

**SANTA ROSA CITY SCHOOLS  
SCHOOL DISTRICT  
COUNTY OF SONOMA  
SANTA ROSA, CALIFORNIA**

AUDIT REPORT

June 30, 2021



**Chavan & Associates, LLP**

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

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**SANTA ROSA CITY SCHOOLS  
SONOMA COUNTY**

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**FINANCIAL  
SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees  
Santa Rosa City Schools  
Santa Rosa, 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 Santa Rosa City Schools (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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



## **Emphasis of a Matter**

### *Deficit Net Position*

As of June 30, 2021, the District's net position in its Government-wide financial statements was at a deficit of \$63,452,533 mostly because of the long-term pension and OPEB liabilities and deferrals as reported in Note 9 and 10. Our opinion is not modified with respect to this matter.

### *New Accounting Standards*

During the year, the District implemented Governmental Accounting Standards Board Statement No. 84, *GASB Statement No. 84, "Fiduciary Activities."* This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. As a result, the District restated its General Fund beginning fund balance by \$868,509 to account for student body activities previously reported as agency funds that do not meet the fiduciary activity definition per GASB 84.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget report to the audited financial statements, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were 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 combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

January 12, 2022  
Morgan Hill, California

*Management's Discussion and Analysis*

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

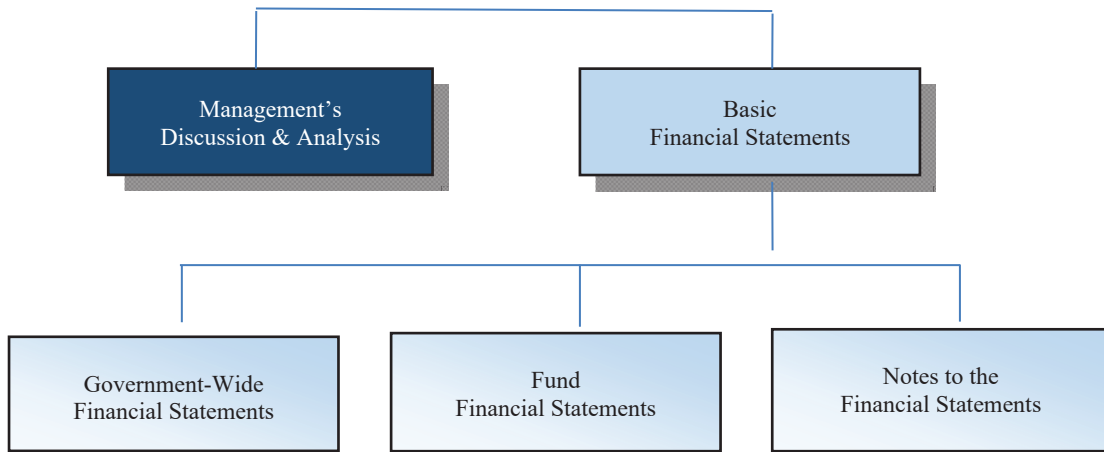
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**INTRODUCTION**

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

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

**Required Components of the Annual Financial Report**



**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2021 were as follows:

- Total net position decreased \$22,329,734 (-54%) while unrestricted net position decreased by \$8,170,299, from June 30, 2020 to June 30, 2021. The change in unrestricted net position was mainly due to the write off of capital assets that were replaced and no longer in service, based on new asset inventory, totaling 21,753,808.
- The District recorded deferred outflows of resources of \$49,732,337 and deferred inflows of resources of \$17,124,338 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District had \$247,378,689 in government-wide expenses which was 99% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$69,069,781, or 28%, of the total revenues of \$250,116,036.

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

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- General revenues of \$181,046,255 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 72% of total revenues in 2021. General revenues were 81% of total revenue in fiscal year 2020.
- The fund balances of all governmental funds increased by \$28,113,979, which is a 22.9% increase from 2020 mostly due to the issuances of bonds to funds on capital projects.
- Total governmental fund revenues and expenditures totaled \$249,885,053 and \$292,847,060, respectively.

#### **USING THE ANNUAL REPORT**

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

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

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020 - 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

**Proprietary funds**

When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for dental insurance.

**THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2021 as compared to June 30, 2020:

<b>Table 1 - Summary of Statement of Net Position</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
<b>Assets</b>				
Current Assets	\$ 180,567,516	\$ 139,457,229	\$ 41,110,287	29.5%
Capital Assets	240,097,456	226,852,354	13,245,102	5.8%
<b>Total Assets</b>	<b>\$ 420,664,972</b>	<b>\$ 366,309,583</b>	<b>\$ 54,355,389</b>	<b>14.8%</b>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 51,360,963</b>	<b>\$ 48,315,403</b>	<b>\$ 3,045,560</b>	<b>5.9%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 31,649,316	\$ 18,457,968	\$ 13,191,348	71.5%
Long-term Liabilities	486,704,814	410,352,901	76,351,913	18.6%
<b>Total Liabilities</b>	<b>\$ 518,354,130</b>	<b>\$ 428,810,869</b>	<b>\$ 89,543,261</b>	<b>20.9%</b>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 17,124,338</b>	<b>\$ 26,936,916</b>	<b>\$ (9,812,578)</b>	<b>-57.3%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 77,215,576	\$ 99,950,030	\$ (22,734,454)	-22.7%
Restricted	23,053,106	14,478,087	8,575,019	59.2%
Unrestricted	(163,721,215)	(155,550,916)	(8,170,299)	-5.3%
<b>Total Net Position</b>	<b>\$ (63,452,533)</b>	<b>\$ (41,122,799)</b>	<b>\$ (22,329,734)</b>	<b>-54.3%</b>

During the year, deferred outflows of resources increased by 6%, deferred inflows of resources decreased by 57%, and long-term liabilities decreased by 19% mostly because of pension adjustments related to GASB 68 and the issuance of new debt during the year. GASB 68 requires all local governments that participate in cost sharing pension plans to record its proportionate share of net pension liabilities from pension plans in the government-wide financial statements. GASB 75 requires all local governments that participates in other postemployment benefits (OPEB) to record the actuarially determined liability. There was no impact on fund balance as a result of GASB 68 or GASB 75.

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

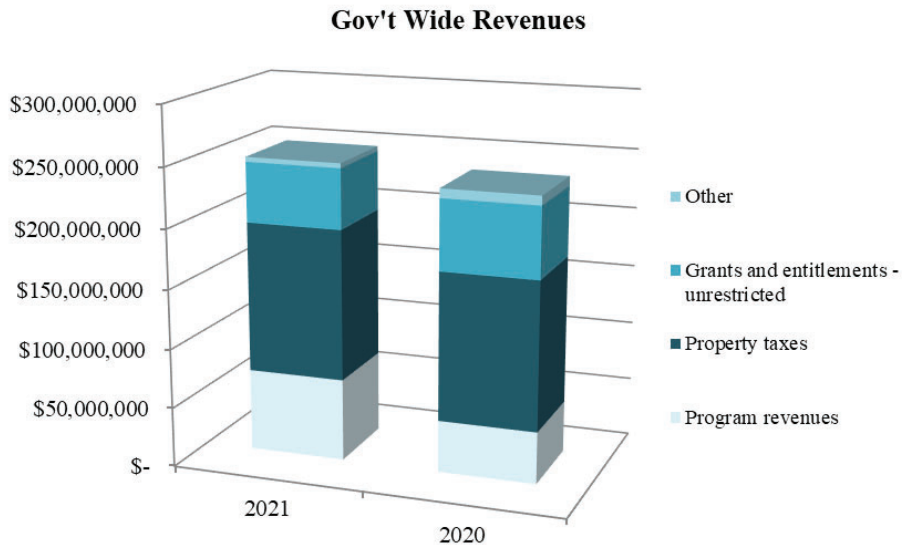
Table 2 shows the changes in net position for fiscal year 2021 as compared to 2020:

<b>Table 2 - Summary of Changes in Statement of Activities</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
<b>Revenues</b>				
Program revenues	\$ 69,069,781	\$ 43,785,100	\$ 25,284,681	57.7%
General revenues:				
Property taxes	126,478,263	124,772,207	1,706,056	1.4%
Grants and entitlements - unrestricted	50,533,061	59,311,023	(8,777,962)	-14.8%
Other	4,034,931	7,869,797	(3,834,866)	-48.7%
<b>Total Revenues</b>	<b>250,116,036</b>	<b>235,738,127</b>	<b>14,377,909</b>	<b>6.1%</b>
<b>Program Expenses</b>				
Instruction	142,027,105	139,398,820	2,628,285	1.9%
Instruction-related services	31,213,681	29,562,175	1,651,506	5.6%
Pupil services	27,480,655	28,433,393	(952,738)	-3.4%
General administration	15,720,526	12,715,181	3,005,345	23.6%
Plant services	18,515,157	15,007,028	3,508,129	23.4%
Ancillary services	4,216,480	4,223,178	(6,698)	-0.2%
Community services	1,397,361	1,379,275	18,086	1.3%
Other outgo	523,211	399,423	123,788	31.0%
Interest on long-term debt	6,284,513	6,465,137	(180,624)	-2.8%
<b>Total Expenses</b>	<b>247,378,689</b>	<b>237,583,610</b>	<b>9,795,079</b>	<b>4.1%</b>
<b>Special Item</b>				
Loss on disposal of capital assets	(21,753,808)	-	(21,753,808)	100.0%
<b>Change in Net Position</b>	<b>(19,016,461)</b>	<b>(1,845,483)</b>	<b>(17,170,978)</b>	<b>-930.4%</b>
<b>Begininng Net Position</b>	<b>(41,122,799)</b>	<b>(39,277,316)</b>	<b>(1,845,483)</b>	<b>-4.7%</b>
<b>Prior Period Adjustments</b>	<b>(3,313,273)</b>	<b>-</b>	<b>(3,313,273)</b>	<b>100.0%</b>
<b>Ending Net Position</b>	<b>\$ (63,452,533)</b>	<b>\$ (41,122,799)</b>	<b>\$ (22,329,734)</b>	<b>-54.3%</b>

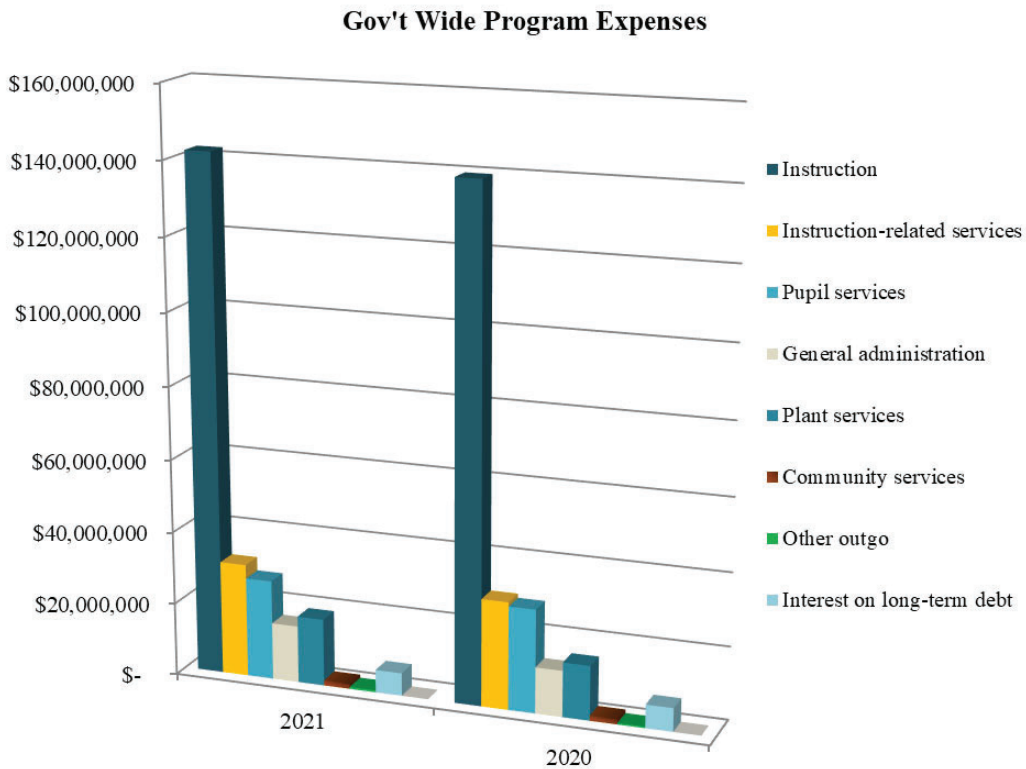
The District's expenses for instructional services was 70% of total expenses in 2020-2021 versus 71% in 2019-2020. The purely administrative activities of the District accounted for 6% of total costs in 2020-2021 versus 5% in 2019-2020. Interest on long-term debt represented 3% of total expenses in 2020-2021 and in 2019-2020. Total expenses were 99% and 101% of revenue in 2020-2021 and in 2019-2020, respectively. In regard to revenue, program revenues were 28% of total revenues in 2020-2021 versus 19% in 2019-2020.

