

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

AUDIT REPORT

June 30, 2023



**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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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

#### Opinion

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, 2023, and the related notes to the financial statements, which

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, 2023, 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.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of a Matter

##### *Deficit Net Position*

As of June 30, 2023, the District's net position in its Government-wide financial statements was at a deficit of \$1,743,142 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.

#### Responsibilities of Management for the Financial Statements

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



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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and GAGAS, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require 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 average daily attendance, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statements, as required by the *2022-23 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 Regulations, 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 average daily attendance, schedule of instructional time, the reconciliation of the Annual Financial and Budget Report (SACS) 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 instructional time, the reconciliation of the Annual Financial and Budget Report (SACS) 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 March 4, 2023 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

March 4, 2024  
Morgan Hill, California

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*Management's Discussion and Analysis*

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

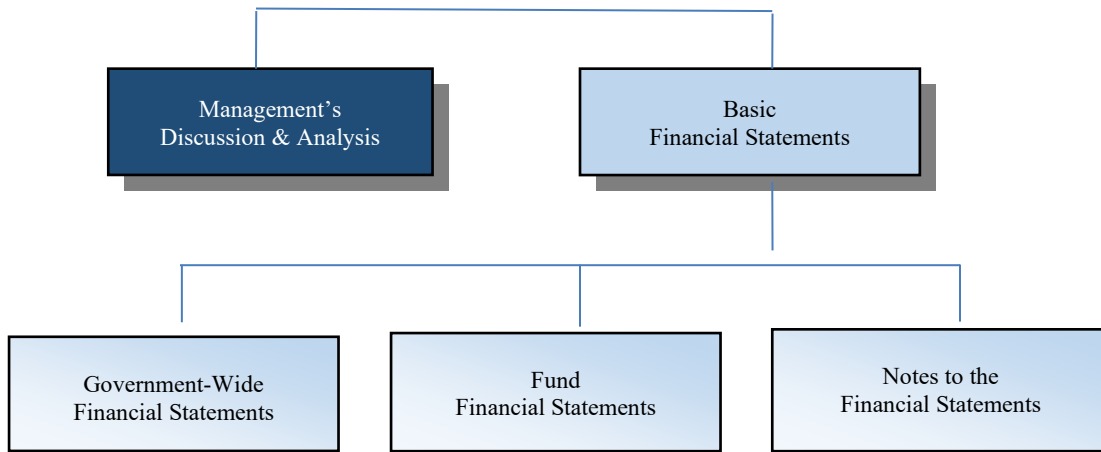
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**INTRODUCTION**

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, 2023. 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, 2023 were as follows:

- Total net position increased \$53,683,836 (96.9%) while unrestricted net position increased by \$33,649,272, from June 30, 2022 to June 30, 2023. The change in unrestricted net position was mainly due to pension credits from earnings in cost sharing plans that exceeded expectations during the measurement period.
- The District recorded deferred outflows of resources of \$69,465,600 and deferred inflows of resources of \$32,524,286 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 \$255,541,504 in government-wide expenses which was 83% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$99,872,681, or 32%, of the total revenues of \$309,256,710.

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

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- General revenues of \$209,384,029 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 68% of total revenues in 2023. General revenues were 71% of total revenue in fiscal year 2022.
- The fund balances of all governmental funds decreased by \$22,899,499, which is a 12.8% decrease from 2022 mostly due to capital outlay in the Building Fund.
- Total governmental fund revenues and expenditures totaled \$308,998,912 and \$303,461,093, 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, 2023

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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 2022 - 2023?" 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, County School Facilities 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, 2023

**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, 2023 as compared to June 30, 2022:

<b>Table 1 - Summary of Statement of Net Position</b>				
<b>Description</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
<b>Assets</b>				
Current Assets	\$ 286,803,710	\$ 136,918,967	\$ 149,884,743	109.5%
Capital Assets	286,783,533	257,255,793	29,527,740	11.5%
<b>Total Assets</b>	<b>\$ 573,587,243</b>	<b>\$ 394,174,760</b>	<b>\$ 179,412,483</b>	<b>45.5%</b>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 69,465,600</b>	<b>\$ 58,482,743</b>	<b>\$ 10,982,857</b>	<b>15.8%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 25,088,123	\$ 21,914,279	\$ 3,173,844	14.5%
Long-term Liabilities	587,183,576	395,728,720	191,454,856	48.4%
<b>Total Liabilities</b>	<b>\$ 612,271,699</b>	<b>\$ 417,642,999</b>	<b>\$ 194,628,700</b>	<b>46.6%</b>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 32,524,286</b>	<b>\$ 90,441,482</b>	<b>\$ (57,917,196)</b>	<b>-178.1%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 75,431,558	\$ 84,600,795	\$ (9,169,237)	-10.8%
Restricted	60,844,885	31,641,084	29,203,801	92.3%
Unrestricted	(138,019,585)	(171,668,857)	33,649,272	19.6%
<b>Total Net Position</b>	<b>\$ (1,743,142)</b>	<b>\$ (55,426,978)</b>	<b>\$ 53,683,836</b>	<b>96.9%</b>

During the year, deferred outflows of resources increased by 16%, deferred inflows of resources increased by 178%, and long-term liabilities decreased by 19% mostly because of pension adjustments related to GASB 68, debt service payments, and debt refundings. 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 participate 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, 2023

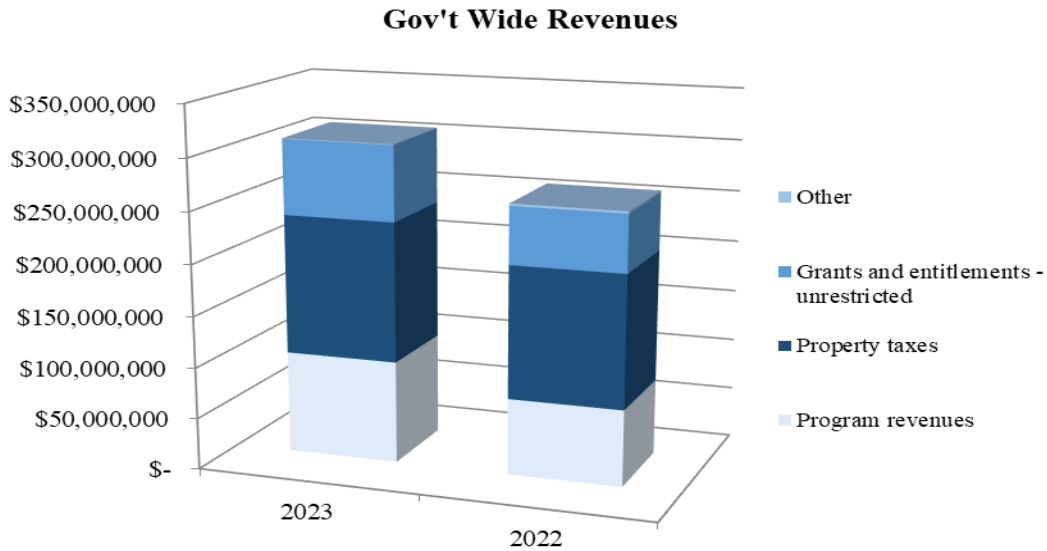
Table 2 shows the changes in net position for fiscal year 2023 as compared to 2022:

<b>Table 2 - Summary of Changes in Statement of Activities</b>				
<b>Description</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
<b>Revenues</b>				
Program revenues	\$ 99,872,681	\$ 74,680,065	\$ 25,192,616	33.7%
General revenues:				
Property taxes	135,869,219	128,861,847	7,007,372	5.4%
Grants and entitlements - unrestricted	72,905,009	55,343,064	17,561,945	31.7%
Other	609,801	2,202,563	(1,592,762)	-72.3%
<b>Total Revenues</b>	<b>309,256,710</b>	<b>261,087,539</b>	<b>48,169,171</b>	<b>18.4%</b>
<b>Program Expenses</b>				
Instruction	157,669,387	145,853,979	11,815,408	8.1%
Instruction-related services	33,602,976	30,295,779	3,307,197	10.9%
Pupil services	38,689,835	34,111,940	4,577,895	13.4%
General administration	15,233,843	13,552,525	1,681,318	12.4%
Plant services	(11,145,296)	14,215,318	(25,360,614)	-178.4%
Ancillary services	8,827,155	7,316,702	1,510,453	20.6%
Community services	1,814,621	1,543,660	270,961	17.6%
Other outgo	723,569	539,226	184,343	34.2%
Interest on long-term debt	10,125,414	5,819,258	4,306,156	74.0%
<b>Total Expenses</b>	<b>255,541,504</b>	<b>253,248,387</b>	<b>2,293,117</b>	<b>0.9%</b>
<b>Special Item</b>				
Loss on disposal of capital assets	(31,370)	-	(31,370)	100.0%
<b>Change in Net Position</b>	<b>53,683,836</b>	<b>7,839,152</b>	<b>45,844,684</b>	<b>-584.8%</b>
<b>Begininng Net Position</b>	<b>(55,426,978)</b>	<b>(63,452,533)</b>	<b>8,025,555</b>	<b>12.6%</b>
<b>Prior Period Adjustments</b>	<b>-</b>	<b>186,403</b>	<b>(186,403)</b>	<b>#DIV/0!</b>
<b>Ending Net Position</b>	<b>\$ (1,743,142)</b>	<b>\$ (55,426,978)</b>	<b>\$ 53,683,836</b>	<b>96.9%</b>

