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(<https://www.youtube.com/c/santarosacityschools>).

MISSION: SRCS ensures equitable access to a transformative educational experience grounded in the assets of our students, staff, and community. We nurture the whole student in an engaging, challenging, and safe environment. We recognize and value each student's individuality and our community's cultural wealth.

VISION: SRCS will send students into the world empowered to find purpose, think critically, embrace diversity, work together, and adapt to our changing planet, and live healthy and fulfilling lives.

Attendees

Voting Members

Alegria De La Cruz, Director
Ever Flores, Clerk
Laurie Fong, President
Stephanie Manieri, Director
Jill McCormick, Vice President
Omar Medina, Director
Ed Sheffield, Director

A. CALL TO ORDER (4:30 p.m.)

The meeting was called to order at 4:30 pm.

1. Public Comment on Closed Session Agenda

B. RECESS TO CLOSED SESSION

1. Public Employee Performance Evaluation (Title of employee being reviewed: Superintendent, Deputy Superintendent, Assistant Superintendent, Principals, Vice Principals, Assistant Principals, Directors, Coordinators) [Gov. Code § 54957]
2. Public Employee Discipline/Dismissal/Release [Gov. Code § 54957]
3. Conference With Labor Negotiator (Name of organization representing employee(s): SRTA) [Gov. Code § 54957.6]
4. Conference With Legal Counsel - Anticipated Litigation (Number of potential cases: 1) [Gov. Code § 54956.9]
5. Public Employee Appointment/Employment: Executive Director SPED, Director Teaching & Learning

6. Complaint Against Public Employee (§54957)

C. RECONVENE TO OPEN SESSION (6:00 p.m.)

The meeting reconvened at 6:11 pm. Director Omar Lopez was present at 6:25 pm.

1. Pledge of Allegiance

President Fong led the Pledge of Allegiance.

2. Report of Actions Taken in Closed Session

There was no report of actions taken in closed session.

3. Items Considered In Closed Session for Action In Open Session

There were no items considered in closed session for action in open session.

4. Statements of Abstention

There were no statements of abstention.

5. Adjustments to Agenda

Agenda item F.9 was removed completely from the agenda since it was a duplicate of item F.10.

At the request of Director Medina, the agenda was slightly rearranged so that item E.3 was presented first for the Discussion/Action Items, followed by E.1/E.2 -E.6.

6. Special Presentations for Student of the Month and Certificated/Classified Employees of the Month (Brook Hill Elementary School, Slater Middle School and Montgomery High School)

Select students, classified staff and certificated staff from each school site were recognized for their outstanding achievement.

7. School Site Parent Organization Updates (Brook Hill Elementary School and Montgomery High School)

There were no parent organization updates.

8. Public Comment On Non Agenda Items

The following individuals addressed the Board during public comment:

- Kristin Colgrove - discussed staff wages
- Michael Von Der Porten - discussed school naming committees
- John Richardson - discussed ethnic studies classes
- Ernesto Aubin - discussed bilingual teacher stipend
- Joanna Kiesel - discussed classified staff bonus
- Micah Carlin-Goldberg - discussed classified staff salaries
- Lynette Casey - discussed classified staff living wage

D. REPORTS

1. A School Employee Association (CSEA) Report

CSEA President Tammy Affonso gave a report.

2. Santa Rosa Teachers Association (SRTA) Report
SRTA President Will Lyon requested for his report to be presented during the public comment segment of item E.1, Return to In-person School Update.
3. Superintendent Report
Superintendent Dr. Diann Kitamura gave a report.
4. Board President Report
Board President Laurie Fong gave a report.
5. CSBA Report
President Laurie Fong gave a brief CSBA report.

Director Omar Medina has been designated as the delegate for CSBA region 3, subregion A.

E. DISCUSSION / ACTION ITEMS

1. (Discussion) Return to In-person School Update
Dr. Diann Kitamura, Superintendent led a discussion regarding Return to In-person School Update.

The duration of the Board's question portion lasted 15 minutes.
The duration of the Board's discussion portion lasted 26 minutes.

The following individuals addressed the Board during public comment:

- Paul Poling
- Ian O'Connor
- Veronica Jordan
- Donna Prak
- Adrian Juarez
- Stacia Okura
- Natalie Hoytt
- Timea Tenkei
- Rochelle Porzio
- Christina Carra
- Katie Whalen
- Anastasio Tovar Rose
- Will Lyon
- Patrick Bailey
- Sheila Walket

Director Alegria De La Cruz & Omar Medina left the meeting at 9:30 pm and were absent for the remainder.

A motion was made by Vice President Jill McCormick to extend the meeting until 11:00 pm. Director Ed Sheffield seconded the motion. All were in favor.

Director Omar Lopez preferential vote: Aye.