**Santa Rosa City Schools**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021

The following is a summary of government wide revenues for the fiscal year ended June 30, 2021:



The following is a summary of expenses by function for the fiscal year ended June 30, 2021:



**Santa Rosa City Schools**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021

**GOVERNMENTAL ACTIVITIES**

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

<b>Table 3 - Net Cost of Services</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
Instruction	\$ 102,443,128	\$ 116,859,163	\$ (14,416,035)	-12.3%
Instruction-related services	24,969,462	25,841,791	(872,329)	-3.4%
Pupil services	15,631,120	20,644,678	(5,013,558)	-24.3%
General administration	12,500,628	11,743,583	757,045	6.4%
Plant services	13,127,932	8,064,177	5,063,755	62.8%
Ancillary services	3,415,804	4,013,412	(597,608)	-14.9%
Community services	94,307	1,379,275	(1,284,968)	-93.2%
Other outgo	(157,986)	(1,212,706)	1,054,720	-667.6%
Interest on long-term debt	6,284,513	6,465,137	(180,624)	-2.8%
<b>Total Net Cost of Services</b>	<b>\$ 178,308,908</b>	<b>\$ 193,798,510</b>	<b>\$ (15,489,602)</b>	<b>-7.99%</b>

The following summarizes the District's functions:

- *Instruction* expenditures include activities directly dealing with the teaching of pupils.
- *Instruction-related Services* include the activities involved with assisting staff with the content and process of educating students.
- *Pupil Services* include guidance and counseling, psychological, health, speech and testing services, transporting students, as well as preparing, delivering, and serving meals to students.
- *General Administration* reflects expenditures associated with the administrative and financial supervision of the School District. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- *Plant Services* involve keeping the school grounds and equipment in effective working condition.
- *Ancillary Services* represent the expenditures associated with co-curricular and athletic programs.
- *Community Services* are expenses related to direct support around the community.
- *Other Outgo* includes tuitions and transfers of resources between the District and other educational agencies for services provided to District students.

**THE DISTRICT'S FUNDS**

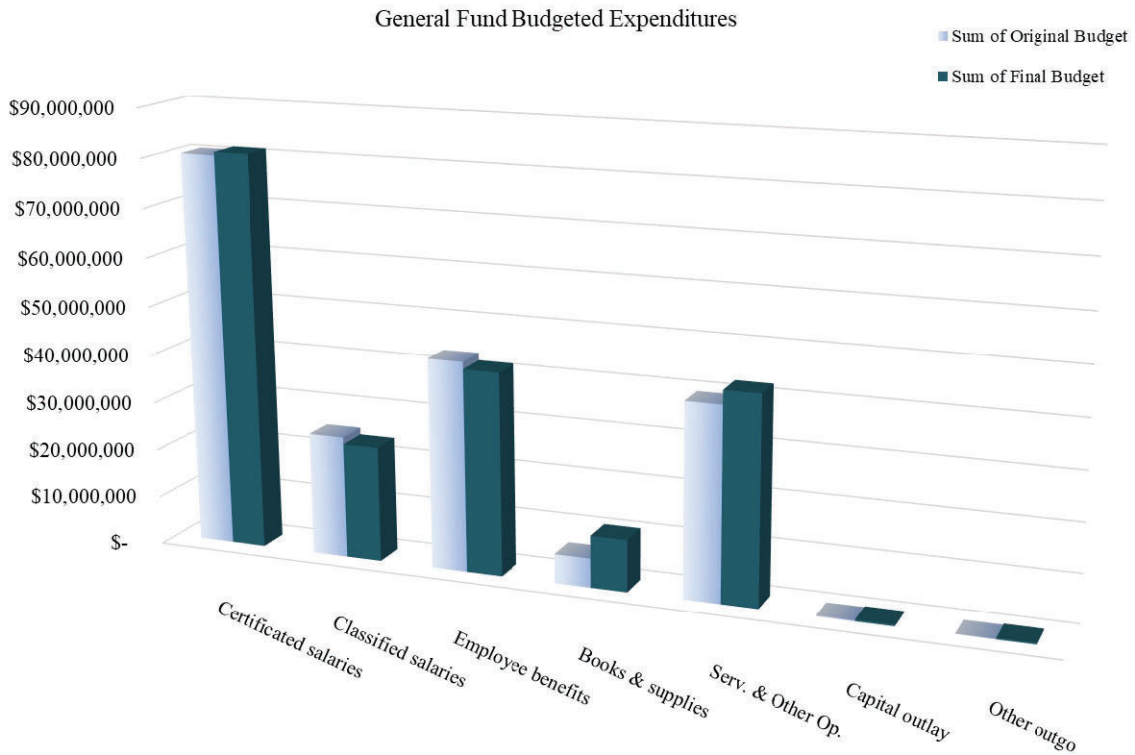
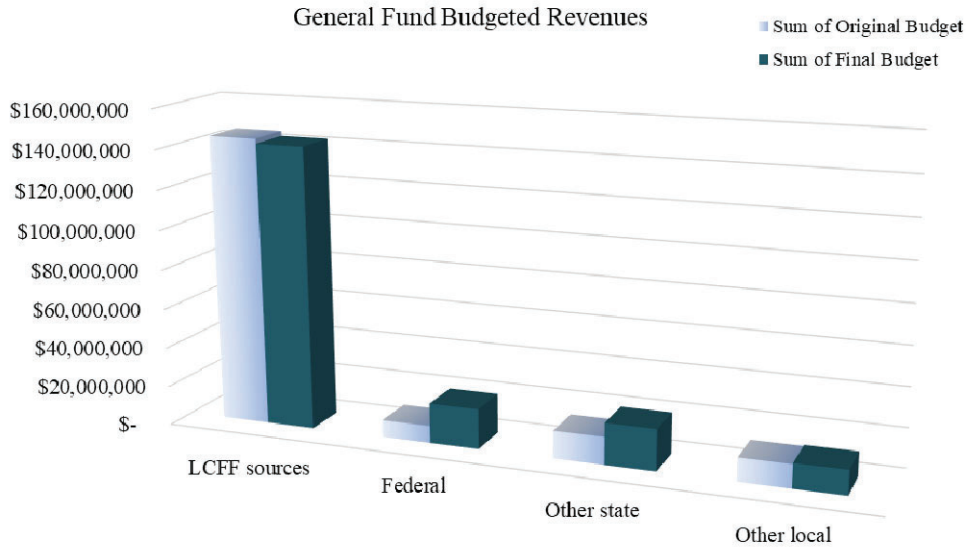
Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

<b>Table 4 - Summary of Fund Balances</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
General Fund	\$ 35,438,945	\$ 24,189,269	\$ 11,249,676	46.5%
Charter School Fund	1,050,048	4,290,790	(3,240,742)	-75.5%
Building Fund	74,571,194	60,862,257	13,708,937	22.5%
Bond Interest and Redemption Fund	23,511,100	20,445,171	3,065,929	15.0%
Nonmajor Funds	16,084,142	12,753,963	3,330,179	26.1%
<b>Total Fund Balances</b>	<b>\$ 150,655,429</b>	<b>\$ 122,541,450</b>	<b>\$ 28,113,979</b>	<b>22.9%</b>

**Santa Rosa City Schools**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021

**FINANCIAL ANALYSIS OF THE GENERAL FUND AND BUDGETING HIGHLIGHTS**

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2020-2021 fiscal year, the District revised its General Fund budget twice, at 1<sup>st</sup> Interim and 2<sup>nd</sup> interim. The following charts summarize the changes from the District's original and final budgets.



**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

**CAPITAL ASSETS**

Table 5 shows June 30, 2021 balances as compared to June 30, 2020.

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
Land	\$ 8,929,571	\$ 8,929,571	\$ -	0.0%
Work-in-Progress	48,199,899	23,101,808	25,098,091	108.6%
Buildings and improvements	178,846,777	190,364,749	(11,517,972)	-6.1%
Equipment	4,121,209	4,456,226	(335,017)	-7.5%
<b>Total Capital Assets - Net</b>	<b>\$ 240,097,456</b>	<b>\$ 226,852,354</b>	<b>\$ 13,245,102</b>	<b>5.8%</b>

See Note 4 for more information related to capital assets.

**LONG TERM LIABILITIES**

Table 6 summarizes the percent changes in long-term liabilities over the past two years.

<b>Table 6 - Summary of Long-term Liabilities</b>				
<b>Description</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage Change</b>
General Obligation Bonds	\$ 246,922,800	\$ 196,598,395	\$ 50,324,405	25.6%
Charter School Facilities Program Loan	4,641,279	4,775,350	(134,071)	-2.8%
PG&E Energy Efficient Loans	4,748,423	-	4,748,423	100.0%
Certificates of Participation	8,260,053	8,291,677	(31,624)	-0.4%
Net Pension Obligations	195,425,275	176,056,014	19,369,261	11.0%
Net OPEB Obligation	24,752,522	22,632,563	2,119,959	9.4%
Compensated Absences	1,954,462	1,998,902	(44,440)	-2.2%
<b>Total Long-term Liabilities</b>	<b>\$ 486,704,814</b>	<b>\$ 410,352,901</b>	<b>\$ 76,351,913</b>	<b>18.6%</b>

See Note 6 for more information related to long-term liabilities.

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

There are a couple of factors that will affect the Santa Rosa City Schools' future.

The District had a decrease in ADA for 2020-21 and is projecting declining enrollment in future years.

The COVID-19 Pandemic may have a significant impact on student attendance with the requirement that students stay home with any coronavirus symptom until a negative test is received or symptoms improve and a 10-day quarantine has passed. It is a concern that attendance rates will drop below historical averages and negatively affect the Districts funding. Since California is one of only six states that base funding on attendance, meaning no matter how many students we have enrolled, if their attendance rate is only 90%, we must prepare for our entire enrollment but only receive funding for 90%.

One significant issue the District will face over the next few years is higher costs arising from scheduled employer paid pension contribution rate increases.

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

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By far the largest unknown for California school districts is the Cost-of-Living Adjustment (COLA) to the state Local Control Funding Formula (LCFF), which determines the increase to funding schools will receive to be able to take on the rise in costs for expenses. Over the past years the state funded COLA has been somewhat volatile and arguably not as high as what school districts need to avoid dipping into reserves. When comparing the future year's projected COLA revenue increases to the projections for expense increases due to pension costs, employee step and column adjustments, and other increases in expenses, this leaves pause for concern. This increase from the COLA will also be the new revenue for future employee group negotiations as well.

Future predictions and uncertainties with the changes to the State funding formula, enrollment and aging District facilities require management to plan carefully and prudently to provide the necessary resources to meet the student's needs and continue to keep pace with inflation increases over the next several years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Fiscal Services Office at 211 Ridgway Avenue, Santa Rosa, CA 95401 or call (707) 890-3800 ext. 80210.

