14326	3,182,698
Title I-Even Start Migrant Education	84.214	14768	282,210
Title I-School Site Improvements	84.377	14971	2,967,798
Title I, Part G, Advanced Placement (AP) Test Fee Reimbursement	84.330B	14831	7,048
Title II-Teacher Quality	84.367	14341	813,979
Title II-Mathematics and Science Partnerships	84.366	14512	4,867
Title III-Limited English Proficiency Student	84.365	10084	938,236
Title IV-21st Century Community Centers Learning	84.287	14349	3,026,571
Carl D. Perkins Career and Technical Education Act:			
Vocational and Applied Technology	84.048	14894	163,108
Individuals with Disabilities Education Act:			
Basic Local Assistance Entitlement	84.027	13379	3,522,294
Mental Health Allocation Plan, Part B, Section 611 Private Schools	84.027	14468	226,119
Preschool Grants	84.173	13430	170,528
Preschool Local Entitlement	84.027A	13682	369,662
Early Intervention Grants	84.181	23761	246,523
Workability II	84.158	10006	230,203
California Preschool Instructional Network	84.173A	13431	1,059
Subtotal			<u>21,295,706</u>

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education:			
Child Development Act:			
Federal Child Care Center Base	93.596	13609	275,615
Head Start	93.600	10016	6,535,869
Medi-Cal Billing Option	93.778	10013	586,433
Subtotal			<u>7,397,917</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
National School Lunch Act:			
National School Lunch Program	10.555	13524	5,297,853
National School Breakfast	10.553	13390	1,740
Meal Supplements	10.553	13396	479,175
Especially Needy Breakfast	10.553	13526	2,641,053
Child and Adult Care Food Program	10.558	13393	190,225
Fresh Fruits and Vegetables	10.582	14968	363,823
Commodity Supplemental Food Program	10.565	13524	505,186
Subtotal			<u>9,479,055</u>
Total Expenditures of Federal Awards			<u>\$ 38,172,678</u>

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2015

ORGANIZATION

The Pajaro Valley Unified School District was established in 1964 and consists of an area comprising approximately 150 square miles. The District operates sixteen elementary, six middle, three high schools, one community day school, one continuation high school, an adult education school, twelve childcare centers, a migrant center and five charter schools.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jeff Ursino	President	2018
Maria Orozco	Vice President	2016
Kim De Serpa	Member	2018
Dr. Lupe Rivas	Member	2016
Leslie De Rose	Member	2018
Karen Osmundson	Member	2016
Willie Yahiro	Member	2018

ADMINISTRATION

Dorma Baker	Superintendent
-------------	----------------

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE - DISTRICT FOR THE YEAR ENDED JUNE 30, 2015

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	5,958.42	5,955.62
Fourth through sixth	4,154.56	4,160.45
Seventh and eighth	2,510.94	2,508.59
Ninth through twelfth	4,652.79	4,618.99
Total Regular ADA	17,276.71	17,243.65
Extended Year Special Education		
Transitional kindergarten through third	8.17	8.17
Fourth through sixth	8.17	8.17
Ninth through twelfth	9.45	9.45
Total Extended Year Special Education	25.79	25.79
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.71	0.81
Fourth through sixth	0.12	0.09
Seventh and eighth	3.32	3.85
Ninth through twelfth	7.31	8.57
Total Special Education, Nonpublic, Nonsectarian Schools	11.46	13.32
Extended Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.44	0.44
Ninth through twelfth	0.80	0.80
Total Special Education, Nonpublic, Nonsectarian Schools	1.24	1.24
Community Day School		
Seventh and eighth	5.77	5.72
Ninth through twelfth	26.15	25.92
Total Community Day School	31.92	31.64
Total ADA	17,347.12	17,315.64

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE – CHARTER SCHOOLS FOR THE YEAR ENDED JUNE 30, 2015