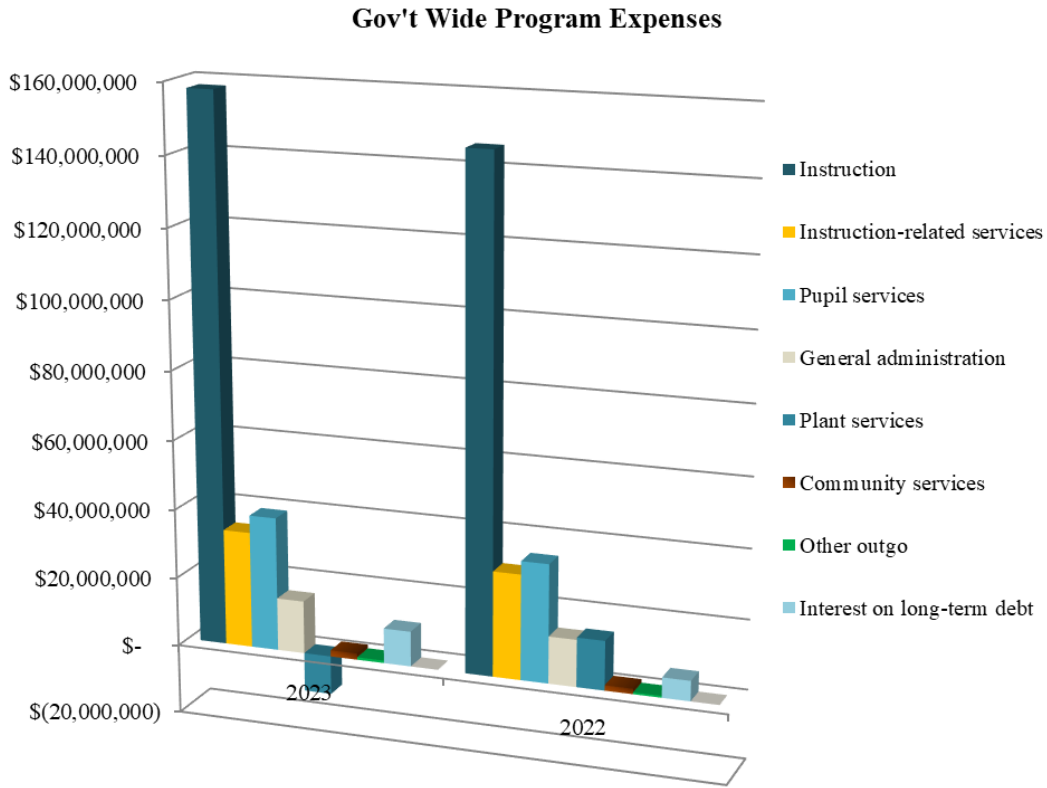
The District's expenses for instructional services was 75% of total expenses in 2022-2023 versus 70% in 2021-2022. The purely administrative activities of the District accounted for 6% of total costs in 2022-2023 versus 5% in 2021-2022. Interest on long-term debt represented 4% of total expenses in 2022-2023 and 2% in 2021-2022. Total expenses were 83% and 97% of revenue in 2022-2023 and in 2021-2022, respectively. In regard to revenue, program revenues were 32% of total revenues in 2022-2023 versus 29% in 2021-2022.

**Santa Rosa City Schools**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2023

The following is a summary of government wide revenues for the fiscal year ended June 30, 2023:



The following is a summary of expenses by function for the fiscal year ended June 30, 2023:



**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

**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>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
Instruction	\$ 95,325,371	\$ 99,948,774	\$ (4,623,403)	-4.6%
Instruction-related services	26,966,694	24,738,057	2,228,637	9.0%
Pupil services	21,157,327	17,499,561	3,657,766	20.9%
General administration	13,599,306	12,449,053	1,150,253	9.2%
Plant services	(15,926,621)	12,459,473	(28,386,094)	-227.8%
Ancillary services	5,446,973	4,463,567	983,406	22.0%
Community services	748,944	1,543,660	(794,716)	-51.5%
Other outgo	(1,774,585)	(353,081)	(1,421,504)	80.1%
Interest on long-term debt	10,125,414	5,819,258	4,306,156	74.0%
<b>Total Net Cost of Services</b>	<b>\$ 155,668,823</b>	<b>\$ 178,568,322</b>	<b>\$ (22,899,499)</b>	<b>-12.82%</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**

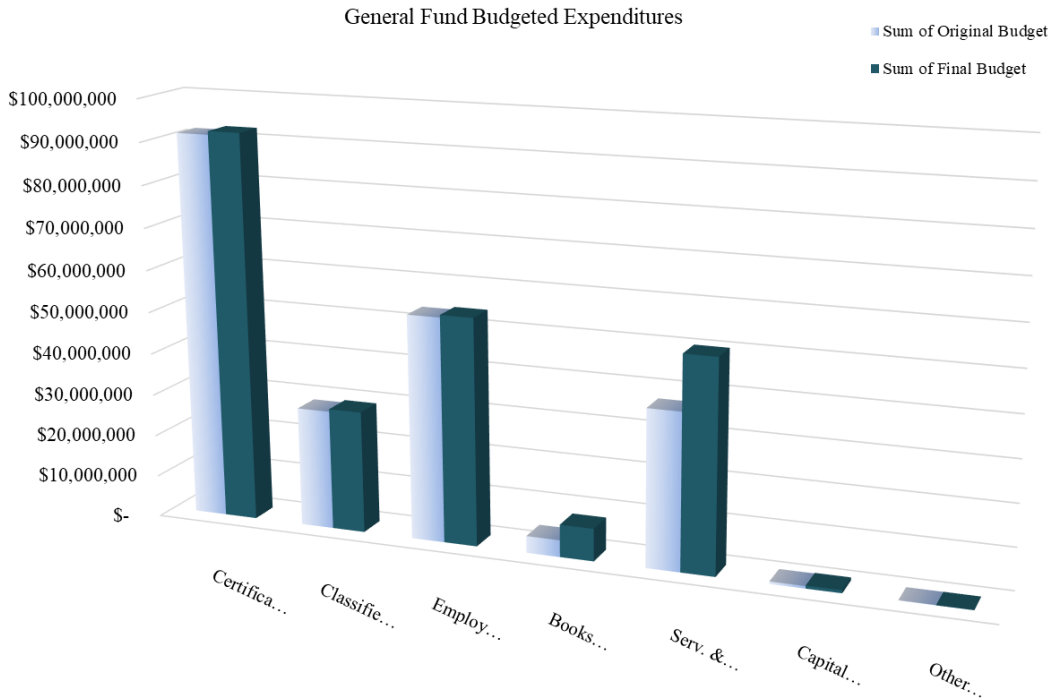
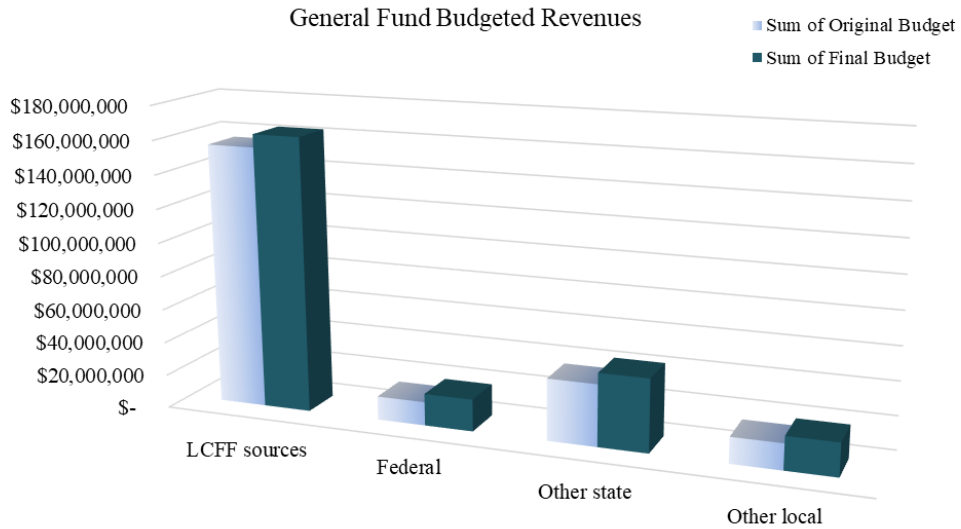
Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

<b>Table 4 - Summary of Fund Balances</b>				
<b>Description</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
General Fund	\$ 54,401,531	\$ 33,341,361	\$ 21,060,170	63.2%
Charter School Fund	4,445,688	1,094,500	3,351,188	306.2%
Building Fund	171,886,024	51,700,271	120,185,753	232.5%
Bond Interest and Redemption Fund	16,874,936	14,114,421	2,760,515	19.6%
Nonmajor Funds	19,248,996	18,038,227	1,210,769	6.7%
<b>Total Fund Balances</b>	<b>\$ 266,857,175</b>	<b>\$ 118,288,780</b>	<b>\$ 148,568,395</b>	<b>125.6%</b>

**Santa Rosa City Schools**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2023

**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 2022-2023 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, 2023

**CAPITAL ASSETS**

Table 5 shows June 30, 2023 balances as compared to June 30, 2022.

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>				
<b>Description</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
Land	\$ 8,929,571	\$ 8,929,571	\$ -	0.0%
Work-in-Progress	45,515,434	45,736,564	(221,130)	-0.5%
Buildings and improvements	224,292,147	194,848,544	29,443,603	15.1%
Right of Use Assets	4,010,239	3,628,488	381,751	10.5%
Equipment	4,036,142	4,112,626	(76,484)	-1.9%
<b>Total Capital Assets - Net</b>	<b>\$ 286,783,533</b>	<b>\$ 257,255,793</b>	<b>\$ 29,527,740</b>	<b>11.5%</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>2023</b>	<b>2022</b>	<b>Change</b>	<b>Percentage Change</b>
General Obligation Bonds	\$ 357,498,563	\$ 227,684,634	\$ 129,813,929	57.0%
Charter School Facilities Program Loan	4,364,968	4,504,503	(139,535)	-3.1%
PG&E Energy Efficient Loans	3,782,365	4,265,394	(483,029)	-11.3%
Leased Portable Buildings	3,881,232	4,143,373	(262,141)	-6.3%
Subscription Liability	738,545	-	738,545	100.0%
Certificates of Participation	8,109,763	8,201,045	(91,282)	-1.1%
Net Pension Obligations	174,990,425	110,194,497	64,795,928	58.8%
Net OPEB Obligation	31,655,826	34,683,056	(3,027,230)	-8.7%
Compensated Absences	2,161,889	2,052,218	109,671	5.3%
<b>Total Long-term Liabilities</b>	<b>\$ 587,183,576</b>	<b>\$ 395,728,720</b>	<b>\$ 191,454,856</b>	<b>48.4%</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.

If the State of California faces a budget deficit and lower state revenues, which all indicators are showing it is, the corresponding adjustments to Santa Rosa City School's revenues from Proposition 98 and K-12 budgets are a concern.

The district again had a decrease in ADA for 2022-23 and is concerned about declining enrollment in future years.