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*Basic Financial Statements*

**SANTA ROSA CITY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 138,369,125
Accounts receivable	41,600,430
Stores inventories and other assets	597,961
Total current assets	180,567,516
Noncurrent assets:	
Non-depreciable capital assets	57,129,470
Depreciable capital assets - net	182,967,986
Total noncurrent assets	240,097,456
Total Assets	\$ 420,664,972
<b>Deferred Outflows of Resources</b>	
Pension adjustments	\$ 47,808,119
OPEB adjustments	1,924,218
Deferred loss on early retirement of long-term debt	1,628,626
Total Deferred Outflows of Resources	\$ 51,360,963
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 20,596,228
Unearned revenue	7,993,088
Accrued interest	3,060,000
Total current liabilities	31,649,316
Long-term liabilities:	
Due within one year	14,254,805
Due after one year	472,450,009
Total long-term liabilities	486,704,814
Total Liabilities	\$ 518,354,130
<b>Deferred Inflows of Resources</b>	
Pension adjustments	\$ 13,450,395
OPEB adjustments	3,673,943
Total Deferred Outflows of Resources	\$ 17,124,338
<b>Net Position</b>	
Net investment in capital assets	\$ 77,215,576
Restricted for:	
Capital projects	12,347,001
Cafeteria programs	333,033
Educational programs	10,373,072
Total restricted net position	23,053,106
Unrestricted	(163,721,215)
Total Net Position	\$ (63,452,533)

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

**SANTA ROSA CITY SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 142,027,105	\$ 1,136,425	\$ 38,256,048	\$ 191,504	\$ (102,443,128)
Instruction-related services:					
Supervision of instruction	9,257,773	233,990	3,504,768	-	(5,519,015)
Instruction library, media and technology	2,452,229	474	792,608	-	(1,659,147)
School site administration	19,503,679	35,049	1,677,330	-	(17,791,300)
Pupil services:					
Home-to-school transportation	6,741,240	34	2,552,521	-	(4,188,685)
Food services	5,479,953	1,006,272	4,989,723	-	516,042
All other pupil services	15,259,462	67,030	3,233,955	-	(11,958,477)
General administration:					
Data processing	1,258,782	-	798	-	(1,257,984)
All other general administration	14,461,744	32,934	3,186,166	-	(11,242,644)
Plant services	18,515,157	498,592	4,888,633	-	(13,127,932)
Ancillary services	4,216,480	40,854	759,822	-	(3,415,804)
Community services	1,397,361	-	1,303,054	-	(94,307)
Payments to other agencies	523,211	268,137	413,060	-	157,986
Interest on long-term debt	6,284,513	-	-	-	(6,284,513)
Total governmental activities	<u>\$ 247,378,689</u>	<u>\$ 3,319,791</u>	<u>\$ 65,558,486</u>	<u>\$ 191,504</u>	<u>(178,308,908)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					107,629,466
Taxes levied for debt service					17,738,324
Taxes levied for other specific purposes					1,110,473
Federal and state aid not restricted to specific purposes					50,533,061
Interest and investment earnings					745,038
Interagency revenues					101,000
Miscellaneous					3,188,893
Special item - loss on disposal of capital assets					(21,753,808)
Total general revenues and special items					<u>159,292,447</u>
Change in net position					<u>(19,016,461)</u>
Net position beginning					(41,122,799)
Prior period adjustments					<u>(3,313,273)</u>
Net position beginning, as adjusted					<u>(44,436,072)</u>
Net position ending					<u>\$ (63,452,533)</u>

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

**SANTA ROSA CITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 22,340,943	\$ 6,037,264	\$ 75,198,077	\$ 23,511,100	\$ 9,157,803	\$ 136,245,187
Accounts receivable	37,937,339	1,471,855	-	-	2,191,236	41,600,430
Due from other funds	7,684,961	187,219	-	-	8,283,955	16,156,135
Stores inventories and other assets	228,299	-	-	-	369,662	597,961
<b>Total Assets</b>	<b>\$ 68,191,542</b>	<b>\$ 7,696,338</b>	<b>\$ 75,198,077</b>	<b>\$ 23,511,100</b>	<b>\$ 20,002,656</b>	<b>\$ 194,599,713</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 17,192,174	\$ 1,330,786	\$ 626,883	\$ -	\$ 1,322,066	\$ 20,471,909
Due to other funds	8,541,993	5,254,049	-	-	1,683,245	15,479,287
Unearned revenue	7,018,430	61,455	-	-	913,203	7,993,088
<b>Total Liabilities</b>	<b>32,752,597</b>	<b>6,646,290</b>	<b>626,883</b>	<b>-</b>	<b>3,918,514</b>	<b>43,944,284</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Revolving fund	36,750	1,500	-	-	200	38,450
Stores inventory	228,300	-	-	-	369,662	597,962
<b>Restricted for:</b>						
Cafeteria programs	-	-	-	-	333,033	333,033
Capital projects	-	-	74,571,194	-	12,347,001	86,918,195
Educational programs	9,833,379	539,693	-	-	-	10,373,072
Debt service	-	-	-	23,511,100	-	23,511,100
<b>Assigned for:</b>						
Capital projects	-	-	-	-	2,288,207	2,288,207
Charter school programs	-	508,855	-	-	-	508,855
Child care program	-	-	-	-	7,410	7,410
Deferred maintenance	-	-	-	-	738,629	738,629
<b>Unassigned:</b>						
Economic uncertainties	5,415,279	-	-	-	-	5,415,279
Unappropriated	19,925,237	-	-	-	-	19,925,237
<b>Total Fund Balances</b>	<b>35,438,945</b>	<b>1,050,048</b>	<b>74,571,194</b>	<b>23,511,100</b>	<b>16,084,142</b>	<b>150,655,429</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 68,191,542</b>	<b>\$ 7,696,338</b>	<b>\$ 75,198,077</b>	<b>\$ 23,511,100</b>	<b>\$ 20,002,656</b>	<b>\$ 194,599,713</b>

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

**SANTA ROSA CITY SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total fund balances - governmental funds \$ 150,655,429

Amounts reported in the Statement of Net Position are different because:

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

Capital assets at cost	\$ 473,365,372	
Accumulated depreciation	<u>(233,267,916)</u>	240,097,456

Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements. 47,808,119

The differences from pension plan assumptions in actuarial valuations are not included in the plans' actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position. (13,450,395)

The differences between projected and actual amounts in OPEB plans are not included in the plan's actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:

Contributions subsequent to the measurement date		1,924,218
Change in assumption		<u>(3,673,943)</u>

Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds. (3,060,000)

An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities. 1,322,771

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:

General obligation bonds	\$ 246,922,800	
Certificates of participation	8,260,053	
Loss on early retirement of long-term debt	(1,628,626)	
School Facilities Loan	4,641,279	
PG&E Energy Efficient Loans	4,748,423	
Net pension obligations	195,425,275	
Total OPEB obligation	24,752,522	
Compensated absences (vacation)	<u>1,954,462</u>	<u>(485,076,188)</u>

Total net position - governmental activities \$ (63,452,533)

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

**SANTA ROSA CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
LCFF sources	\$ 143,519,705	\$ 11,284,354	\$ -	\$ -	\$ -	\$ 154,804,059
Federal revenue	25,543,722	754,120	-	-	4,534,722	30,832,564
Other state	24,414,840	1,506,788	-	98,990	2,407,468	28,428,086
Other local	11,973,478	80,745	306,436	17,724,363	5,735,322	35,820,344
<b>Total revenues</b>	<b>205,451,745</b>	<b>13,626,007</b>	<b>306,436</b>	<b>17,823,353</b>	<b>12,677,512</b>	<b>249,885,053</b>
<b>Expenditures:</b>						
<b>Current</b>						
Instruction	120,520,226	9,019,327	-	-	644,597	130,184,150
Instruction-related services:						
Supervision of instruction	8,484,391	408,269	-	-	-	8,892,660
Instruction library, media and technology	1,801,500	134,437	-	-	-	1,935,937
School site administration	15,899,556	1,081,942	-	-	-	16,981,498
Pupil services:						
Home-to-school transportation	6,463,110	-	-	-	-	6,463,110
Food services	246	-	-	-	5,293,696	5,293,942
All other pupil services	14,201,429	446,896	-	-	-	14,648,325
General administration:						
Data processing	903,698	-	-	-	-	903,698
All other general administration	12,485,109	1,335,548	-	-	39,180	13,859,837
Plant services	13,159,696	582,684	2,437,563	-	1,869,675	18,049,618
Facilities acquisition and construction	2,005,274	-	42,892,213	-	1,469,144	46,366,631
Ancillary services	2,197,957	-	-	-	-	2,197,957
Community services	1,339,709	-	-	-	-	1,339,709
Payments to other agencies	141,759	-	-	-	375,352	517,111
Debt service:						
Principal	81,870	-	134,071	15,470,000	95,000	15,780,941
Interest and fees	-	-	727,844	8,452,198	251,894	9,431,936
<b>Total expenditures</b>	<b>199,685,530</b>	<b>13,009,103</b>	<b>46,191,691</b>	<b>23,922,198</b>	<b>10,038,538</b>	<b>292,847,060</b>
Excess (deficiency) of revenues over (under) expenditures	5,766,215	616,904	(45,885,255)	(6,098,845)	2,638,974	(42,962,007)
<b>Other financing sources (uses):</b>						
Transfers in	4,657,646	-	-	-	42,694	4,700,340
Transfers out	(42,694)	(3,857,646)	-	-	-	(3,900,340)
Debt issuance	-	-	71,778,916	9,164,774	648,511	81,592,201
Bond defeasance	-	-	(12,184,724)	-	-	(12,184,724)
<b>Total other financing sources (uses)</b>	<b>4,614,952</b>	<b>(3,857,646)</b>	<b>59,594,192</b>	<b>9,164,774</b>	<b>691,205</b>	<b>70,207,477</b>
<b>Net changes in fund balances</b>	<b>10,381,167</b>	<b>(3,240,742)</b>	<b>13,708,937</b>	<b>3,065,929</b>	<b>3,330,179</b>	<b>27,245,470</b>
Fund balances beginning	24,189,269	4,290,790	60,862,257	20,445,171	12,753,963	122,541,450
Prior period adjustments - GASB 84	868,509	-	-	-	-	868,509
Fund balances beginning - as adjusted	25,057,778	4,290,790	60,862,257	20,445,171	12,753,963	123,409,959
<b>Fund balances ending</b>	<b>\$ 35,438,945</b>	<b>\$ 1,050,048</b>	<b>\$ 74,571,194</b>	<b>\$ 23,511,100</b>	<b>\$ 16,084,142</b>	<b>\$ 150,655,429</b>

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

**SANTA ROSA CITY SCHOOLS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds	\$	27,245,470
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital assets additions	\$	46,512,072
Depreciation expense		<u>(11,513,162)</u>
		34,998,910
<p>Losses and adjustments on the disposal of capital assets are recorded as special items in the government-wide Statement of Activities but are not reported in the governmental funds.</p>		
		(21,753,808)
<p>Accreted interest on capital appreciation bonds is not recorded in the governmental funds but is required to be recorded under the accrual basis of accounting in the government wide financial statements.</p>		
		(63,376)
<p>The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:</p>		
Repayment of debt principal		15,780,941
Amortization of bond premiums		2,532,531
Amortization of loss on early retirement of long-term debt		(124,215)
Debt issuances		(81,592,201)
Gain on early retirement of long-term debt		432,030
Advance refunding of bonds		12,184,724
<p>In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned exceeded the amounts used by:</p>		
		44,440
<p>In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		(7,990,040)
<p>In governmental funds, actual contributions to the OPEB plan is reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		(516,826)
<p>An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities</p>		
		(565,494)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		<u>370,453</u>
Changes in net position of governmental activities	<u>\$</u>	<u>(19,016,461)</u>

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

**SANTA ROSA CITY SCHOOLS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021**

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	Internal Service Self Insurance Fund
	<u>Fund</u>
<b>Assets</b>	
Cash	\$ 2,123,938
Due from other funds	<u>123,152</u>
Total Assets	<u>\$ 2,247,090</u>
<b>Liabilities</b>	
Accounts payable	\$ 124,319
Due to other funds	<u>800,000</u>
Total Liabilities	<u>\$ 924,319</u>
<b>Net Position</b>	
Restricted	<u>\$ 1,322,771</u>
Total Net Position	<u>\$ 1,322,771</u>