CHARTER SCHOOLS	Academic/ Vocational	Alianza	Linscott	Watsonville	Pacific Coast
Second Period Report					
Classroom-Based					
Transitional Kindergarten through third	-	335.23	125.47	158.67	-
Fourth through sixth	-	205.30	87.43	103.03	-
Seventh and eighth	-	101.02	56.93	24.11	-
Ninth through twelfth	54.91	-	-	-	-
Total Classroom-Based	54.91	641.55	269.83	285.81	-
Non Classroom-Based					
Transitional Kindergarten through third	-	-	-	-	32.85
Fourth through sixth	-	-	-	-	34.80
Seventh and eighth	-	-	-	-	30.40
Ninth through twelfth	-	-	-	-	186.27
Total Non Classroom-Based	-	-	-	-	284.32
Total Charter School	54.91	641.55	269.83	285.81	284.32
Annual Report					
Classroom-Based					
Transitional Kindergarten through third	-	319.25	125.56	156.87	-
Fourth through sixth	-	216.30	87.26	102.48	-
Seventh and eighth	-	106.01	56.43	25.41	-
Ninth through twelfth	53.38	-	-	-	-
Total Classroom-Based	53.38	641.56	269.25	284.76	-
Non Classroom-Based					
Transitional Kindergarten through third	-	-	-	-	32.81
Fourth through sixth	-	-	-	-	35.67
Seventh and eighth	-	-	-	-	30.15
Ninth through twelfth	-	-	-	-	188.48
Total Non Classroom-Based	-	-	-	-	287.11
Total Charter School	53.38	641.56	269.25	284.76	287.11

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME - DISTRICT FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	1986-87 Actual Minutes	Reduced 1986-87 Actual Minutes	2014-15 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	35,000	36,000	180	In compliance
Grades 1 - 3					
Grade 1	50,400	49,000	50,607	180	In compliance
Grade 2	50,400	49,000	50,607	180	In compliance
Grade 3	50,400	49,000	50,607	180	In compliance
Grades 4 - 6					
Grade 4	54,000	52,500	54,155	180	In compliance
Grade 5	54,000	52,500	54,155	180	In compliance
Grade 6	54,000	52,500	54,155	180	In compliance
Grades 7 - 8					
Grade 7	54,000	52,500	55,212	180	In compliance
Grade 8	54,000	52,500	55,212	180	In compliance
Grades 9 - 12					
Grade 9	64,800	63,000	65,052	180	In compliance
Grade 10	64,800	63,000	65,052	180	In compliance
Grade 11	64,800	63,000	65,052	180	In compliance
Grade 12	64,800	63,000	65,052	180	In compliance

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME – CHARTER SCHOOLS FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	Education Code Section 46201.2 Required Minutes	2014-2015 Actual Minutes	Status
Academic Vocational Charter Institute			
Grade 9	62,949	65,615	In Compliance
Grade 10	62,949	65,615	In Compliance
Grade 11	62,949	65,615	In Compliance
Grade 12	62,949	65,615	In Compliance
Alianza Elementary Charter School			
Kindergarten	34,971	37,025	In Compliance
Grade 1	48,960	54,260	In Compliance
Grade 2	48,960	54,260	In Compliance
Grade 3	48,960	54,260	In Compliance
Grade 4	52,457	54,260	In Compliance
Grade 5	52,457	54,260	In Compliance
Grade 6	52,457	54,260	In Compliance
Grade 7	52,457	54,260	In Compliance
Grade 8	52,457	54,260	In Compliance
Linscott Elementary Charter School			
Kindergarten	34,971	40,500	In Compliance
Grade 1	48,960	52,290	In Compliance
Grade 2	48,960	52,290	In Compliance
Grade 3	48,960	52,290	In Compliance
Grade 4	52,457	54,255	In Compliance
Grade 5	52,457	54,255	In Compliance
Grade 6	52,457	54,255	In Compliance
Grade 7	52,457	54,255	In Compliance
Grade 8	52,457	54,255	In Compliance
Watsonville Charter School of Arts			
Kindergarten	34,971	37,800	In Compliance
Grade 1	48,960	52,740	In Compliance
Grade 2	48,960	52,740	In Compliance
Grade 3	48,960	52,740	In Compliance
Grade 4	52,457	55,800	In Compliance
Grade 5	52,457	54,600	In Compliance
Grade 6	52,457	55,500	In Compliance

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	General Fund	Charter Fund	Internal Service Fund
FUND BALANCE			
Balance, June 30, 2015, Unaudited Actuals	\$ 42,663,105	\$ 1,791,724	\$ 245,625
Increase in:			
Accounts receivable	640,997	79,719	-
Decrease in:			
Cash in County Treasury	-	-	(122,712)
Balance, June 30, 2015, Audited Financial Statements	<u>\$ 43,304,102</u>	<u>\$ 1,871,443</u>	<u>\$ 122,913</u>