Voting:

Alegria De La Cruz - Absent
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Absent
Ed Sheffield - Yes

2. (Action) Resolution Recognizing April 2021 as National Library Month
Assistant Superintendent, Dr. Anna Guzman, Director Rani Goyal and District Library Media Specialist, Steve Irving presented a request for approval of the Resolution Recognizing April 2021 as National Library Month.

The duration of the Board's question portion lasted 1 minute.

Motion Passed: approval of the Resolution Recognizing April 2021 as National Library Month.

Director Omar Lopez preferential vote: Aye.

Motion made by: Jill McCormick

Motion seconded by: Ever Flores

Voting

Alegria De La Cruz - Not Present
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Not Present
Ed Sheffield - Yes

3. (Action) Resolution Supporting People of Asian Ancestry and Condemning Harassment, Violence and Hatred toward People of Asian and Pacific Islander Descent
Laurie Fong, President & Dr. Diann Kitamura, Superintendent presented a request for approval of the Resolution Supporting People of Asian Ancestry and Condemning Harassment, Violence and Hatred toward People of Asian and Pacific Islander Descent.

The following individuals addressed the Board during public comment:

- Michael Von Der Porten
- Leilani Clark
- Laura Wright

The duration of the Board's question portion lasted 1 minute.

The duration of the Board's discussion portion lasted 1 minute.

Motion Passed: approval of the Resolution Supporting People of Asian Ancestry and Condemning Harassment, Violence and Hatred toward People of Asian and Pacific Islander Descent.

Director Omar Lopez preferential vote: Aye.

Motion made by: Jill McCormick
Motion seconded by: Alegria De La Cruz

Voting

Alegria De La Cruz - Yes
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Yes
Ed Sheffield - Yes

4. (Discussion) Update on Individual Graduation Plans
Dr. Anna-Maria Guzman, Assistant Superintendent, Director Tim Zalunardo and Andrea Correia led a discussion to give an update on Individual Graduation Plans.

The duration of the Board's question portion lasted 11 minutes.
The duration of the Board's discussion portion lasted 4 minutes.

5. (Discussion) LCAP Timeline
Dr. Anna-Maria Guzman, Assistant Superintendent led a discussion on LCAP Timeline.

6. (Action) Acceptance of the 2019-2020 Independent Audit Report
Rick Edson, Deputy Superintendent & Joel Dontos, Executive Director presented a request for approval of Acceptance of the 2019-2020 Independent Audit Report.

The duration of the Board's discussion portion lasted 1 minute.

Motion Passed: approval of Acceptance of the 2019-2020 Independent Audit Report.

Director Omar Lopez preferential vote: Aye.

Motion made by: Stephanie Manieri
Motion seconded by: Jill McCormick

Voting

Alegria De La Cruz - Not Present
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Not Present
Ed Sheffield - Yes

F. CONSENT ITEMS

Motion Passed: Approval of Consent Items F.2-F.8./F.10 & F.11.

Director Omar Lopez preferential vote: Aye.

Motion made by: Jill McCormick
Motion seconded by: Ed Sheffield

Voting

Alegria De La Cruz - Not Present
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Not Present
Ed Sheffield - Yes

1. Approval of Absent Board Members
Director Omar Medina's absence due to a work obligation was unexcused.

Motion Passed: approval of absence of Director Alegria De La Cruz due to illness.

Director Omar Lopez preferential vote: Aye.

Motion made by: Stephanie Manieri

Motion seconded by: Jill McCormick

Voting

Alegria De La Cruz - Not Present
Ever Flores - Yes
Laurie Fong - Yes
Stephanie Manieri - Yes
Jill McCormick - Yes
Omar Medina - Not Present
Ed Sheffield - Yes

2. Approval of Personnel Transactions
3. Approval of Vendor Warrants
4. Approval of Donations and Gifts
5. Approval of Contracts
6. Authorizing Certificated Teachers To Teach Outside Their Major Or Minor Fields
7. Approval of Facilities Use Permits for the City of Santa Rosa to Distribute Weather Radios to the Community
8. Approval of Contract for Classroom Safety Door Locks - Phase 6 for the following sites: James Monroe Elementary, Hilliard Comstock Middle, Rincon Valley Middle, Santa Rosa Middle, Maria Carrillo High, Montgomery High, Piner High, Ridgway High, SR Charter School for the Arts, and Lewis Education Center.
9. Job Description - Executive Director of Special Services
10. Approval of Proposed Job Description for Executive Director of Special Services
11. Approval of Santa Rosa High School requests approval of application for a Waiver to a Schoolwide Title I Program and approval of SRHS SPSA.

G. APPROVAL OF MINUTES

1. Approval of Minutes of the Regular Board Meeting Held On March 10, 2021
Motion Passed: Approval of Minutes of the Regular Board Meeting Held On March 10, 2021.

Director Omar Lopez preferential vote: Aye.