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

**SANTA ROSA CITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	Internal Service Self Insurance Fund
<b>Operating Revenues</b>	
Charges to other funds	\$ 2,324,790
<b>Operating Expenses</b>	
Services and other operating expenditures	2,100,860
Operating Income (Loss)	223,930
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	10,576
Income Before Transfers	234,506
Transfers to Other Funds	(800,000)
Change in Net Position	(565,494)
Beginning Net Position	1,888,265
Ending Net Position	\$ 1,322,771

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

**SANTA ROSA CITY SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2021**

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	Internal Service Self Insurance Fund
<b>Cash Flows from Operating Activities</b>	
Cash received from assessments made to other funds	\$ 3,184,245
Cash paid for insurance and operating expenses	(1,976,541)
Net cash provided by (used for) operating activities	1,207,704
 <b>Cash Flows from Investing Activities</b>	
Interest income	10,576
Increase in Cash and Cash Equivalents	1,218,280
Cash and Cash Equivalents - Beginning	905,658
Cash and Cash Equivalents - Ending	\$ 2,123,938
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 223,930
(Increase) decrease in due from other funds	859,455
Increase (decrease) in accounts payable	124,319
Net cash provided by operating activities	\$ 1,207,704

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

**SANTA ROSA CITY SCHOOLS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**

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	Expendable Trust <u>Scholarship Fund</u>
<b>Assets</b>	
Cash	\$ 14,478
Total Assets	<u>\$ 14,478</u>
<b>Net Position</b>	
Restricted	<u>\$ 14,478</u>
Total Net Position	<u>\$ 14,478</u>

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

**SANTA ROSA CITY SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	Expendable Trust Scholarship Fund
<b>Additions</b>	
Other local revenues	\$ 5,001
<b>Deductions</b>	
Other services and operating expenses	11,800
Changes in net position	(6,799)
Net position beginning	21,277
Net position ending	\$ 14,478

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

*Notes to the Basic Financial Statements*

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Principles

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

B. Reporting Entity

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

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

The District does not have any component units and is not a component unit of any reporting entity for the fiscal year ended June 30, 2021.

C. Basis of Presentation

**Government-wide Financial Statements:**

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

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

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

**Fund Financial Statements:**

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

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

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions or ancillary activities.

Fiduciary funds are reported using the economic resources measurement focus as applicable.

**D. Basis of Accounting**

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

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

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

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apportionments, the California Department of Education has defined available for district as collectible within one year.

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

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

**Deferred Outflows/Deferred Inflows:**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension and total OPEB liabilities reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

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acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension and OPEB liabilities reported which is in the Statement of Net Position.

**Unearned Revenue:**

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

**Unavailable Revenue:**

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

**Expenses/Expenditures:**

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

E. Fund Accounting

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

**Major Governmental Funds:**

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

The *Charter Schools Fund* is used to account for the operations of the District's Charter Schools.

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

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

**Non-major Governmental Funds:**

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

The District maintains the following nonmajor special revenue funds:

- The *Child Development Fund* is used to account for revenues received and expenditures made to the child development program subcontracted by the District.
- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.
- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

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

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").
- The *County School Facilities Fund* is used to account for apportionments from the State Schools Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects and facility hardship grants.
- The *Special Reserve Fund for Capital Outlay Projects* exists primarily to account for funds set aside for Board designated construction projects.

**Proprietary Funds:**

*Proprietary Fund* reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

- *Internal Service Fund* - The Self Insurance Fund is 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 this fund to account for dental insurance premiums.

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**Fiduciary Funds:**

*Fiduciary Fund* reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the District's own programs. The District maintains the following fiduciary funds:

- The *Scholarship Fund* is used to account for assets held by the District as trustee.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

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

H. Benefit Plans

**Pensions:**

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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The following summarizes the District’s pension plan balances for the fiscal year:

	PERS	STRS	Total
Deferred outflows of resources	\$ 10,947,609	\$ 36,860,510	\$ 47,808,119
Deferred inflows of resources	\$ 2,260,477	\$ 11,189,918	\$ 13,450,395
Pension expense	\$ 10,044,394	\$ 16,705,465	\$ 26,749,859
Net pension liabilities	\$ 51,030,865	\$ 144,394,410	\$ 195,425,275

**Other Postemployment Benefits Other Than Pensions (OPEB):**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the District’s Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's total OPEB liability have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

All District-directed investments are governed by *Government Code* Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District’s securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

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

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In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

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

3. Inventories and Prepaid Expenditures

**Inventories:**

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets. The District’s central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

**Prepaid Expenditures:**

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

4. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The District utilizes a capitalization threshold of \$5,000.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Furniture and fixtures	20
Vehicles	8
Computer system and equipment	5

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

6. Long-Term Liabilities

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

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

7. Fund Balance Policy and Classifications

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

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

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

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- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments may be identified by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

8. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2020, capital assets net of accumulated depreciation totaling \$240,097,456 was increased by unspent bond proceeds of \$74,571,194 and reduced by related debt of \$246,922,800, which excluded accreted interest of \$316,681 and premiums attributed to cash reserves for debt service of \$26,802,800. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

*Debt service* restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants, as applicable.

*Cafeteria program* restrictions reflect the amounts to be expended for federal and state funded school lunch and breakfast programs.

*Educational program* restrictions reflect the amounts to be expended on specific school programs that are legally restricted.

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

9. Local Control Funding Formula and Property Taxes

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

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

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

10. Risk management

**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, 2021, the District participated in the Northern California ReLiEF public entity risk pool 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:**

For fiscal year 2021, the District participated in the RESIG JPA for workers compensation.

11. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a

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reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

12. Eliminations and Reclassifications

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

13. Accounting Estimates

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

J. Implemented Accounting Pronouncements

*GASB Statement No. 84, “Fiduciary Activities.”* Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. Items previously reported as part of the agency fund classification of the Fiduciary Funds statements were reviewed to evaluate if they met the new custodial funds criteria. The District restated its general fund’s beginning fund balance by \$868,509 to reclassify student body funds previously reported as Agency funds. The student body funds were evaluated to determine if they were custodial funds as identified by GASB 84, but did not meet the definition of custodial funds and were identified as non-fiduciary.

K. Upcoming Accounting and Reporting Changes

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

*GASB Statement No. 87, “Leases.”* Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

*GASB Statement No. 91, “Conduit Debt Obligations.”* Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023. GASB Statement No. 92, “Omnibus 2020.” Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

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GASB Statement No. 93, “Replacement of Interbank Offered Rates.” Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements.” Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

**NOTE 2 – CASH AND INVESTMENTS**

A summary of cash and investments as of June 30, 2021 is as follows:

Description	Carrying Amount	Fair Value
<b>Government-Wide Statements:</b>		
Cash in bank	\$ 836,461	\$ 836,461
Cash with fiscal agent	139,342	139,342
Cash in revolving fund	38,450	38,450
Cash with County	137,354,872	137,313,666
Total Cash and Investments	\$ 138,369,125	\$ 138,327,919

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

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2021, the bank balance of the District’s bank accounts was \$1,350,551, of which \$763,382 was not insured by the FDIC.

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**Cash with Fiscal Agent:**

Cash with fiscal agent represents the amount on deposit with Summit State Bank for the purpose of making dental insurance premium payments from the District's Self Insurance Fund.

**Fair Value Measurements**

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

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

The District has the following recurring fair value measurements as of June 30, 2021:

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

**Cash in County Treasury**

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

**Policies and Practices**

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

**1. 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

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investing in the County Treasury. The District maintains an investment with the Sonoma County Investment Pool with a fair value of approximately \$2.836 billion and an amortized book value of \$3.124 billion. The average weighted maturity for this pool is 749 days.

**2. 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 County of Sonoma’s investment pool is not rated, however, the investments within the pool are rated A by Standard & Poor’s and Moody’s Investor Services.

**3. Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

**4. Concentration of Credit Risk**

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30, 2021:

Receivables	General Fund	Charter School Fund	Nonmajor Funds	Total
Federal	\$ 18,006,357	\$ -	\$ 863,641	\$ 18,869,998
State	9,110,198	142,838	1,307,444	10,560,480
Local	10,817,016	1,328,177	20,151	12,165,344
Other resources	3,768	840	-	4,608
<b>Total Accounts Receivable</b>	<b>\$ 37,937,339</b>	<b>\$ 1,471,855</b>	<b>\$ 2,191,236</b>	<b>\$ 41,600,430</b>

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**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activities for the year ended June 30, 2021 were as follows:

Capital Assets	Balance July 01, 2020	Additions	Transfers & Deletions	Balance June 30, 2021
Land - not depreciable	\$ 8,929,571	\$ -	\$ -	\$ 8,929,571
Work-in-progress - not depreciable	23,101,808	46,366,631	(21,268,540)	48,199,899
Buildings and improvements	408,622,458	21,268,540	(21,753,808)	408,137,190
Furniture and equipment	7,953,271	145,441	-	8,098,712
<b>Total capital assets</b>	<b>448,607,108</b>	<b>67,780,612</b>	<b>(43,022,348)</b>	<b>473,365,372</b>
Less accumulated depreciation for:				
Buildings and improvements	218,257,709	11,032,704	-	229,290,413
Furniture and equipment	3,497,045	480,458	-	3,977,503
<b>Total accumulated depreciation</b>	<b>221,754,754</b>	<b>11,513,162</b>	<b>-</b>	<b>233,267,916</b>
<b>Total capital assets - net depreciation</b>	<b>\$ 226,852,354</b>	<b>\$ 56,267,450</b>	<b>\$ (43,022,348)</b>	<b>\$ 240,097,456</b>

During the year, the District wrote off old assets that were replaced by new construction totaling \$21,753,808. Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 6,700,992
Instruction library, media and technology	438,767
School site administration	1,837,968
Food services	186,000
Data processing	316,195
All other general administration	64,630
Plant services	44,673
<u>Ancillary services</u>	<u>1,923,937</u>
<b>Total depreciation expense</b>	<b>\$ 11,513,162</b>

**NOTE 5 – INTERFUND TRANSACTIONS**

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

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**Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2021 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 4,657,646	\$ 42,694
Charter School Fund	-	3,857,646
Internal Service Funds	-	800,000
Nonmajor Funds	42,694	-
Totals	<u>\$ 4,700,340</u>	<u>\$ 4,700,340</u>

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

Interfund receivables and payables consisted of the following as of June 30, 2021:

Fund	Due From	Due To
General Fund	\$ 7,684,961	\$ 8,541,993
Charter School Fund	187,219	5,254,049
Building Fund	-	-
Internal Service Self Insurance Fund	123,152	800,000
Nonmajor Funds	8,283,955	1,683,245
Totals	<u>\$ 16,279,287</u>	<u>\$ 16,279,287</u>

**NOTE 6 – LONG-TERM LIABILITIES**

Schedule of Changes in Long-term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021, is shown below:

Description	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	\$ 196,598,395	\$ 80,943,690	\$ 30,619,285	\$ 246,922,800	\$ 13,510,000
Direct Borrowing:					
School Facilities Program Loan	4,775,350	-	134,071	4,641,279	136,776
PG&E Energy Efficient Loans	-	4,830,293	81,870	4,748,423	483,029
Certificates of Participation:					
Principal Payments	8,038,372	-	95,000	7,943,372	125,000
Accreted Interest	253,305	63,376	-	316,681	-
Total COP's	8,291,677	63,376	95,000	8,260,053	125,000
Net Pension Liability	176,056,014	70,915,427	51,546,166	195,425,275	-
Total OPEB Liability	22,632,563	9,412,430	7,292,471	24,752,522	-
Compensated Absences	1,998,902	1,100,557	1,144,997	1,954,462	-
Total Long-term Liabilities	<u>\$ 410,352,901</u>	<u>\$ 167,265,773</u>	<u>\$ 90,913,860</u>	<u>\$ 486,704,814</u>	<u>\$ 14,254,805</u>

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Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund using local revenues. Compensated absences, other postemployment benefits and pension obligations are paid by the fund for which the employee worked.