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) 2016 ¹	2015	2014	2013
GENERAL FUND				
Revenues	\$ 212,377,540	\$ 190,782,120	\$ 180,219,997	\$ 167,468,396
Other sources	-	18,624,056	1,084	7,039,362
Total Revenues and Other Sources	212,377,540	209,406,176	180,221,081	174,507,758
Expenditures	211,036,439	201,838,368	188,969,579	171,369,041
Other uses and transfers out	610,314	972,594	1,678,245	651,792
Total Expenditures and Other Uses	211,646,753	202,810,962	190,647,824	172,020,833
INCREASE (DECREASE) IN FUND BALANCE	\$ 730,787	\$ 6,595,214	\$ (10,426,743)	\$ 2,486,925
ENDING FUND BALANCE	\$ 44,034,889	\$ 43,304,102	\$ 36,708,888	\$ 47,135,631
AVAILABLE RESERVES ²	\$ 10,225,051	\$ 13,485,383	\$ 22,936,155	\$ 32,380,792
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	4.83%	6.65%	12.03%	18.82%
LONG-TERM OBLIGATIONS	\$ 305,233,122	\$ 311,130,200	\$ 174,308,991	\$ 170,429,240
K-12 AVERAGE DAILY ATTENDANCE AT P-2 ⁴	17,327	17,347	17,486	17,241

The General Fund balance has decreased by \$3,831,529 over the past two years. The fiscal year 2015-2016 budget projects an increase of \$730,787. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus during the fiscal year 2014-2015 and anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have increased by \$140,700,960 over the past two years.

Average daily attendance has increased by 106 over the past two years. A decline of 20 ADA is anticipated during fiscal year 2015-2016.

¹ Budget 2016 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ On-behalf payments of \$4,210,741, \$3,704,752, and \$3,700,126, in the General Fund have been excluded from the revenues and expenditures for fiscal years ending June 30, 2015, 2014, and 2013, respectively.

⁴ Excludes Adult Education, Charter Schools ADA and the District funded county programs.

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS FOR THE YEAR ENDED JUNE 30, 2015

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Academic Vocational Charter Institute	Yes
Alianza Elementary Charter School	Yes
Linscott Elementary Charter School	Yes
Pacific Coast Charter School	Yes
Watsonville Charter School of Arts	Yes
Ceiba College Preparatory Academy	No

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**CHARTER SCHOOLS
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Linscott Elementary</u>	<u>Watsonville School of Arts</u>	<u>Pacific Coast Charter School</u>	<u>Alianza Elementary</u>	<u>Academic Vocational</u>	<u>Total</u>
Fund balance, beginning	\$ 528,517	\$ 63,363	\$ 1,050,207	\$ 568,066	\$ 36,673	\$ 2,246,826
Revenues	1,922,370	2,249,063	2,177,970	5,180,947	744,607	12,274,957
Expenditures	<u>(2,057,353)</u>	<u>(2,224,580)</u>	<u>(2,270,450)</u>	<u>(5,421,670)</u>	<u>(756,005)</u>	<u>(12,730,058)</u>
Fund balance, ending	<u>\$ 393,534</u>	<u>\$ 87,846</u>	<u>\$ 957,727</u>	<u>\$ 327,343</u>	<u>\$ 25,275</u>	<u>\$ 1,791,725</u>

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

FIRST 5 MONTEREY GRANT

**SCHEDULE OF GRANT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Program	Revenue	Expenditures
First 5 Monterey	\$ 93,790	\$ 93,790