Motion made by: Jill McCormick

Motion seconded by: Ed Sheffield

Voting

Alegria De La Cruz - Not Present

Ever Flores - Yes

Laurie Fong - Yes

Stephanie Manieri - Yes

Jill McCormick - Yes

Omar Medina - Not Present

Ed Sheffield - Yes

2. Approval of Minutes of the Special Board Meeting Held On March 17, 2021
Motion Passed: Approval of Minutes of the Special Board Meeting Held On March 17, 2021.

Director Omar Lopez preferential vote: Aye.

Motion made by: Jill McCormick

Motion seconded by: Ever Flores

Voting

Alegria De La Cruz - Not Present

Ever Flores - Yes

Laurie Fong - Yes

Stephanie Manieri - Yes

Jill McCormick - Yes

Omar Medina - Not Present

Ed Sheffield - Yes

H. BOARD MEMBER REQUESTS FOR INFORMATION

I. INFORMATION ITEMS

1. (Information) College and Career Centers Update
2. Future Board Discussion Items
3. Board Conduct and Code of Ethics
4. Educational Acronyms and Abbreviations

J. ADJOURNMENT

The meeting was adjourned at 10:35 pm.

Clerk of Board

Date

Acelerar el Aprendizaje a Medida que Reconstruimos Mejor

[Linda Darling-Hammond](#) 04136pm EDT

[Educación](#)

Trabajo para fomentar una educación equitativa y empoderadora para todos los niños.



Los enfoques de aprendizaje socioemocional pueden ayudar a establecer la norma para una nueva era en la educación que se basa en ... [+]

Getty Images

Después de un año de luchar con el aprendizaje a distancia y enseñanza en formatos híbridos, los padres, maestros y legisladores de todo el país están preocupados por la "pérdida de aprendizaje" y por cómo recuperarse de las repercusiones educativas de la pandemia. Si bien muchos de nosotros nos

resistimos a la orientación deficitaria del lenguaje de la pérdida de aprendizaje, estas preocupaciones son ciertamente legítimas: cuando comenzó la crisis, millones de niños, particularmente aquellos que viven en comunidades de bajos ingresos, carecían de acceso a las computadoras y la conectividad que permite el aprendizaje de forma remota, creando [brechas en la equidad](#) aún más grandes de las que ya existían.

Además, muchas comunidades de bajos ingresos y comunidades de color se han visto especialmente afectadas por COVID-19, con las tasas más altas de infección, hospitalización y muerte, así como mayores tasas de desempleo e inseguridad alimentaria y de vivienda. Estos eventos traumáticos, junto con los casos en curso de tiroteos policiales contra civiles desarmados, han llevado a una división cada vez más visible entre los que tienen y los que no tienen, y muchos estudiantes encuentran barreras para mantenerse al día en la escuela y otros, [se desvinculan de la escuela completamente](#).

Por Qué Deberíamos Apuntar a la Reinversión

Sin embargo, es de vital importancia que abordemos estas preocupaciones basándonos no en nociones obsoletas sobre la remediación, sino en lo que ahora sabemos sobre [cómo la gente aprende eficazmente](#). Entre esas lecciones se encuentran las siguientes:

- Las relaciones y conexiones positivas son el ingrediente esencial que cataliza el desarrollo y el aprendizaje saludables...y favorecen la resistencia al trauma.
- Los niños construyen conocimiento conectando activamente lo que saben con lo que están aprendiendo dentro de sus contextos culturales. Crear esas conexiones es clave para el aprendizaje.
- El aprendizaje es social, emocional y académico. Los niños aprenden mejor cuando se sienten seguros, reafirmados y profundamente comprometidos dentro de una comunidad estudiantil que los apoya.
- El aprendizaje se ve reforzado por la actividad física, la alegría y las

oportunidades para expresarse.

- Las percepciones de los estudiantes sobre su propia capacidad influyen en el aprendizaje. Todos los niños están motivados para aprender el siguiente conjunto de habilidades para las que están preparados; pocos están motivados debido a etiquetas que los clasifican frente a otros o que son sinónimo de un estigma.

Estos principios, extraídos de los estudios científicos del cerebro y las investigaciones sobre el aprendizaje, significan que debemos reinventar la escuela de manera que [se centre en las relaciones](#) (a diferencia del modelo de fábricas que hemos heredado), permitiendo a los educadores comprender en profundidad lo que los niños saben y han experimentado para que puedan aprovecharlo y establecer conexiones con nuevos aprendizajes; liderar con apoyos y habilidades sociales y emocionales, totalmente integradas con el aprendizaje académico; y permitir que los niños vean sus fortalezas y lo que saben, para que se sientan competentes y confiados en que pueden aprender. También necesitamos ayudar a los educadores a reconocer los efectos del trauma, acceder a recursos para los niños y apoyar su apego y sanación, en lugar de exacerbar inconscientemente los efectos del trauma mediante el uso de un plan de estudios y reglas que desvinculan, en lugar de reconectar a los estudiantes con la escuela.