The COVID-19 Pandemic continues to have an impact on student attendance. It is a concern that attendance rates will continue to be below historical averages and negatively affect the Districts funding. Since California

**Santa Rosa City Schools**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

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is one of only six states that base funding on attendance, we must continue to incur expenses based on enrollment but only receive revenue for student attendance rates. Meaning no matter how many students we have enrolled, if their attendance rate is only 80%, we only receive 80% funding.

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. The current projected future state funded COLA is volatile and not as high as what school districts need to avoid dipping into reserves or making significant reductions to student services. 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 the cost of goods and services 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, 2023**

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 257,993,666
Accounts receivable	28,384,877
Stores inventories and other assets	425,167
Total current assets	286,803,710
Noncurrent assets:	
Non-depreciable capital assets	54,445,005
Depreciable capital assets - net	232,338,528
Total noncurrent assets	286,783,533
Total Assets	\$ 573,587,243
<b>Deferred Outflows of Resources</b>	
Pension adjustments	\$ 61,455,658
OPEB adjustments	4,804,627
Deferred loss on early retirement of long-term debt	3,205,315
Total Deferred Outflows of Resources	\$ 69,465,600
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 13,710,841
Unearned revenue	5,511,991
Accrued interest	5,865,291
Total current liabilities	25,088,123
Long-term liabilities:	
Due within one year	8,774,469
Due after one year	578,409,107
Total long-term liabilities	587,183,576
Total Liabilities	\$ 612,271,699
<b>Deferred Inflows of Resources</b>	
Pension adjustments	\$ 25,509,319
OPEB adjustments	7,014,967
Total Deferred Outflows of Resources	\$ 32,524,286
<b>Net Position</b>	
Net investment in capital assets	\$ 75,431,558
Restricted for:	
Capital projects	12,647,013
Cafeteria programs	4,308,792
Educational programs	43,889,080
Total restricted net position	60,844,885
Unrestricted	(138,019,585)
Total Net Position	\$ (1,743,142)

*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, 2023**

	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	\$ 157,669,387	\$ 362,336	\$ 61,957,999	\$ 23,681	\$ (95,325,371)
Instruction-related services:					
Supervision of instruction	9,241,420	124,852	4,970,518	-	(4,146,050)
Instruction library, media and technology	2,132,775	3,031	19,420	-	(2,110,324)
School site administration	22,228,781	29,047	1,489,414	-	(20,710,320)
Pupil services:					
Home-to-school transportation	8,192,730	42	57,987	-	(8,134,701)
Food services	8,339,586	365,893	11,035,772	-	3,062,079
All other pupil services	22,157,519	164,798	5,908,016	-	(16,084,705)
General administration:					
Data processing	1,654,096	-	-	-	(1,654,096)
All other general administration	13,579,747	58,637	1,575,900	-	(11,945,210)
Plant services	(11,145,296)	1,028,461	3,752,864	-	15,926,621
Ancillary services	8,827,155	98,700	3,281,482	-	(5,446,973)
Community services	1,814,621	-	1,065,677	-	(748,944)
Payments to other agencies	723,569	707,435	1,790,719	-	1,774,585
Interest on long-term debt	10,125,414	-	-	-	(10,125,414)
Total governmental activities	<u>\$ 255,541,504</u>	<u>\$ 2,943,232</u>	<u>\$ 96,905,768</u>	<u>\$ 23,681</u>	<u>(155,668,823)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					118,741,696
Taxes levied for debt service					15,780,947
Taxes levied for other specific purposes					1,346,576
Federal and state aid not restricted to specific purposes					72,905,009
Interest and investment earnings					(3,577,788)
Interagency revenues					133,950
Miscellaneous					4,053,639
Special item - loss on disposal of capital assets					(31,370)
Total general revenues and special items					<u>209,352,659</u>
Change in net position					<u>53,683,836</u>
Net position beginning					<u>(55,426,978)</u>
Net position ending					<u>\$ (1,743,142)</u>

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

**SANTA ROSA CITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	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	\$ 38,043,351	\$ 12,817,379	\$ 170,564,626	\$ 16,874,936	\$ 17,069,723	\$ 255,370,015
Accounts receivable	23,915,470	1,803,557	-	-	2,665,795	28,384,822
Due from other funds	11,443,276	115,836	2,520,752	-	5,216,407	19,296,271
Stores inventories and other assets	300,463	-	-	-	124,704	425,167
<b>Total Assets</b>	<b>\$ 73,702,560</b>	<b>\$ 14,736,772</b>	<b>\$ 173,085,378</b>	<b>\$ 16,874,936</b>	<b>\$ 25,076,629</b>	<b>\$ 303,476,275</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 11,660,588	\$ 388,336	\$ 1,199,354	\$ -	\$ 462,563	\$ 13,710,841
Due to other funds	3,856,064	9,132,609	-	-	4,407,595	17,396,268
Unearned revenue	3,784,377	770,139	-	-	957,475	5,511,991
<b>Total Liabilities</b>	<b>19,301,029</b>	<b>10,291,084</b>	<b>1,199,354</b>	<b>-</b>	<b>5,827,633</b>	<b>36,619,100</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Revolving fund	36,750	1,500	-	-	200	38,450
Stores inventory	300,463	-	-	-	124,704	425,167
<b>Restricted for:</b>						
Cafeteria programs	-	-	-	-	4,308,792	4,308,792
Capital projects	-	-	136,586,479	-	12,647,013	149,233,492
Educational programs	39,491,109	4,397,971	-	-	-	43,889,080
Debt service	-	-	-	16,874,936	-	16,874,936
<b>Assigned for:</b>						
Educational programs	559,237	-	-	-	-	559,237
Capital projects	-	-	35,299,545	-	1,435,102	36,734,647
Charter school programs	-	46,217	-	-	-	46,217
Child care program	-	-	-	-	3,532	3,532
Deferred maintenance	-	-	-	-	729,653	729,653
<b>Unassigned:</b>						
Economic uncertainties	6,928,251	-	-	-	-	6,928,251
Unappropriated	7,085,721	-	-	-	-	7,085,721
<b>Total Fund Balances</b>	<b>54,401,531</b>	<b>4,445,688</b>	<b>171,886,024</b>	<b>16,874,936</b>	<b>19,248,996</b>	<b>266,857,175</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 73,702,560</b>	<b>\$ 14,736,772</b>	<b>\$ 173,085,378</b>	<b>\$ 16,874,936</b>	<b>\$ 25,076,629</b>	<b>\$ 303,476,275</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, 2023**

Total fund balances - governmental funds \$ 266,857,175

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	\$ 556,670,536	
Accumulated depreciation	<u>(269,887,003)</u>	286,783,533

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. 61,455,658

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. (25,509,319)

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		719,039
Diff. actual and expected experience		3,160,625
Change in assumptions		924,960
Change in assumptions		(7,014,967)

Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds. (5,865,291)

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. 723,706

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	\$ 357,498,563	
Certificates of participation	8,109,763	
Loss on early retirement of long-term debt	(3,205,315)	
School Facilities Loan	4,364,968	
PG&E Energy Efficient Loans	3,782,365	
Leases	3,881,232	
Subscription liabilities	738,545	
Net pension obligations	174,990,425	
Total OPEB obligation	31,655,826	
Compensated absences (vacation)	<u>2,161,889</u>	<u>(583,978,261)</u>

Total net position - governmental activities \$ (1,743,142)

*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, 2023**

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
LCFF sources	\$ 164,209,245	\$ 18,917,729	\$ -	\$ -	\$ -	\$ 183,126,974
Federal revenue	22,738,023	269,326	-	-	4,948,660	27,956,009
Other state	46,670,200	5,947,541	-	74,265	5,524,772	58,216,778
Other local	21,238,387	41,406	(2,863,739)	15,626,775	5,656,322	39,699,151
<b>Total revenues</b>	<b>254,855,855</b>	<b>25,176,002</b>	<b>(2,863,739)</b>	<b>15,701,040</b>	<b>16,129,754</b>	<b>308,998,912</b>
<b>Expenditures:</b>						
<b>Current</b>						
Instruction	135,724,340	14,258,591	-	-	927,345	150,910,276
<b>Instruction-related services:</b>						
Supervision of instruction	8,715,395	785,757	-	-	-	9,501,152
Instruction library, media and technolog	1,334,746	132,626	-	-	-	1,467,372
School site administration	17,706,026	2,109,076	-	-	-	19,815,102
<b>Pupil services:</b>						
Home-to-school transportation	8,422,989	-	-	-	-	8,422,989
Food services	29,816	-	-	-	8,236,671	8,266,487
All other pupil services	21,591,985	1,188,277	-	-	-	22,780,262
<b>General administration:</b>						
Data processing	1,177,869	-	-	-	-	1,177,869
All other general administration	11,616,045	1,987,159	-	-	251,362	13,854,566
Plant services	17,533,683	1,249,385	6,529,615	-	1,244,848	26,557,531
Facilities acquisition and construction	395,069	-	5,813,847	-	3,278,088	9,487,004
Ancillary services	5,780,758	113,943	-	-	-	5,894,701
Community services	1,865,621	-	-	-	-	1,865,621
Payments to other agencies	158,868	-	-	-	585,039	743,907
<b>Debt service:</b>						
Principal	1,542,675	-	139,535	11,669,000	125,251	13,476,461
Interest and fees	199,800	-	467,511	8,302,101	270,381	9,239,793
<b>Total expenditures</b>	<b>233,795,685</b>	<b>21,824,814</b>	<b>12,950,508</b>	<b>19,971,101</b>	<b>14,918,985</b>	<b>303,461,093</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>21,060,170</b>	<b>3,351,188</b>	<b>(15,814,247)</b>	<b>(4,270,061)</b>	<b>1,210,769</b>	<b>5,537,819</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	1,475,218	1,475,218
Transfers out	-	-	-	-	(1,475,218)	(1,475,218)
Debt issuance	-	-	136,000,000	-	-	136,000,000
Premium from debt issuance	-	-	-	7,030,576	-	7,030,576
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>136,000,000</b>	<b>7,030,576</b>	<b>-</b>	<b>143,030,576</b>
<b>Net changes in fund balances</b>	<b>21,060,170</b>	<b>3,351,188</b>	<b>120,185,753</b>	<b>2,760,515</b>	<b>1,210,769</b>	<b>148,568,395</b>
<b>Fund balances beginning</b>	<b>33,341,361</b>	<b>1,094,500</b>	<b>51,700,271</b>	<b>14,114,421</b>	<b>18,038,227</b>	<b>118,288,780</b>
<b>Fund balances ending</b>	<b>\$ 54,401,531</b>	<b>\$ 4,445,688</b>	<b>\$ 171,886,024</b>	<b>\$ 16,874,936</b>	<b>\$ 19,248,996</b>	<b>\$ 266,857,175</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, 2023**