General Obligation Bonds Payable

**2015 General Obligation Refunding Bonds**

On February 25, 2015, the District issued \$27,370,000 (High School District) and \$5,415,000 (Elementary School District) of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.0% and 5.0% with annual maturities from May 1, 2015 through May 1, 2022. The net proceeds of \$36,623,038 (after premiums of \$3,936,393 and issuance costs and underwriter's discount of \$399,572) were used to prepay a portion of the District's outstanding Election of 2006, Series 2006 Bonds. These bonds were fully redeemed during the year.

**2016 General Obligation Bonds**

In 2016, the District issued \$9,500,000 in 2014 General Obligation Bonds, Series 2016A and 2016B, (Elementary School District), with an interest rate of 2-5%, for capital projects throughout the District. The District also issued \$12,165,000 in 2014 General Obligation Bonds, Series 2016A, (High School District), with an interest rate of 2-4%, for capital projects throughout the District. The net proceeds of \$22,098,070 (after payment of \$450,220 in underwriting fees, insurance, and other issuance costs and premiums of \$883,290).

In 2017, the District issued \$15,000,000 in 2014 General Obligation Bonds, Series 2016C, (Elementary School District), with an interest rate of 2-5% for capital projects throughout the District. The District also issued \$50,000,000 in 2014 General Obligation Bonds, Series 2016B, (High School District), with an interest rate of 2-5% for capital projects throughout the District. The net proceeds of \$71,420,188 (after payment of \$540,000 in issuance costs and premiums of \$6,960,188).

**2017 General Obligation Refunding Bonds**

In September 2017, the District issued \$21,090,000 (High School District) of 2017 General Obligation Refunding Bonds. The net proceeds of \$25,154,768 (after a premium of \$4,348,710 and issuance cost of \$283,942) were used to defease and redeem \$8,775,000 and \$13,385,000 of the District's outstanding 2011 and 2013 GO Refunding Bonds, respectively. The amounts defeased have been removed from the government-wide financial Statement of Net Position. The District completed the refunding to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$2,188,806. The bonds bear interest from 2.0% to 5.0%. Interest is due semi-annually on February 1 and August 1, commencing February 1, 2018. Principal payments begin August 1, 2018 and are due annually thereafter until August 1, 2028.

**2018 General Obligation Bonds**

In May 2018, the District issued \$10,000,000 and \$3,000,000 in 2014 General Obligation Bonds, Series 2018D and 2018E, (Elementary School District), with an interest rates of 3-5%, for capital projects throughout the District. The net proceeds of \$14,276,898 (after payment of \$280,955 in issuance costs and premiums of \$1,557,853). Interest is due semi-annually on February 1 and August 1, commencing August 1, 2018. For Series 2018D principal payments begin August 1, 2026 and are due annual thereafter

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until August 1, 2043. For Series 2018E principal payments begin August 1, 2019 and are due annually thereafter until August 1, 2021.

In May 2018, the District issued \$65,000,000 and 5,000,000 in 2014 General Obligation Bonds, Series 2018C and Series 2018D, (High School District), with an interest rates of 3-5%, for capital projects throughout the District. The net proceeds of \$78,734,290 (after payment of \$647,802 in issuance costs and premiums of \$9,382,092 Interest is due semi-annually on February 1 and August 1, commencing August 1, 2018. For Series 2018C principal payments begin August 1, 2020 and are due annual thereafter until August 1, 2043. For Series 2018D only one principal payment is due on August 1, 2019.

**2021 General Obligation Bonds, Series E**

In May 2021, the District issued \$42,835,000 in 2021 General Obligation Bonds, Series E for capital projects throughout the District. The net proceeds were \$49,090,118 after premiums of \$6,643,264 and the payment of \$388,146 in issuance costs. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2021. Principal payments begin August 1, 2021 and are due annually thereafter until August 1, 2043.

**2021 General Obligation Refunding Bonds**

In May 2021, the District issued \$5,080,000 of 2021 General Obligation Refunding Bonds. The net proceeds of \$4,969,662 (after issuance costs of \$110,338) were used to defease and redeem a portion of the District's outstanding 2013 General Obligation Refunding Bonds. The amounts defeased have been removed from the government-wide Statement of Net Position. The District completed the refunding to obtain an economic gain of \$286,451. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2021. Principal payments begin August 1, 2021 and are due annually thereafter until August 1, 2030.

**2021 General Obligation Bonds, Series F**

In May 2021, the District issued \$16,500,000 in 2021 General Obligation Bonds, Series F for capital projects throughout the District. The net proceeds were \$18,749,628 after premiums of \$2,521,510 and the payment of \$271,882 in issuance costs. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2021. Principal payments begin August 1, 2021 and are due annually thereafter until August 1, 2043.

**2021 General Obligation Refunding Bonds, Series A**

In May 2021, the District issued \$1,830,000 of 2021 General Obligation Refunding Bonds. The net proceeds of \$1,956,338 (after issuance costs of \$82,578 and premiums of \$208,916) were used to defease and redeem a portion of the District's outstanding 2011 General Obligation Refunding Bonds. The amounts defeased have been removed from the government-wide Statement of Net Position. The District completed the refunding to obtain an economic gain of \$46,308. Interest is due semi-annually on February 1 and August 1, commencing February 1, 2022. Principal payments begin August 1, 2022 and are due annually thereafter until August 1, 2026.

**2021 General Obligation Refunding Bonds, Series B**

In May 2021, the District issued \$5,325,000 of 2021 General Obligation Refunding Bonds. The net proceeds of \$5,258,724 (after issuance costs of \$66,276) were used to defease and redeem a portion of the

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District's outstanding 2013 General Obligation Refunding Bonds. The amounts defeased have been removed from the government-wide Statement of Net Position. The District completed the refunding to obtain an economic gain of \$343,737. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2021. Principal payments begin August 1, 2021 and are due annually thereafter until August 1, 2030.

A summary of the District's general obligation bonded debt as of June 30, 2021 is as follows:

Bond	Maturity Date	Interest Rate	Original Issue	Bonds		Adjustments & Redeemed	Bonds
				Outstanding July 01, 2020	Issued		Outstanding June 30, 2021
2011 GORB	2021	2-5	\$ 18,575,000	\$ 1,255,000	\$ -	\$ 1,255,000	\$ -
2011 GORB	2026	2-4.125	4,950,000	2,600,000	-	2,185,000	415,000
2013 GORB	2030	2-5	51,510,000	11,075,000	-	11,075,000	-
2013 GORB	2030	2-4	9,815,000	6,805,000	-	575,000	6,230,000
2015 GORB	2021	2-5	27,370,000	3,570,000	-	3,570,000	-
2015 GORB	2022	2-5	5,415,000	1,500,000	-	845,000	655,000
2016 GOB, Series A	2035	2-5	5,700,000	3,665,000	-	175,000	3,490,000
2016 GOB, Series B	2041	2-5	50,000,000	34,920,000	-	315,000	34,605,000
2016 GOB, Series C	2041	2-5	15,000,000	11,975,000	-	75,000	11,900,000
2017 GORB	2028	2-5	21,090,000	20,670,000	-	130,000	20,540,000
2018 GOB, Series D	2043	5	10,000,000	10,000,000	-	-	10,000,000
2018 GOB, Series E	2021	3-4	3,000,000	1,855,000	-	1,090,000	765,000
2018 GOB, Series C	2043	4-5	65,000,000	65,000,000	-	5,050,000	59,950,000
2021 GOB, Series E	2044	.22-4	42,835,000	-	42,835,000	-	42,835,000
2021 GORB	2044	.247-2.102	5,080,000	-	5,080,000	-	5,080,000
2021 GOB, Series F	2044	.25-4	16,500,000	-	16,500,000	-	16,500,000
2021 GORB Series A	2027	4	1,830,000	-	1,830,000	-	1,830,000
2021 GORB Series B	2031	.297-2.182	5,325,000	-	5,325,000	-	5,325,000
Subtotal General Obligation Bonds			374,960,000	174,890,000	71,570,000	26,340,000	220,120,000
Bond Premiums				21,708,395	9,373,690	4,279,285	26,802,800
Total General Obligation Bonds			<u>\$374,960,000</u>	<u>\$ 196,598,395</u>	<u>\$ 80,943,690</u>	<u>\$ 30,619,285</u>	<u>\$ 246,922,800</u>

The annual debt service requirements of the bonds as of June 30, 2021 are as follows:

For the Fiscal Year Ending June 30,	Principal			Interest			Total		
2022	\$	13,510,000	\$	8,065,603	\$	21,575,603			
2023		4,060,000		8,389,669		12,449,669			
2024		7,600,000		8,205,008		15,805,008			
2025		8,135,000		7,965,205		16,100,205			
2026		8,725,000		7,695,430		16,420,430			
2027-2031		38,215,000		33,750,548		71,965,548			
2032-2036		36,070,000		26,781,600		62,851,600			
2037-2041		56,800,000		16,856,600		73,656,600			
2042-2046		47,005,000		3,056,550		50,061,550			
Total Debt Service GOB's	\$	<u>220,120,000</u>	\$	<u>120,766,213</u>	\$	<u>340,886,213</u>			

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Certificates of Participation (COP's)

On November 19, 2015, the Public Property Financing Corporation of California issued certificates of participation in the aggregate amount of \$8,195,444. The certificates were issued as \$6,865,000 of current interest certificates and \$1,330,444 of capital appreciation certificates. The proceeds from the sale of the certificates were used to refund the June 12, 2008 certificates of participation which was issued to finance the 2008 Capital Project, that consisted of the acquisition, construction, installation, and equipping of improvements to various facilities within the Santa Rosa City High School District. As a result of the refunding, the District recognized a deferred loss on early retirement of long-term debt of \$552,542 which will be amortized over the life of the debt in the government-wide financial statements.

The annual debt service requirements of the COP's as of June 30, 2021 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ 125,000	\$ 242,594	\$ -	\$ 367,594
2023	125,250	241,344	34,749	401,343
2024	145,404	241,344	49,596	436,344
2025	225,000	238,531	-	463,531
2026	181,200	235,719	88,800	505,719
2027-2031	1,316,518	1,170,577	628,482	3,115,577
2032-2036	3,655,000	810,594	-	4,465,594
2037-2041	2,170,000	88,600	-	2,258,600
Total Debt Service COP's	<u>\$ 7,943,372</u>	<u>\$ 3,269,303</u>	<u>\$ 801,627</u>	<u>\$ 12,014,302</u>

School Facilities Loans

In 2016, the Charter School Facilities Program (CSFP), which is jointly administered by the California School Finance Authority (CSFA) and the Office of Public School Construction (OPSC), issued the District two loans totaling \$5,035,367 for facilities construction projects at the Santa Rosa Charter for the Arts campus. CSFP provides low-cost financing for charter school facilities through 50% grant and 50% loan agreements. The first loan of \$2,954,076 was for new construction and the second loan of \$2,081,291 was for rehabilitation of existing District facilities. Both loans have payments from September 1, 2018 through August 1, 2047 and carry a 2.000% annual interest rate.