Como han señalado los investigadores del Learning Policy Institute en [Reiniciando y Reinventando la Escuela](#), Es importante no volver a la "normalidad", sino crear una nueva normalidad que se base en lo que sabemos de las ciencias del aprendizaje y del desarrollo.

Cómo Debería Verse una "Nueva Normalidad"

Si realmente queremos apoyar el aprendizaje, el regreso a clases no debe incluir estas características básicas de un enfoque anticuado del aprendizaje que, según las investigaciones, en realidad socava el rendimiento:

- Aplicar pruebas a los estudiantes para etiquetarlos y [clasificarlos](#) en grupos como “altos”, “regulares” y “bajos”, los está segregando por la capacidad percibida y, a menudo, también por raza, clase e idioma;
- Ofrecer [estudios reglamentados de repetición](#) en estos grupos segregados, enfocados en llenar los vacíos en las habilidades básicas en formas artificiales, para luego ser evaluados en pruebas de opción múltiple, lo que a menudo hace que se les brinde enseñanza de manera igualmente artificial;
- "Personalizar" el aprendizaje al poner a los estudiantes frente a [computadoras programadas](#) para la instrucción basada en máquinas durante muchas horas seguidas, o montones de hojas de trabajo que ofrecen el mismo enfoque descontextualizado del aprendizaje;
- Castigar a los estudiantes que se desvinculan o expresan frustración y desesperación al [excluirlos](#) del aula o eliminando sus "privilegios" como el recreo y el tiempo en la biblioteca;
- Colocar a los estudiantes más necesitados en clases de recuperación con los [maestros menos capacitados y con menos experiencia](#), quienes tienen menos probabilidades de saber cómo crear ambientes educativos productivos.

En cambio, un regreso a clases que ofrezca apoyo, tanto este verano como el próximo otoño, buscará asegurar que los estudiantes:

- Experimente relaciones cálidas y apoyos socioemocionales logrados por [rediseño de las escuelas para que estén centradas en las relaciones](#), con tiempo incorporado para crear comunidad, confianza y pertenencia entre los estudiantes y con las familias;
- Participar en juegos y ejercicio al aire libre, artes expresivas y actividades colaborativas que [apoyen el desarrollo del cerebro y el aprendizaje](#);
- Encontrar tareas [que sean parte de un aprendizaje auténtico y culturalmente receptivo](#), así como proyectos de investigación conectados a sus experiencias y que les permitan comprender e

- impactar positivamente su entorno;
- [Evaluar las necesidades de los estudiantes](#) tanto social como emocional y académicamente, abordar el trauma con sanación y apoyo, e identificar los próximos pasos que estén listos para dar en su aprendizaje en lugar de etiquetarlos;
- Acelerar el aprendizaje a través de tiempo adicional y [tutorías de alta calidad](#) en lugar de ponerlos en caminos educativos fijos. Las tutorías intensivas, que resultan ser [altamente eficaces](#), establecen relaciones sólidas y personalizan la enseñanza directamente de acuerdo con la preparación y las necesidades de los estudiantes.

Este trabajo debería comenzar de inmediato y continuar durante el verano y el próximo año. Los cursos de verano no deben ser un campo de capacitación diseñado para estudiantes que estén “atrasados.” En lugar de eso, [las investigaciones](#) han encontrado que los modelos más efectivos brindan abundantes oportunidades para el juego y el enriquecimiento junto con el contenido académico ofrecido a través de clases pequeñas e instrucción individualizada, como los que el Distrito Escolar de Cajon Valley en California ha estructurado en su programa de enriquecimiento durante el verano ["Camp Cajon"](#).

Los educadores pueden asociarse con organizaciones comunitarias como el distrito escolar [Tulsa Public School](#) planea hacerlo este verano con programas de YMCA, Tulsa's Bike Club, Global Gardens, Reading Partners, Debate League y más, creando oportunidades muy atractivas que combinan la recreación con el aprendizaje. También pueden motivar y educar a los estudiantes con oportunidades como las escuelas de libertad del [Children's Defense Fund \(CDF\)](#). Siguiendo el modelo de las Escuelas de Libertad de Mississippi de 1963 que desarrollaron líderes en la comunidad afroamericana, las Escuelas de Libertad de CDF ahora se asocian con organizaciones comunitarias, iglesias y escuelas para proporcionar programas de verano y

después de clases especializados en lectura para estudiantes de jardín de infantes a grado 12 en todo tipo de comunidades. Se ha visto que estos programas han sido [efectivos en la promoción y mejoramientos en la materia de lectura](#), motivando e inspirando a los estudiantes mientras leen libros culturalmente significativos y debaten ideas dirigidas a la acción social y el compromiso cívico para el mejoramiento de sus comunidades.