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Total net change in fund balances - governmental funds	\$	148,568,395
<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	\$	46,535,661
Depreciation expense		(18,512,601)
		28,023,060
<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>		
		(31,370)
<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>		
		(33,969)
<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		12,678,956
Premium from debt issuance		(7,030,576)
Subscription liabilities principal		797,505
Amortization of bond premiums		1,547,647
Amortization of loss on early retirement of long-term debt		(284,005)
Debt issuances		(136,000,000)
Gain on early retirement of long-term debt		-
Advance refunding of bonds		-
<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>		
		(109,671)
<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>		
		9,392,412
<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>		
		(1,977,052)
<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>		
		257,798
<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>		
		(2,115,294)
Changes in net position of governmental activities	\$	53,683,836

*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, 2023**

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	Internal Service Self Insurance Fund
<b>Assets</b>	
Cash	\$ 2,623,651
Accounts receivable	55
	\$ 2,623,706
<b>Total Assets</b>	\$ 2,623,706
<b>Liabilities</b>	
Due to other funds	\$ 1,900,000
	\$ 1,900,000
<b>Total Liabilities</b>	\$ 1,900,000
<b>Net Position</b>	
Restricted	\$ 723,706
	\$ 723,706
<b>Total Net Position</b>	\$ 723,706

*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, 2023**

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	Internal Service Self Insurance Fund
	Fund
<b>Operating Revenues</b>	
Charges to other funds	\$ 2,352,133
<b>Operating Expenses</b>	
Services and other operating expenditures	2,120,802
Operating Income (Loss)	231,331
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	26,467
Income Before Transfers	257,798
Change in Net Position	257,798
Beginning Net Position	465,908
Ending Net Position	\$ 723,706

*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, 2023**

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	<u>Internal Service Self Insurance Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from assessments made to other funds	\$ 2,535,459
Cash paid for insurance and operating expenses	<u>(2,218,940)</u>
Net cash provided by (used for) operating activities	316,519
 <b>Cash Flows from Investing Activities</b>	
Interest income (loss)	<u>26,467</u>
 Increase in Cash and Cash Equivalents	 342,986
Cash and Cash Equivalents - Beginning	<u>2,280,665</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 2,623,651</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 231,331
(Increase) decrease in accounts receivable	499
(Increase) decrease in due from other funds	182,827
Increase (decrease) in accounts payable	<u>(98,138)</u>
Net cash provided by operating activities	<u><u>\$ 316,519</u></u>

*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, 2023**

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	Expendable Trust <u>Scholarship</u> <u>Fund</u>
<b>Assets</b>	
Cash in banks	\$ 23,554
Total Assets	<u>\$ 23,554</u>
<b>Net Position</b>	
Restricted	<u>\$ 23,554</u>
Total Net Position	<u>\$ 23,554</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, 2023**

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	Expendable Trust Scholarship Fund
<b>Additions</b>	
Other local revenues	\$ 11,351
<b>Deductions</b>	
Other services and operating expenses	12,601
Changes in net position	(1,250)
Net position beginning	24,804
Net position ending	\$ 23,554

*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, 2023**

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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, 2023.

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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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 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.
- *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 *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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**SANTA ROSA CITY SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	PERS	STRS	Total
Deferred outflows of resources	\$ 25,082,544	\$ 36,373,114	\$ 61,455,658
Deferred inflows of resources	\$ 6,066,327	\$ 19,442,992	\$ 25,509,319
Net pension liabilities	\$ 61,361,722	\$ 113,628,703	\$ 174,990,425
Pension expense (credit)	\$ 8,590,236	\$ 13,982,696	\$ 22,572,932

**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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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 except for right of use leased assets which have a threshold of \$25,000.

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/amortization.

The purpose of depreciation and amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The useful life of right of use assets is typically

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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determined by the associated lease term of those assets. The amount charged to depreciation and amortization expense each year represents that year's pro rata share of the cost of capital assets. The District depreciates using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated or amortized.

All capital assets, except land and construction in progress, are depreciated or amortized 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. Subscription Based Information Technology Arrangements

The District recognizes subscription liabilities with an initial, individual value of \$200,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

8. 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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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.
- *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.

9. 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, 2023, capital assets net of accumulated depreciation totaling \$286,783,533 was increased by unspent bond proceeds of \$171,886,024 and reduced by related debt of \$357,498,563. 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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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*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.

*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.

10. 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.

11. 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, 2023, 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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Workers' Compensation:**

For fiscal year 2023, the District participated in the RESIG JPA for workers compensation.

12. Interfund Transactions

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

13. 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.

14. 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. 96, *Subscription-based Information Technology Arrangements.***

During the year, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As a result, the District recorded an intangible right of use subscription assets of \$1,536,050 and corresponding subscription liabilities of \$1,536,050. The details of the related assets and liabilities can be found in Notes 4 and 6.

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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. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62***

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***GASB Statement No. 101, Compensated Absences***

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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**NOTE 2 – CASH AND INVESTMENTS**

A summary of cash and investments as of June 30, 2023 is as follows:

Description	Carrying Amount	Fair Value
<b>Government-Wide Statements:</b>		
Cash in bank	\$ 1,105,400	\$ 1,105,400
Cash with fiscal agent	139,342	139,342
Cash in revolving fund	38,450	38,450
Cash with County	256,710,474	256,710,474
<b>Total Cash and Investments</b>	<b>\$ 257,993,666</b>	<b>\$ 257,993,666</b>

**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, 2023, the bank balance of the District's bank accounts was \$1,649,880, of which \$941,859 was not insured by the FDIC.

**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, 2023:

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

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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 investing in the County Treasury. The District maintains an investment with the Sonoma County Investment Pool with a fair value of approximately \$3.66 billion and an amortized book value of \$3.78 billion. The average weighted maturity for this pool is 539 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.

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**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, 2023:

Receivables	General Fund	Charter School Fund	Nonmajor Funds	Total
Federal	\$ 15,759,765	\$ 126,147	\$ 2,244,392	\$ 18,130,304
State	4,884,145	550,391	46,130	5,480,666
Local	295,961	11,416	373,773	681,150
Other resources	2,975,599	1,115,603	1,555	4,092,757
<b>Total Accounts Receivable</b>	<b>\$ 23,915,470</b>	<b>\$ 1,803,557</b>	<b>\$ 2,665,850</b>	<b>\$ 28,384,877</b>

**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activities for the year ended June 30, 2023 were as follows:

Capital Assets	Balance July 01, 2022	GASB 96 Adjustments	Additions	Transfers & Deletions	Balance June 30, 2023
<b>Nondepreciable capital assets</b>					
Land	\$ 8,929,571	\$ -	\$ -	\$ -	\$ 8,929,571
Work-in-progress	45,736,564	-	3,647,989	(3,869,119)	45,515,434
Total nondepreciable capital assets	54,666,135	-	3,647,989	(3,869,119)	54,445,005
<b>Depreciable capital assets</b>					
Buildings and improvements	438,729,190	-	46,226,011	(150,000)	484,805,201
Furniture and equipment	8,662,686	-	530,780	-	9,193,466
Total depreciable capital assets	447,391,876	-	46,756,791	(150,000)	493,998,667
<b>Amortizable right of use assets</b>					
Portable buildings	6,690,814	-	-	-	6,690,814
Subscriptions	-	1,536,050	-	-	1,536,050
Total depreciable and amortizable assets	454,082,690	1,536,050	46,756,791	(150,000)	502,225,531
Less accumulated depreciation for:					
Buildings and improvements	243,880,646	-	16,751,038	(118,630)	260,513,054
Furniture and equipment	4,550,060	-	607,264	-	5,157,324
Total accumulated depreciation	248,430,706	-	17,358,302	(118,630)	265,670,378
Less accumulated amortization for:					
Portable buildings	3,062,326	-	267,633	-	3,329,959
Subscriptions	-	-	886,666	-	886,666
Total accumulated depreciation and amortization	251,493,032	-	18,512,601	(118,630)	269,887,003
<b>Total capital assets - net depreciation and amortization</b>	<b>\$257,255,793</b>	<b>\$ 1,536,050</b>	<b>\$31,892,179</b>	<b>\$ (3,900,489)</b>	<b>\$ 286,783,533</b>

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Depreciation and amortization expense was charged to governmental activities as follows:

Instruction	\$ 10,774,866
Instruction library, media and technology	705,516
School site administration	2,955,363
Food services	299,079
Data processing	508,426
All other general administration	103,922
Plant services	71,832
Ancillary services	3,093,597
<u>Total depreciation and amortization expense</u>	<u>\$ 18,512,601</u>

**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.

**Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. The District had a transfer of \$1,475,218 between the County School Facilities Fund and the Special Reserve Fund for Capital Outlay Projects Fund for fiscal year 2023.

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

Interfund receivables and payables consisted of the following as of June 30, 2023:

Fund	Due From	Due To
General Fund	\$ 11,443,276	\$ 3,856,066
Charter School Fund	115,836	9,132,609
Building Fund	2,520,752	-
Internal Service Self Insurance Fund	-	1,900,000
<u>Nonmajor Funds</u>	<u>5,216,407</u>	<u>4,407,596</u>
Totals	<u>\$ 19,296,271</u>	<u>\$ 19,296,271</u>

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**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, 2023, is shown below:

Description	Balance July 01, 2022	GASB 96 Adjustments	Additions	Deletions	Balance June 30, 2023	Due Within One Year
General Obligation Bonds	\$ 227,684,634	\$ -	\$ 143,030,576	\$ 13,216,647	\$ 357,498,563	\$ 7,003,000
Direct Borrowing:						
School Facilities Program Loan	4,504,503	-	-	139,535	4,364,968	142,350
PG&E Energy Efficient Loans	4,265,394	-	-	483,029	3,782,365	483,029
Leased Portable Buildings	4,143,373	-	-	262,141	3,881,232	262,141
Subscription Liability	-	1,536,050	-	797,505	738,545	738,545
Certificates of Participation:						
Principal Payments	7,818,372	-	-	125,251	7,693,121	145,404
Accreted Interest	382,673	-	68,718	34,749	416,642	-
Total COP's	8,201,045	-	68,718	160,000	8,109,763	145,404
Net Pension Liability	110,194,497	-	105,922,338	41,126,410	174,990,425	-
Total OPEB Liability	34,683,056	-	10,165,002	13,192,232	31,655,826	-
Compensated Absences	2,052,218	-	1,201,634	1,091,963	2,161,889	-
Total Long-term Liabilities	\$ 395,728,720	\$ 1,536,050	\$ 260,388,268	\$ 70,469,462	\$ 587,183,576	\$ 8,774,469

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. Leases and the PG&E loan are paid from the General Fund. The School Facilities loan is paid from the Building Fund. The Certificates of Participation are paid from the Special Reserve Fund for Capital Outlay.