The annual debt service requirements of the CSFP loans as of June 30, 2021 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 136,776	\$ 91,843	\$ 228,619
2023	139,535	89,084	228,619
2024	142,350	86,269	228,619
2025	145,221	83,397	228,618
2026	148,151	80,468	228,619
2027-2031	786,808	356,284	1,143,092
2032-2036	869,436	273,655	1,143,091
2037-2041	960,743	182,349	1,143,092
2042-2046	1,061,638	81,454	1,143,092
2047-2051	250,621	3,393	254,014
Total Debt Service CSFP Loans	<u>\$ 4,641,279</u>	<u>\$ 1,328,196</u>	<u>\$ 5,969,475</u>

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Pacific Gas and Electric Company (PG&E) Loan

The District received zero interest loans from PG&E totaling \$4,830,293 that mature in December 2031y. Principal payments of \$40,252 are due monthly. The District decreased beginning net position by \$4,181,782 to reclassify deferrals from prior years as long-term debt. The remaining \$648,511 was reported as other financing sources in the funds which was converted to long-term debt in the government wide financial statements. The loans were made through PG&E's On-Bill Financing Program (the "Program") which is funded by California Utility customers and administered by PG&E under the auspices of the California Public Utilities Commission (CPUC). The Program provides qualified PG&E customers with a means to finance energy-efficient (EE) retrofit projects implemented under select PG&E EE Programs (the "Qualified Program"). The loans issued under the Program are interest-free, unsecured loans to reimburse the District for the costs it incurred in connection with qualified energy efficient retrofit projects. The annual debt service requirements of the PG&E loans as of June 30, 2021 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 483,029	\$ -	\$ 483,029
2023	483,029	-	483,029
2024	483,029	-	483,029
2025	483,029	-	483,029
2026	483,029	-	483,029
2027-2031	2,333,278	-	2,333,278
Total Debt Service	<u>\$ 4,748,423</u>	<u>\$ -</u>	<u>\$ 4,748,423</u>

**NOTE 7 – JOINT POWERS AGREEMENTS**

The Santa Rosa City Schools participates in joint ventures under joint powers agreements with the Redwood Empire Schools' Insurance Group (RESIG), a Joint Powers Authority (JPA), for benefits. The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes. The JPAs provide property and liability insurance coverage as well as health and welfare benefits coverage. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs. Condensed audited financial information is available by contacting the JPA directly.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Federal and State Allowances, Award, and Grants

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

Litigation

The District may be exposed to certain legal matters that arise from the normal course of business. The District has not accrued a liability for any potential litigation as of June 30, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS**

**California Public Employees Retirement System (CalPERS/PERS) Pension Plan**

*General Information about the PERS Pension Plan*

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

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>CalPERS</b>	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	20.700%	20.700%

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

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

For the year ended June 30, 2021, the District’s contributions were as follows:

	<b>CalPERS</b>
Employer Contributions	\$ 4,899,392

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS*

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
CalPERS	<u>\$ 51,030,865</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<b>CalPERS</b>
Proportion - June 30, 2020	<u>0.15474%</u>
Proportion - June 30, 2021	<u>0.16632%</u>
Change - Increase/(Decrease)	<u>0.01158%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$10,360,394 for the Plan.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalPERS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 187,132	\$ -
Differences between Expected and Actual Experience	2,530,974	-
Differences between Projected and Actual Investment Earnings	1,062,300	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,210,943
Change in Employer's Proportion	2,267,810	1,049,533
Pension Contributions Made Subsequent to Measurement Date	4,899,392	-
<b>Total</b>	<u>\$ 10,947,608</u>	<u>\$ 2,260,476</u>

The District reported \$4,899,392 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources CalPERS</b>
2022	\$ 1,092,294
2023	991,540
2024	1,161,491
2025	542,413
2026	-
Thereafter	-
<b>Total</b>	<b>\$ 3,787,738</b>

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

<u>Asset Class (a)</u>	<u>Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.00% used for this period.
- (c) An expected inflation of 2.92% used for this period.

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

	<b>CalPERS</b>
1% Decrease	6.15%
Net Pension Liability	\$ 73,366,174
Current	7.15%
Net Pension Liability	\$ 51,030,865
1% Increase	8.15%
Net Pension Liability	\$ 32,493,679

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

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

*General Information about the STRS Pension Plan*

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

**Benefits Provided** - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>CalSTRS</b>	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.150%	16.150%
Required State contribution rates	10.328%	10.328%

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

For the year ended June 30, 2021 the District's contributions were as follows:

	<b>CalSTRS</b>
Employer Contributions	\$ 13,872,063
State Contributions	8,436,800
Total	\$ 22,308,863

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
District	\$ 144,394,410
State	74,435,318
<b>Total</b>	<b>\$ 218,829,728</b>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 10.47 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<b>CalSTRS</b>
Proportion - June 30, 2020	0.14500%
Proportion - June 30, 2021	0.14900%
Change - Increase/(Decrease)	0.00400%

For the year ended June 30, 2021, the District recognized pension expense of \$25,276,749 which included a state on-behalf contribution of \$8,436,800.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalSTRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 14,080,500	\$ -
Differences between Expected and Actual Experience	254,790	4,072,170
Differences between Projected and Actual Investment Earnings	3,429,980	-
Differences between Employer's Contributions and Proportionate Share of Contributions	207,040	3,548,194
Change in Employer's Proportion	5,016,137	3,569,554
Pension Contributions Made Subsequent to Measurement Date	13,872,063	-
<b>Total</b>	<b>\$ 36,860,510</b>	<b>\$ 11,189,918</b>

The District reported \$13,872,063 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
<b>Ending June 30:</b>	<b>CalSTRS</b>
2022	\$ 1,260,187
2023	4,798,937
2024	5,126,750
2025	901,731
2026	(559,341)
Thereafter	270,265
<b>Total</b>	<b>\$ 11,798,529</b>

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

- (1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB  
(2) Net of investment expense but gross of administrative expenses.  
(3) Based on 110% of the MP-2016 Ultimate Projection

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

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

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

- (a) Real return is net of assumed 2.75% inflation.  
(b) 20-year geometric average.

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	<b>CalSTRS</b>
1% Decrease	6.10%
Net Pension Liability	\$ 218,159,840
Current	7.10%
Net Pension Liability	\$ 144,394,410
1% Increase	8.10%
Net Pension Liability	\$ 83,490,660

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

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description** - The District's administers a single-employer defined benefit postemployment healthcare plan (the OPEB plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

**Benefits Provided** - The following is a summary of the plan benefits provided:

<b>Benefits Provided:</b>	Medical, dental and vision
<b>Required Services:</b>	
<b>CalPERS</b>	Hired <1/1/2013: Age 50 & 5 years of service Hired >1/1/2013: Age 52 & 5 years of service
<b>CalSTRS</b>	Hired <1/1/2013: Normal - Age 60 & 5 years of service Early - Age 55 & 5 years of service or age 50 & 30 years of service Hired >1/1/2013: Normal - Age 62 & 5 years of service Early - Age 55 & 5 years of service
<b>Dependent Coverage:</b>	Yes
<b>Contribution Percentage:</b>	Varies
<b>Cap:</b>	\$ 1,265 per month

The District has not included shared benefit costs in its projections of benefit payments and has not shared benefit costs with inactive employees historically.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Employees Covered by Benefit Terms** - At June 30, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	849
Inactive employees	78
<b>Total employees</b>	<b>927</b>

**Contributions** - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District’s Board. Total contributions during the year were \$1,692,162. Total contributions included in the measurement period were \$1,537,406. The District’s contributions were 1.44% of covered employee payroll during the measurement period June 30, 2020 (reporting period June 30, 2021). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

**Actuarial Assumptions** - The following summarized the actuarial assumptions for the OPEB plan included in the fiscal year:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	8.90 years
Actuarial Assumptions:	
Discount Rate	2.45%
Inflation	2.50%
Salary Increases	3.50%
Healthcare Trend Rate	6.40%
Mortality	Teachers: January 2020 CalSTRS experience study. Nonteachers: CalPERS Experience Study for Miscellaneous December 2017
Retirement	Teachers: 2.0% @ 60 Teachers: 2.0% @ 62 Nonteachers: Misc 2.5% @ 55 Nonteachers: Misc 2% @ 62

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

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Changes in the Total OPEB Liability** - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2021:

<b>Fiscal Year Ended June 30, 2021</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30,2020</b>	\$ 22,632,562	\$ -	\$ 22,632,562
Service cost	1,947,218	-	1,947,218
Interest in Total OPEB Liability	745,287	-	745,287
Balance of changes in assumptions	964,861	-	964,861
Benefit payments	(1,537,406)	-	(1,537,406)
<b>Net changes</b>	<b>2,119,960</b>	<b>-</b>	<b>2,119,960</b>
<b>Balance at June 30, 2021</b>	<b>\$ 24,752,522</b>	<b>\$ -</b>	<b>\$ 24,752,522</b>

Covered Employee Payroll	\$ 107,070,763
Total OPEB Liability as a % of Covered Employee Payroll	23.12%
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service Cost as a % of Covered Employee Payroll	1.82%
Net OPEB Liability as a % of Covered Employee Payroll	23.12%

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

**Deferred Inflows and Outflows of Resources** - At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ 232,056	\$ -
Change in assumptions	-	3,673,943
OPEB contribution subsequent to measurement date	1,692,162	-
<b>Totals</b>	<b>\$ 1,924,218</b>	<b>\$ 3,673,943</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,692,162 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2022.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (606,789)
2023	(606,789)
2024	(606,789)
2025	(606,791)
2026	(478,019)
Thereafter	<u>(536,710)</u>
<b>Total</b>	<b><u>\$ (3,441,887)</u></b>

**OPEB Expense** - The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	\$ 1,947,218
Interest in TOL	745,287
Difference between actual and expected experience	156,904
Change in assumptions	<u>(640,420)</u>
<b>OPEB Expense</b>	<b><u>\$ 2,208,989</u></b>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021, for the measurement date of June 30, 2019:

Total OPEB liability ending	\$ 24,752,522
Total OPEB liability beginning	<u>(22,632,562)</u>
Change in total OPEB liability	2,119,960
Changes in deferred outflows	2,148
Changes in deferred inflows	(1,605,281)
Employer contributions and implicit subsidy	<u>1,692,162</u>
<b>OPEB Expense</b>	<b><u>\$ 2,208,989</u></b>

**Sensitivity to Changes in the Municipal Bond Rate** - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	<u>Municipal Bond Rate</u>		
	<u>(1% Decrease )</u>	<u>2.45%</u>	<u>(1% Increase )</u>
Total OPEB Liability	\$ 26,204,479	\$ 24,752,522	\$ 23,341,053

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Sensitivity to Changes in the Healthcare Cost Trend Rates** - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows.

	Trend Rate		
	(1% Decrease )	6.40%	(1% Increase )
Total OPEB Liability	\$ 22,439,070	\$ 24,752,522	\$ 27,451,907

**NOTE 11 – COVID-19 PANDEMIC IMPACT**

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021-2022 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed. At the date of the issuance of these financial statements, the future impact of the CV19 Crisis cannot be reasonably estimated.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
LCFF sources	\$ 145,023,173	\$ 142,616,854	\$ 143,519,705	\$ 902,851
Federal revenues	8,726,737	20,223,395	25,543,722	5,320,327
Other state	13,980,252	20,928,607	24,414,840	3,486,233
Other local	11,852,173	12,432,260	11,973,478	(458,782)
Total revenues	<u>179,582,335</u>	<u>196,201,116</u>	<u>205,451,745</u>	<u>9,250,629</u>
Expenditures:				
Certificated salaries	80,519,787	81,173,225	84,159,046	(2,985,821)
Classified salaries	25,099,606	23,688,863	23,547,369	141,494
Employee benefits	43,092,668	41,600,806	41,881,789	(280,983)
Books and supplies	6,027,657	10,704,053	8,819,462	1,884,591
Services and other operating expenditures	39,558,690	42,407,067	38,840,080	3,566,987
Capital outlay	151,256	344,487	2,214,155	(1,869,668)
Other outgo	88,086	311,745	223,629	88,116
Total expenditures	<u>194,537,750</u>	<u>200,230,246</u>	<u>199,685,530</u>	<u>544,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,955,415)</u>	<u>(4,029,130)</u>	<u>5,766,215</u>	<u>9,795,345</u>
Other financing sources (uses):				
Transfers in	4,779,415	5,397,495	4,657,646	(739,849)
Transfers out	-	(660,774)	(42,694)	618,080
Total other financing sources (uses)	<u>4,779,415</u>	<u>4,736,721</u>	<u>4,614,952</u>	<u>(121,769)</u>
Change in fund balance	<u>\$ (10,176,000)</u>	<u>\$ 707,591</u>	10,381,167	<u>\$ 9,673,576</u>
Prior period adjustment - GASB 84			868,509	
Fund balances beginning			<u>24,189,269</u>	
Fund balances ending			<u>\$ 35,438,945</u>	

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)**  
**CHARTER SCHOOL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
LCFF sources	\$ 12,792,240	\$ 12,531,458	\$ 11,284,354	\$ (1,247,104)
Federal revenues	-	753,605	754,120	515
Other state	505,204	1,082,436	1,506,788	424,352
Other local	37,500	19,007	80,745	61,738
Total revenues	<u>13,334,944</u>	<u>14,386,506</u>	<u>13,626,007</u>	<u>(760,499)</u>
Expenditures:				
Certificated salaries	6,562,202	6,475,216	6,614,914	(139,698)
Classified salaries	1,154,386	1,034,907	1,118,979	(84,072)
Employee benefits	2,701,306	2,360,872	2,654,564	(293,692)
Books and supplies	355,373	960,308	757,689	202,619
Services and other operating expenditures	891,016	1,987,313	1,862,957	124,356
Total expenditures	<u>11,664,283</u>	<u>12,818,616</u>	<u>13,009,103</u>	<u>(190,487)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,670,661</u>	<u>1,567,890</u>	<u>616,904</u>	<u>(950,986)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(3,979,415)	(3,979,415)	(3,857,646)	121,769
Total other financing sources (uses)	<u>(3,979,415)</u>	<u>(3,979,415)</u>	<u>(3,857,646)</u>	<u>121,769</u>
Change in fund balance	<u>\$ (2,308,754)</u>	<u>\$ (2,411,525)</u>	<u>(3,240,742)</u>	<u>\$ (829,217)</u>
Fund balances beginning			<u>4,290,790</u>	
Fund balances ending			<u>\$ 1,050,048</u>	

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the Charter School Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Employee benefits exceeded budget as noted above because of onbehalf payments for STRS and PERS from the state, which is offset by revenue.