La oportunidad de contribuir positivamente es muy motivadora para los estudiantes y la [recuperación después del trauma](#) se puede habilitar participando en proyectos que permitan a los estudiantes crecer y mejorar las cosas: desde jardines escolares o comunitarios y murales que alimentan y embellecen, hasta una variedad de proyectos de mejora de la escuela, el aula o la comunidad que muestran a los estudiantes sus fortalezas y producen un sentido de agencia a medida que avanzan en el crecimiento y el bienestar para ellos mismos y los demás.

A medida que se reanudan las clases presenciales, las escuelas pueden ayudar a los maestros a comprender las necesidades de los estudiantes con herramientas como los distritos escolares de CORE y su [encuesta de RALLY](#) que proporciona información periódica sobre las experiencias y el bienestar de los estudiantes, ya que integran el aprendizaje social y emocional, la atención plena y los apoyos integrales de salud, salud mental y servicios sociales. Los más de \$ 122 mil millones que se acaban de asignar a los grados K-12 de las escuelas en el [American Rescue Plan Act](#) brinda a los estados y distritos la [oportunidad](#) de apoyar todos estos servicios y su entrega coherente por medio de los [modelos de escuelas comunitarias](#) como una parte fundamental de la recuperación del aprendizaje, junto con las inversiones académicas.

Para reincorporar a los estudiantes a la escuela y acelerar el aprendizaje durante el próximo año, las aulas más efectivas brindarán [oportunidades de aprendizaje bien diseñadas](#) en clases sin caminos educativos fijos usando un

programa de estudios que involucra a los estudiantes a [participar en investigaciones en la materia de matemáticas](#), [expediciones de afirmación cultural en la materia de inglés](#), [experimentos en la materia de ciencias que abran la mente](#) y oportunidades para [reflexionar y expresarse en las artes y las humanidades](#). Y para garantizar que los estudiantes puedan recuperarse con éxito, estos pueden combinarse en un tiempo de aprendizaje ampliado con apoyos en grupos pequeños y [tutorías de alta intensidad](#) que apoyen el desarrollo rápido de habilidades durante y más allá del día escolar, y con estrategias exitosas como las que [Acceleration Academies](#) ha ofrecido durante las semanas de vacaciones de invierno y primavera en Lawrence, Massachusetts. En estas academias, maestros excelentes trabajan con los estudiantes en grupos pequeños en un aprendizaje práctico que los lleva de regreso a la escuela con sólidas habilidades y confianza.

Si nos enfocamos solo en la “pérdida de aprendizaje”, caminaremos por un camino familiar, pavimentado con remediaciones repetitivas, estudiantes desconectados y familias desilusionadas con el aprendizaje impersonal y poco auténtico.

A partir de este verano y hasta el próximo año académico, debemos reestructurar la educación para generar confianza dentro de las aulas y un apoyo que no ignore el trauma de la pandemia. Podemos crear tiempo para desarrollar la capacidad entre los educadores informados sobre el trauma y podemos tomar decisiones basadas en múltiples medidas de aprendizaje y bienestar de los estudiantes. Si los estudiantes se sienten conectados y afirmados, y si reciben experiencias enriquecedoras con apoyos específicos, aprenderán de maneras que superarán con creces la "vieja normalidad" y establecerán la norma para una nueva era en la educación que se basa en cómo los niños realmente aprenden, en lugar de trabajar contra eso.

Adam K. Edgerton, investigador senior del Learning Policy Institute, contribuyó a este artículo.

Accelerating Learning As We Build Back Better

[Linda Darling-Hammond](#) 04:36pm EDT

[Education](#)

I work to foster equitable and empowering education for all children.



Social emotional learning approaches can help set the norm for a new age in education that builds on ... [+]

Getty Images

After a year of struggling with distance learning and hybrid models, parents, teachers, and policymakers across the country are concerned about “learning loss” and how to recover from the educational effects of the

pandemic. While many of us resist the deficit orientation of learning loss language, these concerns are certainly legitimate: As the crisis began, millions of children, particularly those in low-income communities, lacked access to the computers and connectivity that would make in-person remote learning possible, creating even greater [equity gaps](#) than those that already existed.

Furthermore, many low-income communities and communities of color have been especially hard hit by COVID-19, with higher rates of infection, hospitalization and death, as well as greater rates of unemployment and housing and food insecurity. These traumatic events, coupled with the ongoing instances of police shootings of unarmed civilians, have led to a growing and ever more visible divide between the haves and the have-nots, with many students encountering barriers to keeping up in school and others [disengaging from school altogether](#).

Why We Should Aim for Reinvention

It is critically important, though, that we address these concerns based not on outdated notions about remediation, but on what we now know about [how people learn effectively](#). Among those lessons are the following:

- Positive relationships and attachments are the essential ingredient that catalyzes healthy development and learning ... and enables resilience from trauma.
- Children actively construct knowledge by connecting what they know to what they are learning within their cultural contexts. Creating those connections is key to learning.
- Learning is social, emotional, and academic. Children learn best when they feel safe, affirmed, and deeply engaged within a supportive community of learners.