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

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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 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.

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**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 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.

**2022 General Obligation Refunding Bonds, Elementary (2014C&D)**

In June 2022, the District issued \$22,849,000 of 2022 General Obligation Refunding Bonds. The net proceeds of \$22,673,526 (after issuance costs of \$175,474) were used to defease and redeem a portion of the District's outstanding 2016 General Obligation Refunding Bonds, Series A. 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 \$499,724. Interest is due semi-annually on February 1 and August 1. Principal payments begin August 1, 2022 and are due annually thereafter until August 1, 2043.

**2022 General Obligation Refunding Bonds, High School**

In June 2022, the District issued \$23,678,000 of 2022 General Obligation Refunding Bonds. The net proceeds of \$23,502,864 (after issuance costs of \$175,135) were used to defease and redeem a portion of the District's outstanding 2016 General Obligation Refunding Bonds, Series C, and 2018 General Obligation Refunding Bonds, Series D. 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 \$413,402. Interest is due semi-annually on February 1 and August 1. Principal payments begin August 1, 2022 and are due annually thereafter until August 1, 2041.

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**2023 General Obligation Bonds, Series A**

In March 2023, the District issued \$32,000,000 in 2023 General Obligation Bonds, Series A to finance the acquisition, construction, furnishing and equipping of District facilities. The net proceeds were \$32,622,578 after premiums of \$888,578 and the payment of \$266,000 in issuance costs. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2023. Principal payments begin August 1, 2023 and are due annually thereafter until August 1, 2053.

**2023 General Obligation Bonds, Series F**

In March 2023, the District issued \$104,000,000 in 2023 General Obligation Bonds, Series A to finance the acquisition, construction, furnishing and equipping of District facilities. The net proceeds were \$109,645,998 after premiums of \$6,141,998 and the payment of \$496,000 in issuance costs. Interest is due semi-annually on February 1 and August 1, commencing August 1, 2023. Principal payments begin August 1, 2023 and are due annually thereafter until August 1, 2053.

A summary of the District's general obligation bonded debt as of June 30, 2023 is as follows:

Bond	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 01, 2022	Issued	Redeemed	Outstanding June 30, 2023
2013 GORB	2030	2-4	\$ 9,815,000	\$ 625,000	\$ -	\$ 625,000	\$ -
2013 GORB	2030	2-5	51,510,000	2,245,000	-	2,245,000	-
2016 GOB, Series A	2035	2-5	5,700,000	3,310,000	-	185,000	3,125,000
2016 GOB, Series B	2041	2-5	50,000,000	12,725,000	-	465,000	12,260,000
2016 GOB, Series C	2041	2-5	15,000,000	940,000	-	125,000	815,000
2017 GORB	2028	2-5	21,090,000	19,210,000	-	1,385,000	17,825,000
2018 GOB, Series D	2043	5	10,000,000	160,000	-	-	160,000
2018 GOB, Series C	2043	4-5	65,000,000	59,100,000	-	-	59,100,000
2021 GOB, Series E	2044	.22-4	42,835,000	36,660,000	-	670,000	35,990,000
2021 GORB	2044	.247-2.102	5,080,000	4,985,000	-	120,000	4,865,000
2021 GOB, Series F	2044	.25-4	16,500,000	14,195,000	-	75,000	14,120,000
2021 GORB Series A	2027	4	1,830,000	1,830,000	-	335,000	1,495,000
2021 GORB Series B	2031	.297-2.182	5,325,000	5,255,000	-	75,000	5,180,000
2022 GORB Elementary	2043	3.82	22,849,000	22,849,000	-	422,000	22,427,000
2022 GORB High School	2042	3.88	23,678,000	23,678,000	-	432,000	23,246,000
2023 GOB Series A - Elementary	2054	4-5	32,000,000	-	32,000,000	-	32,000,000
2023 GOB Series A - High School	2054	4-5	104,000,000	-	104,000,000	4,510,000	99,490,000
Subtotal General Obligation Bonds			482,212,000	207,767,000	136,000,000	11,669,000	332,098,000
Bond Premiums				19,917,634	7,030,576	1,547,647	25,400,563
Total General Obligation Bonds			<u>\$482,212,000</u>	<u>\$ 227,684,634</u>	<u>\$ 143,030,576</u>	<u>\$ 13,216,647</u>	<u>\$ 357,498,563</u>

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The annual debt service requirements of the bonds as of June 30, 2023 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 7,003,000	\$ 15,239,644	\$ 22,242,644
2025	15,170,000	16,066,881	31,236,881
2026	17,782,000	15,344,125	33,126,125
2027	11,224,000	14,464,109	25,688,109
2028	10,572,000	12,723,042	23,295,042
2029-2033	33,578,000	59,039,432	92,617,432
2034-2038	53,509,000	46,370,375	99,879,375
2039-2043	84,980,000	31,153,729	116,133,729
2044-2048	44,375,000	15,686,375	60,061,375
2049-2053	43,075,000	7,901,950	50,976,950
2054-2058	10,830,000	257,775	11,087,775
Total Debt Service GOB's	<u>\$ 332,098,000</u>	<u>\$ 234,247,437</u>	<u>\$ 566,345,437</u>

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, 2023 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2024	\$ 145,403	\$ 241,344	\$ 49,596	\$ 436,343
2025	225,000	238,531	-	463,531
2026	181,200	235,719	88,800	505,719
2027	192,650	235,719	112,350	540,719
2028	204,554	235,719	140,446	580,719
2029-2033	2,104,314	1,099,558	375,687	3,579,559
2034-2038	4,640,000	498,776	-	5,138,776
Total Debt Service COP's	<u>\$ 7,693,121</u>	<u>\$ 2,785,366</u>	<u>\$ 766,879</u>	<u>\$ 11,245,366</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.

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The annual debt service requirements of the CSFP loans as of June 30, 2023 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,350	\$ 86,269	\$ 228,619
2025	145,221	83,397	228,618
2026	148,151	80,468	228,619
2027	151,139	77,479	228,618
2028	154,188	74,430	228,618
2029-2033	818,872	324,219	1,143,091
2034-2038	904,869	238,223	1,143,092
2039-2043	999,896	143,196	1,143,092
2044-2048	900,282	39,592	939,874
<b>Total Debt Service CSFP Loans</b>	<b>\$ 4,364,968</b>	<b>\$ 1,147,273</b>	<b>\$ 5,512,241</b>

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, 2023 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 483,029	-	\$ 483,029
2025	483,029	-	483,029
2026	483,029	-	483,029
2027	483,029	-	483,029
2028	483,029	-	483,029
2029-2032	1,367,220	-	1,367,220
<b>Total Debt Service</b>	<b>\$ 3,782,365</b>	<b>\$ -</b>	<b>\$ 3,782,365</b>

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Portable Leases

As a normal course of business, the District leases various portable buildings under one-year terms, but with extension options that do not expire and are reasonably likely to be exercised. Under GASB 87, the District records these leases as long-term liabilities and right of use assets in its Statement of Net Position at the net present value of the future lease payments, using the District's incremental borrowing rate of 3.82%. The average annual lease payment over the next 22 years is approximately \$275,181.

The following summarizes the future minimum lease obligations as of June 30, 2023:

Year Ending June 30	Principal	Interest	Total
2024	\$ 228,111	\$ 144,297	\$ 372,408
2025	236,979	135,429	372,408
2026	246,192	126,216	372,408
2027	255,763	116,645	372,408
2028	208,320	107,700	316,020
2029-2033	989,333	420,379	1,409,712
2034-2038	1,065,050	231,070	1,296,120
2039-2043	651,483	59,288	710,771
Total	<u>\$ 3,881,232</u>	<u>\$ 1,341,023</u>	<u>\$ 5,222,255</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, 2023.

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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, 2023, 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	7.420%	7.420%
Required employer contribution rates	25.370%	25.370%

(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.

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For the year ended June 30, 2023, the District's contributions were as follows:

	<b>CalPERS</b>
Contributions - employer	\$ 7,855,120

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

As of June 30, 2023, 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	<b>\$ 61,361,722</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, 2022, 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, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension 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, 2022 and 2023 was as follows:

	<b>CalPERS</b>
Proportion - June 30, 2022	0.19595%
Proportion - June 30, 2023	0.17833%
Change - Increase/(Decrease)	-0.01762%

For the year ended June 30, 2023, the District recognized pension expense of \$8,590,236 for the Plan.

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At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 4,539,191	\$ -
Differences between Expected and Actual Experience	277,319	1,526,758
Differences between Projected and Actual Investment Earnings	7,245,150	-
Differences between Employer's Contributions and Proportionate Share of Contributions	152,108	881,551
Change in Employer's Proportion	5,013,656	3,658,018
Pension Contributions Made Subsequent to Measurement Date	7,855,120	-
<b>Total</b>	<b>\$ 25,082,544</b>	<b>\$ 6,066,327</b>

The District reported \$7,855,120 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, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ 3,480,766
2025	2,836,454
2026	426,041
2027	4,417,836
2028	-
Thereafter	-
<b>Total</b>	<b>\$ 11,161,097</b>

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (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 6.9%. 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 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

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 6.8% 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 been 6.95%. 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

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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>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Return (1)(2)</u>
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

- (1) An expected inflation of 2.3% used for this period.  
(2) Figures are based on the 2021-22 Asset Liability Study.