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2015

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS				
Deposits and investments	\$ 2,632,398	\$ 300,149	\$ 561,467	\$ 2,652,513
Receivables	279,343	124,517	597,219	2,264,068
Stores inventories	-	-	-	102,183
Total Assets	<u>\$ 2,911,741</u>	<u>\$ 424,666</u>	<u>\$ 1,158,686</u>	<u>\$ 5,018,764</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 84,894	\$ 57,316	\$ 539,991	\$ 88,274
Due to other funds	955,404	325,397	106,985	595,530
Unearned revenue	-	41,953	494,344	-
Total Liabilities	<u>1,040,298</u>	<u>424,666</u>	<u>1,141,320</u>	<u>683,804</u>
Fund Balances:				
Nonspendable	-	-	-	102,183
Restricted	1,871,443	-	17,366	4,232,777
Committed	-	-	-	-
Total Fund Balances	<u>1,871,443</u>	<u>-</u>	<u>17,366</u>	<u>4,334,960</u>
Total Liabilities and Fund Balances	<u>\$ 2,911,741</u>	<u>\$ 424,666</u>	<u>\$ 1,158,686</u>	<u>\$ 5,018,764</u>

See accompanying note to supplementary information.

Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ 1,156,046	\$ 1,800,040	\$ 6,407,676	\$ 15,510,289
-	-	-	3,265,147
-	-	-	102,183
<u>\$ 1,156,046</u>	<u>\$ 1,800,040</u>	<u>\$ 6,407,676</u>	<u>\$ 18,877,619</u>
\$ 3,887	\$ 150	\$ -	\$ 774,512
-	-	-	1,983,316
-	-	-	536,297
<u>3,887</u>	<u>150</u>	<u>-</u>	<u>3,294,125</u>
-	-	-	102,183
-	1,799,890	6,407,676	14,329,152
1,152,159	-	-	1,152,159
<u>1,152,159</u>	<u>1,799,890</u>	<u>6,407,676</u>	<u>15,583,494</u>
<u>\$ 1,156,046</u>	<u>\$ 1,800,040</u>	<u>\$ 6,407,676</u>	<u>\$ 18,877,619</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES				
Revenue limit sources	\$ 11,541,196	\$ 1,438,735	\$ -	\$ -
Federal sources	-	207,048	6,811,484	8,973,868
Other State sources	654,955	67,119	3,838,896	738,885
Other local sources	153,102	406,319	414,310	607,694
Total Revenues	12,349,253	2,119,221	11,064,690	10,320,447
EXPENDITURES				
Current				
Instruction	7,819,589	1,158,731	6,952,575	-
Instruction-related activities:				
Supervision of instruction	173,126	274,205	2,125,317	-
Instructional library, media, and technology	332,407	52,625	134,500	-
School site administration	4,206,519	753,887	96,764	-
Pupil services:				
Food services	-	-	-	9,720,847
All other pupil services	44,291	70,545	1,118,985	-
Administration:				
All other administration	1,674	59,939	394,001	348,651
Plant services	299,200	80,714	627,327	2,615
Facility acquisition and construction	89,155	-	-	-
Ancillary services	30,924	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	12,996,885	2,450,646	11,449,469	10,072,113
Excess (Deficiency) of Revenues Over Expenditures	(647,632)	(331,425)	(384,779)	248,334
Other Financing Sources (Uses)				
Transfers in	272,249	331,425	364,016	4,904
Net Financing Sources (Uses)	272,249	331,425	364,016	4,904
NET CHANGE IN FUND BALANCES	(375,383)	-	(20,763)	253,238
Fund Balance - Beginning	2,246,826	-	38,129	4,081,722
Fund Balance - Ending	\$ 1,871,443	\$ -	\$ 17,366	\$ 4,334,960

See accompanying note to supplementary information

Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 12,979,931
-	-	-	15,992,400
-	-	60,919	5,360,774
6,402	837,306	8,081,721	10,506,854
6,402	837,306	8,142,640	44,839,959
-	-	-	15,930,895
-	-	-	2,572,648
-	-	-	519,532
-	-	-	5,057,170
-	-	-	9,720,847
-	-	-	1,233,821
-	-	-	804,265
398,576	517,759	-	1,926,191
78,369	2,494	-	170,018
-	-	-	30,924
-	-	6,250,000	6,250,000
-	-	4,589,486	4,589,486
476,945	520,253	10,839,486	48,805,797
(470,543)	317,053	(2,696,846)	(3,965,838)
-	-	-	972,594
-	-	-	972,594
(470,543)	317,053	(2,696,846)	(2,993,244)
1,622,702	1,482,837	9,104,522	18,576,738
\$ 1,152,159	\$ 1,799,890	\$ 6,407,676	\$ 15,583,494

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE 1 - PURPOSE OF SCHEDULES

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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that had been recorded as revenues in the fiscal year ended June 30, 2014 then spent during the fiscal year ended June 30, 2015. The unspent balances are reported as legally restricted ending fund balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 37,667,492
Add: Fair Market Value of Commodities not recorded in the financial statements	10.555	505,186
Total Schedule of Expenditures of Federal Awards		<u>\$ 38,172,678</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

Charter School Statement of Changes in Fund Balances

The charter school schedule of changes in fund balances provides information about the changes in fund balance in each of the five charter schools operated by the District.