- Learning is enhanced by physical activity, joy, and opportunities for self-expression.
- Students' perceptions of their own ability influence learning. All children are motivated to learn the next set of skills for which they are ready; few are motivated by labels that rank them against others or communicate stigma.

These principles — drawn from brain science and research about learning — mean that we must reinvent school in ways that [center relationships](#) (unlike the factory model designs we have inherited), allow educators to deeply understand what children know and have experienced so they can build on it and draw connections to new learning; lead with social and emotional supports and skills, fully integrated with academic learning; and enable children to see their strengths and what they do know — to feel competent and confident that they can learn. We also need to support educators in recognizing the effects of trauma, accessing resources for children, and supporting their attachment and healing, rather than unwittingly exacerbating the effects of trauma by using curriculum and rules that alienate, rather than reattach students to school.

As researchers at the Learning Policy Institute have noted in [Restarting and Reinventing School](#), it's important not to return to "normal" but to create a new normal that is grounded in what we know from the science of learning and development.

What a "New Normal" Should Look Like

If we really want to support learning, the return to school should not include these staple features of an outdated approach to learning that research has found actually undermine achievement:

- Testing students to label and [track them](#) into “high,” “average,” and “low” groups that are segregated by perceived ability — and often by race, class, and language background as well;
- Offering regimented [drill and kill remedial instruction](#) in these segregated groups, focused on filling gaps in basic skills in the artificial ways they are assessed on multiple choice tests, which then often causes them to be taught in equally artificial ways;
- “Personalizing” learning by putting students in front of [programmed computers](#) for machine-based instruction for long hours at a time — or piles of worksheets that offer the same decontextualized approach to learning;
- Punishing students who disengage or express frustration and despair by [excluding them](#) from the classroom or removing “privileges” like recess and library time;
- Placing the neediest students in remedial classes with the [least trained and experienced teachers](#) who are least likely to know how to create productive learning environments.

Instead, a supportive school return — both this summer and next fall — will seek to ensure that students:

- Experience warm relationships and social-emotional supports achieved by [redesigning schools so that they are relationship-centered](#), with built-in time for creating community, trust, and belonging among students and with families;
- Engage in outdoor play and exercise, expressive arts, and collaborative activities that [support brain development and learning](#);
- Encounter [authentic, culturally responsive learning](#) tasks and inquiry projects connected to their experiences that allow them to understand and positively impact their environment;
- [Assess what students need](#) both socially and emotionally as well as

academically, address trauma with healing and support, and identify the next steps they are ready to take in their learning rather than labelling them;

- Accelerate learning through additional time and [high-quality tutoring](#) rather than tracking. Intensive tutoring, found to be [highly effective](#), both establishes strong relationships and customizes teaching directly to student readiness and needs.

This work should start right away and continue into the summer and next year. Summer school should not be a boot camp designed for students who are “behind.” Instead, [studies](#) find the most effective models provide rich opportunities for play and enrichment paired with academic content offered through small classes and individualized instruction, like those Cajon Valley School District in California has structured in its [“Camp Cajon” summer enrichment program](#).

Educators can partner with community-based organizations as [Tulsa Public Schools](#) plans to do this summer with partners ranging from the YMCA to Tulsa’s Bike Club, Global Gardens, Reading Partners, Debate League, and more, creating highly engaging opportunities that mix recreation with learning. They can also motivate and educate students with opportunities like the [Children’s Defense Fund \(CDF\) Freedom Schools](#). Modeled after the 1963 Mississippi Freedom Schools that developed leaders in the black community, CDF Freedom Schools now partner with community organizations, churches, and schools to provide literacy-rich after school and summer programs for k–12 students in all kinds of communities. These programs, found to be [effective in promoting reading gains](#), motivate and inspire students as they read books that are culturally meaningful and discuss ideas aimed at social action and civic engagement for the betterment of their communities.

The opportunity to contribute is highly motivating for students, and [recovery from trauma](#) can be enabled by engaging in projects that allow students to grow and improve things: from school or community gardens and murals that feed and beautify, to a range of school, classroom, or community improvement projects that show students their strengths and produce a sense of agency as they advance growth and well-being for themselves and others.

As in-person school resumes, schools can help teachers understand students' needs with tools like the CORE districts' [RALLY survey](#) that provides regular information about students' experiences and wellness, as they integrate social and emotional learning, mindfulness, and wraparound supports health, mental health and social services. The more than \$122 billion just allocated to k–12 schools in the [American Rescue Plan Act](#) provides states and districts with the [opportunity](#) to support all of these kinds of services and their coherent delivery through [community schools models](#) as a critical part of learning recovery, alongside academic investments.