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

	<u>CalPERS</u>
1% Decrease	5.90%
Net Pension Liability	\$ 88,640,114
Current	6.90%
Net Pension Liability	\$ 61,361,722
1% Increase	7.90%
Net Pension Liability	\$ 38,817,133

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

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**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, 2023, 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	19.100%	19.100%
Required State contribution rates	10.828%	10.828%

**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, 2023 the District's contributions were as follows:

	<b>CalSTRS</b>
Employer Contributions	\$ 19,047,421
State Contributions	9,128,699
Total	\$ 28,176,120

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

As of June 30, 2023, 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	\$ 113,628,703
State	56,905,254
Total	<u><u>\$ 170,533,958</u></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, 2022, 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, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 11.97 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, 2022 and 2023 was as follows:

	<b>CalSTRS</b>
Proportion - June 30, 2022	<u>0.15459%</u>
Proportion - June 30, 2023	<u>0.16353%</u>
Change - Increase/(Decrease)	<u><u>0.00894%</u></u>

For the year ended June 30, 2023, the District recognized pension expense of \$18,135,432 which included a state on-behalf contribution of \$9,128,699.

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At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 5,635,157	\$ -
Differences between Expected and Actual Experience	93,211	8,519,782
Differences between Projected and Actual Investment Earnings	-	5,556,664
Differences between Employer's Contributions and Proportionate Share of Contributions	46,739	4,236,832
Change in Employer's Proportion	11,550,586	1,129,714
Pension Contributions Made Subsequent to Measurement Date	19,047,421	-
<b>Total</b>	<b>\$ 36,373,114</b>	<b>\$ 19,442,992</b>

The District reported \$19,047,421 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, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ (290,290)
2025	(5,398,888)
2026	(7,048,669)
2027	10,049,827
2028	183,662
Thereafter	387,059
<b>Total</b>	<b>\$ (2,117,299)</b>

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(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-2019 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.

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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) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (a) Real return is net of assumed 2.75% inflation.
- (b) 20-year geometric average.

**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:

	<u>CalSTRS</u>
1% Decrease	6.10%
Net Pension Liability	\$ 192,983,682
Current	7.10%
Net Pension Liability	\$ 113,628,703
1% Increase	8.10%
Net Pension Liability	\$ 47,740,212

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

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**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.

**Employees Covered by Benefit Terms** - At June 30, 2021 (the valuation date), the benefit terms covered the following employees:

Active employees	1,430
Inactive employees	214
<b>Total employees</b>	<b>1,644</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 \$719,042. Total contributions included in the measurement period were \$1,946,411. The District’s contributions were 3.69% of covered employee payroll during the measurement period June 30, 2022 (reporting period June 30, 2023). 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.

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

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	8.53 years
Actuarial Assumptions:	
Discount Rate	3.69%
Inflation	2.25%
Salary Increases	3.50%
Healthcare Trend Rate	6.70%
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

Note:

The discount rate was increased from 1.92% to 3.69% during the year.

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

**Changes in the Total OPEB Liability** - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2023:

<b>Fiscal Year Ended June 30, 2023</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30, 2022</b>	\$ 34,683,056	\$ -	\$ 34,683,056
Service cost	2,730,609	-	2,730,609
Interest in Total OPEB Liability	699,657	-	699,657
Balance of diff between actual and exp experience	(217,864)	-	(217,864)
Balance of changes in assumptions	(4,293,221)	-	(4,293,221)
Benefit payments	(1,946,411)	-	(1,946,411)
<b>Net changes</b>	<b>(3,027,230)</b>	<b>-</b>	<b>(3,027,230)</b>
<b>Balance at June 30, 2023</b>	<b>\$ 31,655,826</b>	<b>\$ -</b>	<b>\$ 31,655,826</b>
Covered Employee Payroll	\$ 117,937,790		
Total OPEB Liability as a % of Covered Employee Payroll	26.84%		
Service Cost as a % of Covered Employee Payroll	2.32%		
Net OPEB Liability as a % of Covered Employee Payroll	26.84%		

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.

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Deferred Inflows and Outflows of Resources** - At June 30, 2023, 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	\$ 3,160,625	\$ 192,323
Change in assumptions	924,960	6,822,644
OPEB contribution subsequent to measurement date	719,042	-
<b>Totals</b>	<b>\$ 4,804,627</b>	<b>\$ 7,014,967</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$719,042 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, 2024.

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,	
2024	\$ (633,163)
2025	(633,163)
2026	(504,394)
2027	(373,253)
2028	(313,782)
Thereafter	(471,627)
<b>Total</b>	<b>\$ (2,929,382)</b>

**OPEB Expense** - The following summarizes the OPEB expense by source during the year ended June 30, 2023:

Service cost	\$ 2,730,609
Interest in TOL	699,657
Adjustments	(101,007)
Difference between actual and expected experience	466,870
Change in assumptions	(1,100,033)
<b>OPEB Expense</b>	<b>\$ 2,696,096</b>

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023, for the measurement date of June 30, 2022:

Total OPEB liability ending	\$ 31,655,826
Total OPEB liability beginning	<u>(34,683,056)</u>
Change in total OPEB liability	(3,027,230)
Changes in deferred outflows	1,770,877
Changes in deferred inflows	3,233,405
Employer contributions and implicit subsidy	<u>719,044</u>
<b>OPEB Expense</b>	<b><u>\$ 2,696,096</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:

	<b>Municipal Bond Rate</b>		
	<b>(1% Decrease )</b>	<b>3.69%</b>	<b>(1% Increase )</b>
Total OPEB Liability	\$ 34,001,668	\$ 31,655,826	\$ 29,497,448

**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.

	<b>Trend Rate</b>		
	<b>(1% Decrease )</b>	<b>6.70%</b>	<b>(1% Increase )</b>
Total OPEB Liability	\$ 28,419,181	\$ 31,655,826	\$ 35,467,319

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**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, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
LCFF sources	\$ 155,456,632	\$ 163,137,691	\$ 164,209,245	\$ 1,071,554
Federal revenues	14,065,966	19,035,771	22,738,023	3,702,252
Other state	36,593,605	43,221,910	46,670,200	3,448,290
Other local	15,405,681	19,645,760	21,238,387	1,592,627
Total revenues	221,521,884	245,041,132	254,855,855	9,814,723
Expenditures:				
Certificated salaries	91,625,773	92,480,155	92,985,376	(505,221)
Classified salaries	28,502,820	29,117,837	29,801,004	(683,167)
Employee benefits	53,425,968	54,039,602	52,213,215	1,826,387
Books and supplies	4,025,793	7,750,453	7,169,948	580,505
Services and other operating expenditures	37,205,283	50,290,177	50,307,855	(17,678)
Capital outlay	581,226	723,503	668,203	55,300
Other outgo	77,921	93,499	650,084	(556,585)
Total expenditures	215,444,784	234,495,226	233,795,685	699,541
Excess (deficiency) of revenues over (under) expenditures	6,077,100	10,545,906	21,060,170	10,514,264
Other financing sources (uses):				
Transfers in	1,496,000	330,577	-	(330,577)
Total other financing sources (uses)	1,496,000	330,577	-	(330,577)
Change in fund balance	\$ 7,573,100	\$ 10,876,483	21,060,170	\$ 10,183,687
Fund balances beginning			33,341,361	
Fund balances ending			\$ 54,401,531	

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. Expenditures exceeded budget due to changes in OPEB plan benefit terms and ASB account activity that was not included in the final budget, which were offset by revenues that were also not included in the budget.

**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, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
LCFF sources	\$ 19,851,325	\$ 18,331,186	\$ 18,917,729	\$ 586,543
Federal revenues	165,612	459,636	269,326	(190,310)
Other state	3,532,811	4,361,066	5,947,541	1,586,475
Other local	31,500	164,937	41,406	(123,531)
Total revenues	23,581,248	23,316,825	25,176,002	1,859,177
Expenditures:				
Certificated salaries	10,065,700	10,817,722	10,833,097	(15,375)
Classified salaries	2,501,903	2,386,737	2,324,007	62,730
Employee benefits	5,008,168	4,810,736	5,293,807	(483,071)
Books and supplies	268,605	896,982	484,633	412,349
Services and other operating expenditures	2,800,770	1,667,513	2,889,270	(1,221,757)
Total expenditures	20,645,146	20,579,690	21,824,814	(1,245,124)
Excess (deficiency) of revenues over (under) expenditures	2,936,102	2,737,135	3,351,188	614,053
Other financing sources (uses):				
Transfers out	(1,496,000)	(330,577)	-	330,577
Total other financing sources (uses)	(1,496,000)	(330,577)	-	330,577
Change in fund balance	<u>\$ 1,440,102</u>	<u>\$ 2,406,558</u>	3,351,188	<u>\$ 944,630</u>
Fund balances beginning			<u>1,094,500</u>	
Fund balances ending			<u>\$ 4,445,688</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 changes in benefit terms within the OPEB plans. Revenues were sufficient to cover the amounts over budget.

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Fiscal Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>CalPERS</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	\$ 6,547,949	\$ 7,855,120
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	6,547,949	7,855,120
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</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>\$ 28,581,183</b>	<b>\$ 30,962,238</b>
<b>Contrib. 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>	<b>22.91%</b>	<b>25.37%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2021  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
3.9 Years Remaining Amortization Period  
Inflation Assumed at 2.30%  
Investment Rate of Returns set at 7.00%  
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>Fiscal Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>STRS</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	\$ 15,975,434	\$ 19,047,421
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	15,975,434	19,047,421
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</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>\$ 94,417,459</b>	<b>\$ 99,724,719</b>
<b>Contrib. 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>	<b>16.92%</b>	<b>19.10%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2021  
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.

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.