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Contractually Required Contributions	\$ 1,957,100	\$ 2,193,239	\$ 2,926,108	\$ 3,344,202	\$ 3,865,049	\$ 4,711,818	\$ 4,899,392
Contributions in Relation to Contractually Required Contributions	1,957,100	2,193,239	2,926,108	3,344,202	3,865,049	4,711,818	4,899,392
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 16,626,455</b>	<b>\$ 18,513,033</b>	<b>\$ 21,069,326</b>	<b>\$ 21,532,432</b>	<b>\$ 21,398,788</b>	<b>\$ 23,892,389</b>	<b>\$ 23,666,629</b>
<b>Contributions as a % of Covered Payroll</b>	<b>11.77%</b>	<b>11.85%</b>	<b>13.89%</b>	<b>15.53%</b>	<b>18.06%</b>	<b>19.72%</b>	<b>20.70%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2019  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
4.1 Years Remaining Amortization Period  
Inflation Assumed at 2.5%  
Investment Rate of Returns set at 7.15%  
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

<b>STRS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Contractually Required Contributions	\$ 6,233,054	\$ 8,502,761	\$ 10,046,129	\$ 11,276,388	\$ 12,897,120	\$ 14,064,362	\$ 13,872,063
Contributions in Relation to Contractually Required Contributions	6,233,054	8,502,761	10,046,129	11,276,388	12,897,120	14,064,362	13,872,063
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 70,192,050</b>	<b>\$ 79,242,880</b>	<b>\$ 79,857,941</b>	<b>\$ 78,145,447</b>	<b>\$ 79,220,639</b>	<b>\$ 77,575,080</b>	<b>\$ 86,233,295</b>
<b>Contributions as a % of Covered Payroll</b>	<b>8.88%</b>	<b>10.73%</b>	<b>12.58%</b>	<b>14.43%</b>	<b>16.28%</b>	<b>18.13%</b>	<b>16.09%</b>

**Notes to Schedule:**

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

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.  
The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.  
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.  
The CalPERS amortization period for actuarial gains and losses was shortened from 30 years to 20 years in 2019.  
The CalPERS mortality assumptions was adjusted in fiscal year 2019.  
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.  
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.  
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.  
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule provides information about the District's required and actual contributions to CalPERS / CalSTRS during the year.

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
District's Proportion of Net Pension Liability	0.16320%	0.16437%	0.16557%	0.16521%	0.16319%	0.15474%	0.16632%
District's Proportionate Share of Net Pension Liability	\$ 18,527,174	\$ 24,228,612	\$ 32,700,460	\$ 39,439,987	\$ 43,511,592	\$ 45,097,814	\$ 51,030,865
District's Covered Payroll	\$ 17,134,653	\$ 16,626,455	\$ 18,513,033	\$ 21,069,326	\$ 21,532,432	\$ 21,398,788	\$ 23,892,389
<b>District's Proportionate Share of NPL as a % of Covered Employee Payroll</b>	<b>108.13%</b>	<b>145.72%</b>	<b>176.63%</b>	<b>187.19%</b>	<b>202.07%</b>	<b>210.75%</b>	<b>213.59%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>83.38%</b>	<b>79.43%</b>	<b>73.90%</b>	<b>71.87%</b>	<b>70.85%</b>	<b>70.05%</b>	<b>70.00%</b>

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.

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

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

<b>STRS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
District's Proportion of Net Pension Liability	0.16100%	0.15876%	0.15796%	0.15000%	0.14500%	0.14500%	0.14900%
District's Proportionate Share of Net Pension Liability	\$ 94,083,570	\$ 106,880,850	\$ 127,758,630	\$ 138,718,500	\$ 133,265,150	\$ 130,958,200	\$ 144,394,410
State's Proportionate Share of Net Pension Liability Associated with the District	56,811,423	56,528,213	72,730,433	82,064,477	76,300,962	71,446,865	74,435,318
<b>Total</b>	<b>\$ 150,894,993</b>	<b>\$ 163,409,063</b>	<b>\$ 200,489,063</b>	<b>\$ 220,782,977</b>	<b>\$ 209,566,112</b>	<b>\$ 202,405,065</b>	<b>\$ 218,829,728</b>
<b>% of Covered Employee Payroll</b>							
District's Covered Payroll	\$ 71,527,539	\$ 70,192,050	\$ 79,242,880	\$ 79,857,941	\$ 78,145,447	\$ 79,220,639	\$ 82,247,731
<b>District's Proportionate Share of NPL as a % of Covered Payroll</b>	<b>131.53%</b>	<b>152.27%</b>	<b>161.22%</b>	<b>173.71%</b>	<b>170.53%</b>	<b>165.31%</b>	<b>175.56%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>76.52%</b>	<b>74.02%</b>	<b>70.04%</b>	<b>69.46%</b>	<b>70.99%</b>	<b>72.56%</b>	<b>71.82%</b>

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

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

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

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Fiscal Year Ended	2018	2019	2020	2021
<b>Total OPEB liability</b>				
Service cost	\$ 1,909,893	\$ 1,760,939	\$ 1,787,851	\$ 1,947,218
Interest	770,739	934,573	955,030	745,287
Differences between expected and actual experience	-	-	299,318	-
Changes of assumptions	(1,188,185)	(1,048,073)	(4,213,526)	964,861
Benefit payments	(1,465,101)	(1,508,107)	(1,580,608)	(1,537,406)
Net change in Total OPEB Liability	27,346	139,332	(2,751,935)	2,119,960
Total OPEB Liability - beginning	25,217,819	25,245,165	25,384,497	22,632,562
Total OPEB Liability - ending	<u>\$ 25,245,165</u>	<u>\$ 25,384,497</u>	<u>\$ 22,632,562</u>	<u>\$ 24,752,522</u>
<b>Plan fiduciary net position</b>				
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	25,245,165	25,384,497	22,632,562	24,752,522
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 99,129,925	\$ 100,182,511	\$ 102,937,530	\$ 101,613,670
Net OPEB liability as a percentage of covered employee payroll	25.47%	25.34%	21.99%	24.36%
Total OPEB liability as a percentage of covered employee payroll	25.47%	25.34%	21.99%	24.36%

*Other Notes*

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

Discount rate decreased from 3.62% to 3.13%, salary increases increased from 2.75% to 3.50%, and healthcare trend rate decreased from 6.80% to 6.40% from June 30, 2019 to June 30, 2020.

Discount rate decreased from 3.13% to 2.45% from June 30, 2020 to June 30 2021

**SUPPLEMENTARY  
INFORMATION**

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*Nonmajor Governmental Funds  
Combining Schedules*

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**SANTA ROSA CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	
<b>Assets</b>							
Cash and investments	\$ 42,590	\$ 1,391,721	\$ 703,629	\$ 5,071,807	\$ 3,107	\$ 1,944,949	\$ 9,157,803
Accounts receivable	90,272	863,641	-	20,151	191,804	1,025,368	2,191,236
Due from other funds	-	73,543	35,000	64,939	-	8,110,473	8,283,955
Stores inventories and other	-	369,662	-	-	-	-	369,662
<b>Total Assets</b>	<b>\$ 132,862</b>	<b>\$ 2,698,567</b>	<b>\$ 738,629</b>	<b>\$ 5,156,897</b>	<b>\$ 194,911</b>	<b>\$ 11,080,790</b>	<b>\$ 20,002,656</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 107,898	\$ 364,981	\$ -	\$ 12,275	\$ 159,911	\$ 677,001	\$ 1,322,066
Due to other funds	17,554	1,630,691	-	-	35,000	-	1,683,245
Unearned revenue	-	-	-	-	-	913,203	913,203
<b>Total Liabilities</b>	<b>125,452</b>	<b>1,995,672</b>	<b>-</b>	<b>12,275</b>	<b>194,911</b>	<b>1,590,204</b>	<b>3,918,514</b>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Revolving fund	-	200	-	-	-	-	200
Inventory	-	369,662	-	-	-	-	369,662
<b>Restricted for:</b>							
Cafeteria programs	-	333,033	-	-	-	-	333,033
Capital projects	-	-	-	5,144,622	-	7,202,379	12,347,001
<b>Assigned for:</b>							
Capital projects	-	-	-	-	-	2,288,207	2,288,207
Child care program	7,410	-	-	-	-	-	7,410
Deferred maintenance	-	-	738,629	-	-	-	738,629
<b>Total Fund Balances</b>	<b>7,410</b>	<b>702,895</b>	<b>738,629</b>	<b>5,144,622</b>	<b>-</b>	<b>9,490,586</b>	<b>16,084,142</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 132,862</b>	<b>\$ 2,698,567</b>	<b>\$ 738,629</b>	<b>\$ 5,156,897</b>	<b>\$ 194,911</b>	<b>\$ 11,080,790</b>	<b>\$ 20,002,656</b>

**SANTA ROSA CITY SCHOOLS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	
Revenues:							
Federal revenue	\$ 1,076	\$ 4,533,646	\$ -	\$ -	\$ -	\$ -	\$ 4,534,722
Other state	645,777	544,519	-	-	191,804	1,025,368	2,407,468
Other local	73	1,033,895	5,680	2,217,104	99,700	2,378,870	5,735,322
<b>Total revenues</b>	<b>646,926</b>	<b>6,112,060</b>	<b>5,680</b>	<b>2,217,104</b>	<b>291,504</b>	<b>3,404,238</b>	<b>12,677,512</b>
Expenditures:							
Current							
Instruction	644,597	-	-	-	-	-	644,597
Pupil services:							
Food services	-	5,293,696	-	-	-	-	5,293,696
General administration:							
All other general administration	1,180	17,049	-	20,951	-	-	39,180
Plant services	-	98,420	-	527,438	-	1,243,817	1,869,675
Facilities acquisition and construction	-	-	-	-	291,504	1,177,640	1,469,144
Payments to other agencies	-	-	-	375,352	-	-	375,352
Debt service:							
Principal	-	-	-	-	-	95,000	95,000
Interest and Fees	-	-	-	-	-	251,894	251,894
<b>Total expenditures</b>	<b>645,777</b>	<b>5,409,165</b>	<b>-</b>	<b>923,741</b>	<b>291,504</b>	<b>2,768,351</b>	<b>10,038,538</b>
Excess (deficiency) of revenues over (under) expenditures	1,149	702,895	5,680	1,293,363	-	635,887	2,638,974
Other financing sources (uses):							
Transfers in	-	-	-	-	-	42,694	42,694
Transfers out	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	648,511	648,511
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>691,205</b>	<b>691,205</b>
Change in fund balances	1,149	702,895	5,680	1,293,363	-	1,327,092	3,330,179
Fund balances beginning	6,261	-	732,949	3,851,259	-	8,163,494	12,753,963
Fund balances ending	\$ 7,410	\$ 702,895	\$ 738,629	\$ 5,144,622	\$ -	\$ 9,490,586	\$ 16,084,142

**STATE AND FEDERAL  
AWARD COMPLIANCE  
SECTION**

**SANTA ROSA CITY SCHOOLS  
ORGANIZATION (UNAUDITED)  
JUNE 30, 2021**

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Santa Rosa City Elementary School District and Santa Rosa City High School District were established in 1878. They are now comprised of two districts, elementary and high school, governed by a common seven-member Board of Education. Santa Rosa City Schools currently operates nine elementary schools, one satellite elementary, five middle schools, five comprehensive high schools, one opportunity schools, one continuation school, four necessary small continuation schools, and five charter schools. Santa Rosa City Schools covers an area of approximately 280 square miles. There were no changes in the District's boundaries in the current year.