To re-attach students to school and to accelerate learning throughout the coming year, the most effective classrooms will provide well-designed [collaborative learning opportunities](#) in non-tracked classrooms using curricula that involve students in [engaging mathematical inquiries](#), [culturally-affirming expeditions in English language arts](#), [mind-opening experiments in science](#), and opportunities to [reflect and express in the arts and humanities](#). And to ensure that students are able to recover successfully, these can be coupled in expanded learning time with small group supports and [high-intensity tutoring](#) that supports rapid skill development during and beyond the school day, and with successful strategies like the [Acceleration Academies](#) offered during winter and spring break weeks in Lawrence, Massachusetts. In these academies, excellent

teachers work with students in small groups on hands-on learning that brings them back to school with strong skills and confidence.

If we focus only on “learning loss,” we will walk down a familiar road, one paved with repetitive remediation, disengaged students, and reluctant families who are disillusioned with impersonal, inauthentic learning. Beginning this summer and continuing into the next academic year, we should restructure schooling to build trust within supportive classrooms that do not ignore the trauma of the pandemic. We can create time to build capacity among trauma-informed educators, and we can make decisions based on multiple measures of student learning and well-being. If students feel attached and affirmed, and if they receive enriching experiences with targeted supports, they will learn in ways that far exceed the “old normal” and set the norm for a new age in education that builds on how children really learn, rather than working against it.

Adam K. Edgerton, a senior researcher at the Learning Policy Institute, contributed to this story.

**Resolution Supporting People of Asian Ancestry and Condemning Harassment, Violence
and Hatred toward People of Asian and Pacific Islander Descent**

WHEREAS, the vision of Santa Rosa City Schools is to “send students into the world empowered to find purpose, think critically, embrace diversity, work together, and adapt to our changing planet, and live healthy and fulfilling lives;” and

WHEREAS, Santa Rosa City Schools is the district home to more than 1,628 students of Asian and Pacific Islander descent, accounting for 10.6% of the student body, many from immigrant communities including but not limited to Burmese, Cambodian, Vietnamese, Laotian, Chinese, Japanese, Korean, Filipino, Hmong, Hawaiian, Guamanian, Samoan, Tongan, Tahitian, Asian Indian, Pakistani, and multi-racial; and

WHEREAS, the Bay Area has seen an increase of physical attacks on Asian and Pacific Islander American community members; hate crimes are on the rise during the COVID-19 pandemic and the reporting center Stop AAPI Hate has chronicled at least 3,795 hate incidents against Asian and Pacific Islander Americans since March of 2020; and violence against AAPI communities continues to increase in our country; and

WHEREAS, the outbreak of SARS-Cov2 has been referred to as “Wuhan Virus,” “Kung Flu,” and “Chinese Virus” in public discourse, and this inflammatory rhetoric has stigmatized members of the AAPI communities, exacerbating the microaggressions and violence towards persons of AAPI ancestry; and

WHEREAS, people of Asian and Pacific Islander descent have suffered intense discrimination since California’s earliest days, including, but not limited to, inhumane policies and treatment toward Chinese immigrants in the goldmining era, the Chinese Exclusion Act, the persecution of Filipino American workers, and the internment of Japanese Americans during World War II, the rise in violence against Asian Muslims and Sikhs after the Sept. 11 terrorist attacks; and how we must acknowledge, learn and teach this history to not repeat it; and

WHEREAS, the model minority myth promotes the stereotype that the AAPI community is a monolithic group, a stereotype that invisibilizes the economic, academic and social struggles of our diverse communities; and

WHEREAS, the Governing Board of the Santa Rosa City Schools condemns hatred, xenophobia, harassment and violence towards people of Asian and Pacific Islander ancestry and commits to educating our students and community of the common humanity that we share, to foster a supportive, inclusive culture that fully embraces students of Asian and Pacific Islander descent and that we commit to furthering educational justice so all our students can be free from oppression in order to fully learn and thrive.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Education of Santa Rosa City Schools, reaffirms and proactively implements all policies, practices and procedures to ensure that our AAPI students, staff, families and community are not subjected to bias, harassment, discrimination, violence or retaliation; and be it

FURTHER RESOLVED, Santa Rosa City Schools will provide accurate, effective and unbiased messaging related to the COVID-19 virus; and be it

FURTHER RESOLVED, Santa Rosa City Schools condemns any anti-Asian and Pacific Islander sentiments targeting our AAPI students, staff, families and community; and be it

FURTHER RESOLVED, Santa Rosa City Schools will continue to commit resources to educate its employees and identify resources to ensure curriculum and equity trainings are inclusive of AAPI communities; and be it


FURTHER RESOLVED, Santa Rosa City Schools will commit to investing resources to reach Asian and Pacific Islander parents, students, and community to support and inform them of defined efforts specifically addressing anti-Asian and Pacific Islander bias, discrimination, and xenophobia; and be it

FURTHER RESOLVED, Santa Rosa City Schools commits to partnering with public and private institutions/organizations working to address xenophobia and racism subjected to Asian and Pacific Islanders in Santa Rosa; and be it

FURTHER RESOLVED, Santa Rosa City Schools invites other school districts and educational entities such to join us in condemning xenophobic and racist attacks towards AAPI communities; and

FINALLY RESOLVED, Santa Rosa City Schools urges State Representatives, State Senators, and Governor Newsom to take immediate action to ensure the safety of AAPI communities in the State of California.