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

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, 2023**

Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>CalPERS</b>									
District's Proportion of Net Pension Liability	0.16320%	0.16437%	0.16557%	0.16521%	0.16319%	0.15474%	0.16632%	0.19595%	0.17833%
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	\$ 39,844,506	\$ 61,361,722
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	\$ 23,668,560	\$ 28,581,183
<b>District's Proportionate Share of NPL</b>									
<b>% 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>168.34%</b>	<b>214.69%</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>	<b>80.97%</b>	<b>69.76%</b>

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in the District's fiscal year 2018, and then to 2.30% in FY23.  
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.  
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>STRS</b>									
District's Proportion of Net Pension Liability	0.16100%	0.15876%	0.15796%	0.15000%	0.14500%	0.14500%	0.14900%	0.15459%	0.16353%
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	\$ 70,349,991	\$ 113,628,703
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	35,397,302	56,905,254
Total	<u>\$ 150,894,993</u>	<u>\$ 163,409,063</u>	<u>\$ 200,489,063</u>	<u>\$ 220,782,977</u>	<u>\$ 209,566,112</u>	<u>\$ 202,405,065</u>	<u>\$ 218,829,728</u>	<u>\$ 105,747,293</u>	<u>\$ 170,533,957</u>
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	\$ 85,895,127	\$ 94,417,459
<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>81.90%</b>	<b>120.35%</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>	<b>87.21%</b>	<b>81.20%</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 eight 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, 2023**

Fiscal Year Ended	2019	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>						
Service cost	\$ 1,909,893	\$ 1,760,939	\$ 1,787,851	\$ 1,947,218	\$ 2,282,016	\$ 2,730,609
Interest	770,739	934,573	955,030	745,287	644,273	699,657
Changes of benefit terms	-	-	-	-	4,193,464	-
Diff. between expected and actual exp	-	-	299,318	-	3,913,389	(217,864)
Changes of assumptions	(1,188,185)	(1,048,073)	(4,213,526)	964,861	372,722	(4,293,221)
Benefit payments	(1,465,101)	(1,508,107)	(1,580,608)	(1,537,406)	(1,475,330)	(1,946,411)
Net change in Total OPEB Liability	27,346	139,332	(2,751,935)	2,119,960	9,930,534	(3,027,230)
Total OPEB Liability - beginning	25,217,819	25,245,165	25,384,497	22,632,562	24,752,522	34,683,056
Total OPEB Liability - ending	<u>\$ 25,245,165</u>	<u>\$ 25,384,497</u>	<u>\$ 22,632,562</u>	<u>\$ 24,752,522</u>	<u>\$ 34,683,056</u>	<u>\$ 31,655,826</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>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	25,245,165	25,384,497	22,632,562	24,752,522	34,683,056	31,655,826
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 99,129,925	\$ 100,182,511	\$ 102,937,530	\$ 107,070,763	\$ 115,494,053	\$ 115,342,582
Total OPEB liability as a % of cov. Emp. payroll	25.47%	25.34%	21.99%	23.12%	30.03%	27.45%

*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 and decreased to 1.92% in June 30, 2022, to 6.40% in fiscal year FY22, and then to 3.69% in FY23.

**SUPPLEMENTARY  
INFORMATION**

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***Nonmajor Governmental Funds  
Combining Schedules***

**SANTA ROSA CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	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	\$ 281,780	\$ 2,546,235	\$ 729,653	\$ 7,264,837	\$ 1,047,276	\$ 5,199,942	\$ 17,069,723
Accounts receivable	46,130	2,244,392	-	373,773	-	1,500	2,665,795
Due from other funds	-	69,805	-	-	1,475,218	3,671,384	5,216,407
Stores inventories and other	-	124,704	-	-	-	-	124,704
<b>Total Assets</b>	<b>\$ 327,910</b>	<b>\$ 4,985,136</b>	<b>\$ 729,653</b>	<b>\$ 7,638,610</b>	<b>\$ 2,522,494</b>	<b>\$ 8,872,826</b>	<b>\$ 25,076,629</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 276,120	\$ 143,801	\$ -	\$ 3,182	\$ 1,742	\$ 37,718	\$ 462,563
Due to other funds	3,986	407,639	-	-	2,520,752	1,475,218	4,407,595
Unearned revenue	44,272	-	-	-	-	913,203	957,475
<b>Total Liabilities</b>	<b>324,378</b>	<b>551,440</b>	<b>-</b>	<b>3,182</b>	<b>2,522,494</b>	<b>2,426,139</b>	<b>5,827,633</b>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Revolving fund	-	200	-	-	-	-	200
Inventory	-	124,704	-	-	-	-	124,704
<b>Restricted for:</b>							
Cafeteria programs	-	4,308,792	-	-	-	-	4,308,792
Capital projects	-	-	-	7,635,428	-	5,011,585	12,647,013
<b>Assigned for:</b>							
Capital projects	-	-	-	-	-	1,435,102	1,435,102
Child care program	3,532	-	-	-	-	-	3,532
Deferred maintenance	-	-	729,653	-	-	-	729,653
<b>Total Fund Balances</b>	<b>3,532</b>	<b>4,433,696</b>	<b>729,653</b>	<b>7,635,428</b>	<b>-</b>	<b>6,446,687</b>	<b>19,248,996</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 327,910</b>	<b>\$ 4,985,136</b>	<b>\$ 729,653</b>	<b>\$ 7,638,610</b>	<b>\$ 2,522,494</b>	<b>\$ 8,872,826</b>	<b>\$ 25,076,629</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, 2023**

	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>Revenues:</b>							
Federal revenue	\$ 49,294	\$ 4,899,366	\$ -	\$ -	\$ -	\$ -	\$ 4,948,660
Other state	881,038	4,736,413	-	-	-	(92,679)	5,524,772
Other local	(2,454)	354,484	12,295	2,607,897	61,754	2,622,346	5,656,322
<b>Total revenues</b>	<b>927,878</b>	<b>9,990,263</b>	<b>12,295</b>	<b>2,607,897</b>	<b>61,754</b>	<b>2,529,667</b>	<b>16,129,754</b>
<b>Expenditures:</b>							
<b>Current</b>							
Instruction	927,345	-	-	-	-	-	927,345
<b>Pupil services:</b>							
Food services	-	8,236,671	-	-	-	-	8,236,671
<b>General administration:</b>							
All other general administration	2,806	215,633	-	32,923	-	-	251,362
Plant services	-	123,589	-	733,321	26,860	361,078	1,244,848
Facilities acquisition and construction	-	-	-	-	1,435,404	1,842,684	3,278,088
Payments to other agencies	-	-	-	585,039	-	-	585,039
<b>Debt service:</b>							
Principal	-	-	-	-	-	125,251	125,251
Interest and Fees	-	-	-	-	-	270,381	270,381
<b>Total expenditures</b>	<b>930,151</b>	<b>8,575,893</b>	<b>-</b>	<b>1,351,283</b>	<b>1,462,264</b>	<b>2,599,394</b>	<b>14,918,985</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,273)</b>	<b>1,414,370</b>	<b>12,295</b>	<b>1,256,614</b>	<b>(1,400,510)</b>	<b>(69,727)</b>	<b>1,210,769</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	1,475,218	-	1,475,218
Transfers out	-	-	-	-	-	(1,475,218)	(1,475,218)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,475,218</b>	<b>(1,475,218)</b>	<b>-</b>
<b>Change in fund balances</b>	<b>(2,273)</b>	<b>1,414,370</b>	<b>12,295</b>	<b>1,256,614</b>	<b>74,708</b>	<b>(1,544,945)</b>	<b>1,210,769</b>
<b>Fund balances beginning</b>	<b>5,805</b>	<b>3,019,326</b>	<b>717,358</b>	<b>6,378,814</b>	<b>(74,708)</b>	<b>7,991,632</b>	<b>18,038,227</b>
<b>Fund balances ending</b>	<b>\$ 3,532</b>	<b>\$ 4,433,696</b>	<b>\$ 729,653</b>	<b>\$ 7,635,428</b>	<b>\$ -</b>	<b>\$ 6,446,687</b>	<b>\$ 19,248,996</b>

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**STATE AND FEDERAL  
AWARD COMPLIANCE  
SECTION**

**SANTA ROSA CITY SCHOOLS  
ORGANIZATION (UNAUDITED)  
JUNE 30, 2023**

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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, 2023, included the following members:

**Governing Board**

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Member	Office	Term Expires
Stephanie Manieri	President	2026
Omar Medina	Vice-President	2026
Ever Flores	Clerk	2024
Alegria De La Cruz	Trustee	2024
Roxanne McNally	Trustee	2026
Ed Sheffield	Trustee	2024
Jeremy De La Torre	Trustee	2024

**District Administrators**

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Name	Position
Anna Trunnell	Superintendent
Lisa Cavin	Associate Superintendent, Chief Business Official
Michael Shepherd	Assistant Superintendent, Human Resources
Dr. Roderick Castro	Assistant Superintendent, Educational Services
Joel Dontos	Executive Director, Fiscal Services

**SANTA ROSA CITY SCHOOLS**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Total ADA</b>		<b>Classroom Based</b>	
	Second	Annual	Second	Annual
	Period		Period	
	Report	Report	Report	Report
<b>Santa Rosa Elementary</b>				
Regular ADA:				
Grades TK/K through three	1,597.59	1,613.48	1,597.59	1,613.48
Grades four through six	1,172.52	1,178.98	1,172.52	1,178.98
Regular ADA Totals	2,770.11	2,792.46	2,770.11	2,792.46
Extended year special education:				
Grades TK/K through three	6.91	6.91	6.91	6.91
Grades four through six	4.72	4.72	4.72	4.72
Special education - nonpublic, nonsect schools:				
Grades TK/K through three	7.25	7.47	7.25	7.47
Grades four through six	4.87	4.79	4.87	4.79
Extended year special education - nonpublic, nonsect schools:				
Grades TK/K through three	0.64	0.64	0.64	0.64
Grades four through six	0.43	0.43	0.43	0.43
ADA Totals	2,794.93	2,817.42	2,794.93	2,817.42
	<b>Total ADA</b>		<b>Classroom Based</b>	
	Second	Annual	Second	Annual
	Period		Period	
	Report	Report	Report	Report
<b>Santa Rosa High</b>				
Regular ADA:				
Grades seven and eight	2,158.09	2,167.41	2,158.09	2,167.41
Grades nine through twelve	6,638.76	6,588.09	6,638.76	6,588.09
Regular ADA Totals	8,796.85	8,755.50	8,796.85	8,755.50
Extended year Special education				
Grades seven and eight	3.61	3.61	3.61	3.61
Grades nine through twelve	6.97	6.97	6.97	6.97
Special education - nonpublic, nonsect schools:				
Grades seven and eight	34.94	36.03	34.94	36.03
Grades nine through twelve	74.81	75.66	74.81	75.66
Extended year special education - nonpublic, nonsect schools:				
Grades seven and eight	1.63	1.63	1.63	1.63
Grades nine through twelve	5.80	5.80	5.80	5.80
ADA Totals	8,924.61	8,885.20	8,924.61	8,885.20