First 5 Monterey Grant Schedule of Revenues and Expenditures

The First 5 Monterey grant schedule of revenues and expenditures provides information about the current year revenues and expenses of the grant program operated by the District.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Pajaro Valley Unified School District
Watsonville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pajaro Valley Unified School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Pajaro Valley Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pajaro Valley 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 Pajaro Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pajaro Valley 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

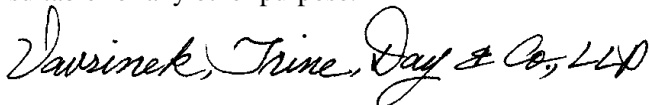
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pajaro Valley 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Palo Alto, California
December 15, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
Pajaro Valley Unified School District
Watsonville, California

Report on Compliance for Each Major Federal Program

We have audited Pajaro Valley Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pajaro Valley Unified School District's (the District) major Federal programs for the year ended June 30, 2015. Pajaro Valley 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 the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pajaro Valley 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Pajaro Valley 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 Pajaro Valley Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Pajaro Valley 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, 2015.

Report on Internal Control Over Compliance

Management of Pajaro Valley 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 Pajaro Valley 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 OMB Circular A-133, 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 Pajaro Valley 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Palo Alto, California
December 15, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Pajaro Valley Unified School District
Watsonville, California

Report on State Compliance

We have audited Pajaro Valley Unified School District's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Pajaro Valley Unified School District's State government programs as noted below for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Pajaro Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Pajaro Valley 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 opinions. Our audit does not provide a legal determination of Pajaro Valley Unified School District's compliance with those requirements.

Unmodified Opinion on Each of the Other Programs

In our opinion, Pajaro Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

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

	Procedures Performed
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	No, see below
Regional Occupational Centers or Programs Maintenance of Effort	No, see below
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study	Yes
Determination of Funding for Non Classroom-Based Instruction	Yes
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	No, see below

The District does not offer Early Retirement Incentive, Juvenile Court Schools, Middle or Early College High Schools, K-3 Grade Span Adjustment, Transportation Maintenance of Effort, Regional Occupational Centers or Programs Maintenance of Effort, After School Education and Safety Program – Before School, or Charter School Facility Grant Program and therefore we did not perform procedures related to these programs.

Wassinek, Trine, Day & Co., LLP

Palo Alto, California
December 15, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies)?	<u>None reported</u>
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with of OMB Circular A-133, Section .510(a)	
Identification of major federal programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A, 84.181	<u>Special Education Cluster</u>
84.011, 84.214	<u>Title I-Migrant Education</u>
93.600	<u>Head Start</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,145,180</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:
Unmodified for all programs.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

2014-1 Code 40000

After School Education and Safety

Finding

Per examination of sign out sheets for the ASES program, Auditors noted students listed that did not attend for a full day and did not indicate a reason that was consistent with the District's early release policy. From the Auditor's examination 147, or about 2% of the total students participating in the program, did not indicate a reason for leaving the program early.

The lack of any indication as to why the students were released early prohibits management from verifying that students are following the requirements of the program.

Recommendation

We recommend that the District provides regular and updated training and information to school site personnel in-charge of the after school education and safety programs regarding the requirements and importance of attendance reporting and the respective early release requirements.

Current Status

Implemented

2014-2 Code 70000

Instructional Materials

Finding

The District held the public hearing designated for discussion and determination of the sufficiency of instructional materials on October 23, 2013. To be in compliance with this requirement the District needed to hold the public hearing on or before October 11, 2013.

Holding the public hearing after the required time can affect the District's ability to provide sufficient instructional materials during the school year when they needed.

Recommendation

We recommend that the District cross-train personnel so that these responsibilities can be carried out in lieu of any unforeseeable event.

Current Status

Implemented