The Board of Education and District Administrators for the fiscal year ended June 30, 2021, included the following members:

**Governing Board**

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Member	Office	Term Expires
Laurie Fong	President	2024
Jill McCormick	Vice-President	2022
Ever Flores	Clerk	2024
Ed Sheffield	Trustee	2024
Alegria De La Cruz	Trustee	2024
Stephanie Manieri	Trustee	2022
Omar Medina	Trustee	2022

**District Administrators**

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Name	Position
Diann Kitamura, Ed.D.	Superintendent
Rick Edson	Deputy Superintendent, Chief Business Official
Anna Trunnell	Assistant Superintendent, Human Resources
Steve Mizera	Assistant Superintendent, Student and Family Services
Anna-Maria Guzman, Ed.D.	Assistant Superintendent, Teaching and Learning
Joel Dontos	Executive Director, Fiscal Services

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Grade Level	Minutes Requirements	2021 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
<b>Santa Rosa Elementary</b>					
Kindergarten	n/a	n/a	180	0	In compliance
Grade 1	n/a	n/a	180	0	In compliance
Grade 2	n/a	n/a	180	0	In compliance
Grade 3	n/a	n/a	180	0	In compliance
Grade 4	n/a	n/a	180	0	In compliance
Grade 5	n/a	n/a	180	0	In compliance
Grade 6	n/a	n/a	180	0	In compliance
<b>Santa Rosa High</b>					
Grade 7	n/a	n/a	180	0	In compliance
Grade 8	n/a	n/a	180	0	In compliance
Grade 9	n/a	n/a	180	0	In compliance
Grade 10	n/a	n/a	180	0	In compliance
Grade 11	n/a	n/a	180	0	In compliance
Grade 12	n/a	n/a	180	0	In compliance
<b>Santa Rosa Charter for the Arts</b>					
Kindergarten	n/a	n/a	180	0	In compliance
Grade 1	n/a	n/a	180	0	In compliance
Grade 2	n/a	n/a	180	0	In compliance
Grade 3	n/a	n/a	180	0	In compliance
Grade 4	n/a	n/a	180	0	In compliance
Grade 5	n/a	n/a	180	0	In compliance
Grade 6	n/a	n/a	180	0	In compliance
Grade 7	n/a	n/a	180	0	In compliance
Grade 8	n/a	n/a	180	0	In compliance
<b>Santa Rosa Accelerated Charter</b>					
Grade 5	n/a	n/a	180	0	In compliance
Grade 6	n/a	n/a	180	0	In compliance
<b>Cesar Chavez Language Academy</b>					
Kindergarten	n/a	n/a	180	0	In compliance
Grade 1	n/a	n/a	180	0	In compliance
Grade 2	n/a	n/a	180	0	In compliance
Grade 3	n/a	n/a	180	0	In compliance
Grade 4	n/a	n/a	180	0	In compliance
Grade 5	n/a	n/a	180	0	In compliance
Grade 6	n/a	n/a	180	0	In compliance
<b>Santa Rosa French-American Charter School</b>					
Kindergarten	n/a	n/a	180	0	In compliance
Grade 1	n/a	n/a	180	0	In compliance
Grade 2	n/a	n/a	180	0	In compliance
Grade 3	n/a	n/a	180	0	In compliance
Grade 4	n/a	n/a	180	0	In compliance
Grade 5	n/a	n/a	180	0	In compliance
Grade 6	n/a	n/a	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts. However, for fiscal year 2021, districts are only required to offer a minimum number of days based on Education Code Section 46200, chapter 2, part 26. This schedule reports the District's compliance with this Ed. Code Section.

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)**  
**JUNE 30, 2021**

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

<u>Charter School</u>	<u>Charter School Number</u>	<u>Included in Financial Statements</u>
Cesar Chavez Language Academy	1523	Included
Santa Rosa French-American Charter	1397	Included
Santa Rosa Charter School for the Arts	845	Included
Santa Rosa Accelerated Charter	522	Included
Kid Street Learning Center Charter	215	Not Included

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	(Budget <sup>1</sup> ) 2022	2021	2020	2019
<u>General Fund</u>				
Revenues and other financial sources	\$ 187,749,792	\$ 210,109,391	\$ 183,228,496	\$ 191,646,267
Expenditures	197,795,696	199,685,530	190,409,701	185,353,447
Other uses and transfers (out)	-	42,694	-	359,865
Total outgo	197,795,696	199,728,224	190,409,701	185,713,312
Change in fund balance	(10,045,904)	10,381,167	(7,181,205)	5,932,955
Beginning fund balance restatement: GASB 84 Adjustments	-	868,509	-	-
Ending fund balance	\$ 25,393,041	\$ 35,438,945	\$ 24,189,269	\$ 31,370,474
Available reserves <sup>(2)</sup>	\$ 14,211,166	\$ 25,340,516	\$ 19,172,132	\$ 19,617,567
Reserve for economic uncertainties	\$ 5,374,697	\$ 5,415,279	\$ 5,731,754	\$ 5,596,458
Unassigned fund balance	\$ 8,836,469	\$ 19,925,237	\$ 13,440,378	\$ 14,021,109
Available reserves as a percentage of total outgo	7.2%	12.7%	10.1%	10.6%
Total long-term liabilities	\$ 472,450,009	\$ 486,704,814	\$ 410,352,901	\$ 436,340,737
Average daily attendance at P-2	12,837	13,554	13,554	13,651

Average daily attendance has decreased by 97 over the last three years. The district anticipates a decrease of 717 in ADA in 2022.

The general fund balance has increased by \$4,068,471 in the last three years. For a District this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district has operated at a surplus in two of the past three years. Total long-term liabilities has increased by \$50,364,077 over the past three years, due to payments made on the bonds.

<sup>1</sup> Budget numbers are based on the first adopted budget of the fiscal year 2021/22.

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

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Program Name</b>	<b>Federal Catalog Number</b>	<b>Pass Through Number</b>	<b>Major Program</b>	<b>Non-cash Expenditures</b>	<b>Program Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>					
Indian Education (from Federal Government)	84.060	10011		\$ -	\$ 34,045
Passed through California Department of Education:					
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Voc. Ed.)	84.048	14894		-	85,191
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		-	2,183,266
ESEA (ESSA) School Improvement (CSI) Funding for LEAs	84.010	15438		-	508,875
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341		-	3,126
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346		-	189,704
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424	15391		-	3,224
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		-	6,962
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.424C	15517	Yes	-	1,147,884
<b>Education Stabilization Fund (ESF)</b>					
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	Yes	-	2,177,165
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	Yes	-	6,188,788
<b>Total Education Stabilization Fund (ESF)</b>				<b>-</b>	<b>8,365,953</b>
Passed through Sonoma County SELPA:					
<b>Special Education Cluster</b>					
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	Yes	-	3,486,730
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	Yes	-	221,530
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A	15197	Yes	-	244,996
<b>Total Special Education Cluster</b>				<b>-</b>	<b>3,953,256</b>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION:</b>				<b>-</b>	<b>16,481,486</b>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>					
Passed through California Department of Education:					
<b>Child Nutrition Cluster</b>					
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396		-	3,868,264
<b>Total Child Nutrition Cluster</b>				<b>-</b>	<b>3,868,264</b>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>-</b>	<b>3,868,264</b>
<b>U. S. DEPARTMENT OF TREASURY</b>					
Passed Through California Department of Education					
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516		-	9,643,523
<b>TOTAL U. S. DEPARTMENT OF TREASURY</b>				<b>-</b>	<b>9,643,523</b>
<b>TOTAL EXPENDITURES</b>				<b>\$ -</b>	<b>\$ 29,993,273</b>

**SANTA ROSA CITY SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**TO THE AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2021 Annual Financial and Budget Report Fund Balances.	\$ 34,051,933	\$ 1,050,048	\$ 74,571,194	\$ 23,511,100	\$ 17,471,154
Adjustments to reconcile audited financials:					
Special Res Fund for Other Than Capital Outlay:					
Cash and investments	556,051	-	-	-	(556,051)
Student Activity Special Revenue Fund:					
Cash and investments	830,961	-	-	-	(830,961)
June 30, 2021 Audited Financial Statements Fund Balances	<u>\$ 35,438,945</u>	<u>\$ 1,050,048</u>	<u>\$ 74,571,194</u>	<u>\$ 23,511,100</u>	<u>\$ 16,084,142</u>

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**1. PURPOSE OF SCHEDULES**

A. Schedule of Instructional Time

This schedule presents information on the amount of instructional time/days offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B. Schedule of Charter Schools

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

C. 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.

D. Schedule of Expenditures of Federal Awards

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

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

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

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

There were no unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

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**OTHER INDEPENDENT  
AUDITOR'S REPORTS**



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

Board of Trustees  
Santa Rosa City Schools  
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Rosa City Schools (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated January 12, 2022.

***Internal Control over Financial Reporting***

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

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

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



***Compliance and Other Matters***

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

***Purpose of this Report***

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

C & A LLP

January 12, 2022  
Morgan Hill, California



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

Board of Education  
Santa Rosa City Schools  
Santa Rosa, California

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

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

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



## Report on Internal Control over Compliance

Management of the 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 the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

January 12, 2022  
Morgan Hill, California



**INDEPENDENT AUDITOR’S REPORT  
ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON STATE PROGRAMS**

Board of Education  
Santa Rosa City Schools  
Santa Rosa, California

**Compliance**

We have audited the Santa Rosa City Schools' (the District) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District’s state programs identified below for the year ended June 30, 2021.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State’s audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide 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 compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.



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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	N/A
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No
Determination of Funding for Nonclassroom-Based Instruction	No
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A



Chavan and Associates, LLP  
Certified Public Accountants

We did not perform the audit procedures for the Nonclassroom-Based Instruction/Independent Study for Charter Schools and Determination of Funding for Nonclassroom-Based Instruction because the ADA was under the level that requires testing.

**Opinion**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2021.

*C & A LLP*

January 12, 2022  
Morgan Hill, California

**FINDINGS AND  
RECOMMENDATIONS**

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses?	_____ Yes <u>  x  </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u>  x  </u> None Reported
Non-compliance material to financial statements noted?	_____ Yes <u>  x  </u> No

**Federal Awards**

Internal control over major programs:	
Material weaknesses?	_____ Yes <u>  x  </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u>  x  </u> None Reported
Type of auditor's report issued on compliance over major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ Yes <u>  x  </u> No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.424C	Title I, Basic Grants Low Income and Neglected
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425D	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.027, 84.173, 84.027A	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>899,558</u>
Auditee qualified as low risk auditee?	_____ Yes <u>  x  </u> No

**State Awards**

Internal control over state programs:	
Material weaknesses?	_____ Yes <u>  x  </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u>  x  </u> None Reported
Type of auditor's report issued on compliance over state programs:	<u>Unmodified</u>

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Section II - Financial Statement Findings**

None

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

None

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

None

**SANTA ROSA CITY SCHOOLS  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Section II - Financial Statement Findings**

None

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

None

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

None