Continued

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Total ADA</b>		<b>Classroom Based</b>	
	Second	Annual	Second	Annual
	Period	Report	Period	Report
<b>Santa Rosa Charter School for the Arts</b>				
Regular ADA:				
Grades TK/K through three	159.91	160.81	159.91	160.81
Grades four through six	120.99	122.03	120.99	122.03
Grades seven and eight	77.08	78.03	77.08	78.03
ADA Totals	357.98	360.87	357.98	360.87
<b>Santa Rosa French American Charter</b>				
Regular ADA:				
Grades TK/K through three	256.11	258.29	256.04	258.23
Grades four through six	126.93	126.94	126.93	126.94
Grades seven and eight	16.68	16.75	16.68	16.75
ADA Totals	399.72	401.98	399.65	401.92
<b>Cesar Chavez Language Academy</b>				
Regular ADA:				
Grades TK/K through three	266.81	267.55	266.81	267.55
Grades four through six	152.13	152.72	152.13	152.72
Grades seven and eight	353.43	351.63	352.97	351.29
ADA Totals	772.37	771.90	771.91	771.56
<b>Santa Rosa Accelerated Charter</b>				
Regular ADA:				
Grades four through six	120.90	121.34	120.90	121.34
ADA Totals	120.90	121.34	120.90	121.34

Concluded

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirements	2023 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
<b>Santa Rosa Elementary</b>					
Kindergarten	36,000	42,800	180	0	In compliance
Grade 1	50,400	52,990	180	0	In compliance
Grade 2	50,400	52,990	180	0	In compliance
Grade 3	50,400	52,990	180	0	In compliance
Grade 4	54,000	54,000	180	0	In compliance
Grade 5	54,000	54,000	180	0	In compliance
Grade 6	54,000	54,000	180	0	In compliance
<b>Santa Rosa High</b>					
Grade 7	54,000	54,290	180	0	In compliance
Grade 8	54,000	54,290	180	0	In compliance
Grade 9	64,800	64,801	180	0	In compliance
Grade 10	64,800	64,801	180	0	In compliance
Grade 11	64,800	64,801	180	0	In compliance
Grade 12	64,800	64,801	180	0	In compliance
<b>Santa Rosa Charter for the Arts</b>					
Kindergarten	36,000	44,210	180	0	In compliance
Grade 1	50,400	52,990	180	0	In compliance
Grade 2	50,400	52,990	180	0	In compliance
Grade 3	50,400	52,990	180	0	In compliance
Grade 4	54,000	54,340	180	0	In compliance
Grade 5	54,000	54,340	180	0	In compliance
Grade 6	54,000	54,500	180	0	In compliance
Grade 7	54,000	54,500	180	0	In compliance
Grade 8	54,000	54,500	180	0	In compliance
<b>Santa Rosa Accelerated Charter</b>					
Grade 5	54,000	54,240	180	0	In compliance
Grade 6	54,000	54,240	180	0	In compliance
<b>Cesar Chavez Language Academy</b>					
Kindergarten	36,000	45,844	180	0	In compliance
Grade 1	50,400	54,619	180	0	In compliance
Grade 2	50,400	54,619	180	0	In compliance
Grade 3	50,400	54,619	180	0	In compliance
Grade 4	54,000	54,619	180	0	In compliance
Grade 5	54,000	54,619	180	0	In compliance
Grade 6	54,000	54,619	180	0	In compliance
Grade 7	54,000	59,208	180	0	In compliance
Grade 8	54,000	59,208	180	0	In compliance
<b>Santa Rosa French-American Charter School</b>					
Kindergarten	36,000	49,759	180	0	In compliance
Grade 1	50,400	54,364	180	0	In compliance
Grade 2	50,400	54,364	180	0	In compliance
Grade 3	50,400	54,364	180	0	In compliance
Grade 4	54,000	54,364	180	0	In compliance
Grade 5	54,000	54,364	180	0	In compliance
Grade 6	54,000	54,364	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.

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)  
JUNE 30, 2023**

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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, 2023**

	(Budget <sup>1</sup> ) 2024	2023	2022	2021
<u>General Fund</u>				
Revenues and other financial sources	\$ 223,015,754	\$ 254,855,855	\$ 213,101,711	\$ 210,109,391
Expenditures	215,444,784	233,795,685	214,530,673	199,685,530
Other uses and transfers (out)	-	-	664,609	42,694
Total outgo	215,444,784	233,795,685	215,195,282	199,728,224
Change in fund balance	7,570,970	21,060,170	(2,093,571)	10,381,167
Beginning fund balance restatement: GASB 84 Adjustments	-	-	(4,013)	868,509
Ending fund balance	\$ 61,972,501	\$ 54,401,531	\$ 33,341,361	\$ 35,438,945
Available reserves <sup>(2)</sup>	\$ 10,446,681	\$ 14,013,972	\$ 17,111,529	\$ 25,340,516
Reserve for economic uncertainties	\$ 6,520,437	\$ 6,928,251	\$ 5,826,170	\$ 5,415,279
Unassigned fund balance	\$ 3,926,244	\$ 7,085,721	\$ 11,285,359	\$ 19,925,237
Available reserves as a percentage of total outgo	4.8%	6.0%	8.0%	10.1%
Total long-term liabilities	\$ 578,409,107	\$ 587,183,576	\$ 395,728,720	\$ 486,704,814
Average daily attendance at P-2	14,346	13,371	13,548	13,554

Average daily attendance has decreased by 6 over the last three years. The district anticipates an increase of 975 in ADA in 2024.

The general fund balance has increased by \$18,962,586 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 deficit in two of the past three years. Total long-term liabilities has increased by \$100,478,762 over the past three years, due to issuance of new bonds.

<sup>1</sup> Budget numbers are based on the first adopted budget of the fiscal year 2023/24.

<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, 2023**

<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>
U. S. DEPARTMENT OF EDUCATION:					
Indian Education (from Federal Government)	84.060	10011		\$ -	\$ 52,433
Passed through California Department of Education:					
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Voc. Ed.)	84.048	14894		-	196,176
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		-	4,661,027
ESEA (ESSA) School Improvement (CSI) Funding for LEAs	84.010	15438		-	1,301,129
<b>Subtotal CFDA 84.010</b>				-	5,962,156
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341		-	499,417
ESEA (ESSA): Title III, English Learner Student Program	84.365	14346		-	897,354
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		-	615,101
<b>Education Stabilization Fund (ESF)</b>					
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	Yes	-	4,347,686
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	Yes	-	2,290,856
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	Yes	-	1,540,188
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	Yes	-	353,582
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425D	15620	Yes	-	30,331
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425D	15621	Yes	-	292,333
After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Summer Learning Prog	84.425	15652	Yes	-	336,000
<b>Total Education Stabilization Fund (ESF) Subprograms</b>				-	9,190,976
Passed through Sonoma County SELPA:					
<b>Special Education Cluster</b>					
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638		-	689,371
Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639		-	44,953
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379		-	3,610,631
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430		-	104,132
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A	15197		-	109,038
Special Education: IDEA Preschool Capacity Building, Part B, Sec 619	84.173	13839		-	57,471
<b>Total Special Education Cluster</b>				-	4,615,596
<b>TOTAL U. S. DEPARTMENT OF EDUCATION:</b>				-	<b>22,029,209</b>
U. S. DEPARTMENT OF AGRICULTURE:					
Passed through California Department of Education:					
<b>Child Nutrition Cluster</b>					
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396	Yes	-	4,534,701
<b>Total Child Nutrition Cluster</b>				-	4,534,701
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				-	<b>4,534,701</b>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through California Department of Education					
Child Development: ARP California State Preschool Program - Rate Supplements	93.575	15641		-	49,113
				-	49,113
<b>TOTAL U. S. DEPARTMENT OF TREASURY</b>				-	<b>49,113</b>
<b>TOTAL EXPENDITURES</b>				<b>\$ -</b>	<b>\$ 26,613,023</b>

**SANTA ROSA CITY SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**TO THE AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2023 Annual Financial and Budget Report Fund Balances.	\$ 52,752,190	\$ 4,445,688	\$ 171,886,024	\$ 17,044,045	\$ 20,898,337
Adjustments to reconcile audited financials:					
Fair value adjustments	-	-	-	(169,109)	-
Special Res Fund for Other Than Capital Outlay:					
Cash and investments	549,440	-	-	-	(549,440)
Student Activity Special Revenue Fund:					
Cash and investments	1,099,901	-	-	-	(1,099,901)
June 30, 2023 Audited Financial Statements Fund Balances	<u>\$ 54,401,531</u>	<u>\$ 4,445,688</u>	<u>\$ 171,886,024</u>	<u>\$ 16,874,936</u>	<u>\$ 19,248,996</u>

**SANTA ROSA CITY SCHOOLS**  
**NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. PURPOSE OF SCHEDULES**

A. Schedule of Average Daily Attendance

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

B. 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, 2023**

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2024.

***Internal Control over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not 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 financial statements. 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

March 4, 2024  
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL 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**

*Opinion on 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, 2023. 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.

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, 2023.

**Basis for Opinion on Each Major federal programs**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santa Rosa City Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination of Santa Rosa City Schools' compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the



requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santa Rosa City Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santa Rosa City Schools' compliance with the requirements of each major federal programs.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santa Rosa City Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Rosa City Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Santa Rosa City Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

C & A LLP

March 4, 2024  
Morgan Hill, California



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

Board of Education  
Santa Rosa City Schools  
Santa Rosa, California

**Report of State Compliance**

**Opinion**

We have audited the Santa Rosa City Schools's (the District)'s compliance with the types of compliance requirements described in the *2022-23 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, 2023.

In our opinion the District complied, in all material respects, with the laws and regulations of the State Programs noted in the table below for the fiscal year ended June 30, 2023.

**Basis for Opinion on State Compliance Requirements**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Santa Rosa City Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Santa Rosa City Schools' compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the



requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santa Rosa City Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Santa Rosa City Schools' compliance with the requirements of applicable state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:



2022-23 K-12 Audit Guide Procedures	Procedures Performed
<b>Local Education Agencies Other than Districts:</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Job Acts	Yes
<b>After School Education and Safety Program:</b>	
General Requirements	Yes
After School	Yes
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	Yes
Independent Study-Course Based	N/A
Immunizations	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	N/A
Transitional Kindergarten	Yes
<b>Charter Schools:</b>	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for	
Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A



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

### **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*C & A LLP*

March 4, 2024  
Morgan Hill, California

**FINDINGS AND  
RECOMMENDATIONS**

**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**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>
84.424S/D/U	Education Stabilization Fund Subprograms
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>798,391</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>
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**SANTA ROSA CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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, 2023**

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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