PASSED AND ADOPTED by the Governing Board of the Santa Rosa City Schools District on the 14th day of April, 2021.



Ever Flores, Clerk of the Board

4/14/2021

Date

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

AUDIT REPORT

June 30, 2020



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

**SANTA ROSA CITY SCHOOLS
SONOMA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds ..	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to the Basic Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP) – General Fund	67
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP) – Charter School Fund	68
Schedule of Pension Plan Contributions	69
Schedule of Proportionate Share of Net Pension Liability	70
Schedule of Changes in Total OPEB Liability	71
SUPPLEMENTARY INFORMATION:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	75
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76
State and Federal Award Compliance Section:	
Organization (Unaudited)	79
Schedule of Average Daily Attendance	80
Schedule of Instructional Time	82
Schedule of Charter Schools (Unaudited)	84
Schedule of Financial Trends and Analysis (Unaudited)	85

**SANTA ROSA CITY SCHOOLS
SONOMA COUNTY**

TABLE OF CONTENTS

Schedule of Expenditures of Federal Awards	86
Reconciliation of Annual Financial and Budget Report to the Audited Financial Statements.....	87
Notes to State and Federal Award Compliance Section.....	88

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 <i>Government Auditing Standards</i>	91
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance.....	93
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on State Programs	95

FINDINGS AND RECOMMENDATIONS:

Schedule of Findings and Questioned Costs.....	100
Status of Prior Year Findings and Recommendations	102

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Santa Rosa City Schools
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Rosa City Schools (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of a Matter

Deficit Net Position

As of June 30, 2020, the District's net position in its Government-wide financial statements was at a deficit of \$41,130,376 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget report to the audited financial statements, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and



other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 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 29, 2021
San Jose, California

Management's Discussion and Analysis

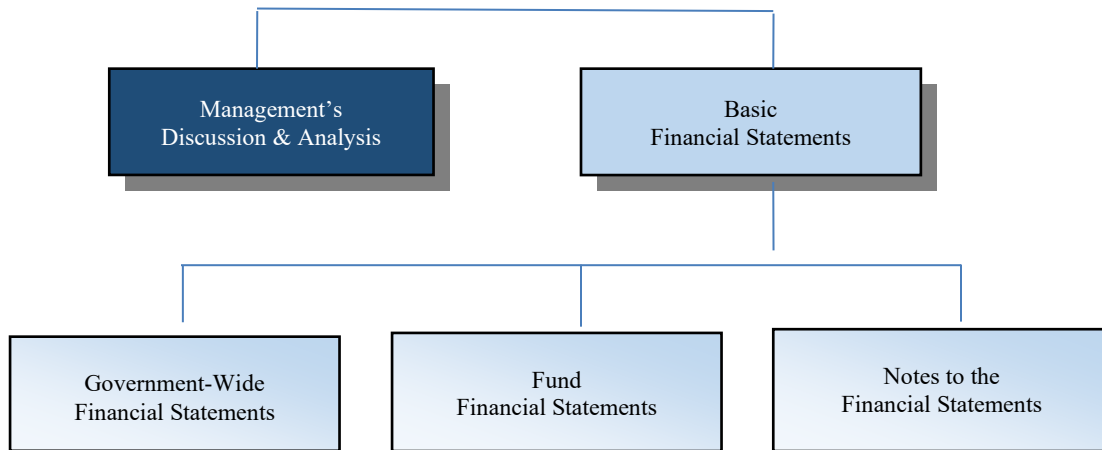
Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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, 2020. 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, 2020 were as follows:

- Total net position decreased \$1,845,483 (-4.7%), unrestricted net position decreased by \$15,144,918, from June 30, 2019 to June 30, 2020. The change in unrestricted net position was mainly due to a decrease total revenues of \$9,410,229.
- The District recorded deferred outflows of resources of \$48,315,403 and deferred inflows of resources of \$26,936,916 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 \$237,583,610 in government-wide expenses which is 101% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$43,785,100, or 19%, of the total revenues of \$235,738,127.

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

- General revenue of \$191,953,027 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 81% of total revenues in 2020 and 2019.
- The fund balances of all governmental funds decreased by \$30,343,302, which is a 20% decrease from 2019 due to spending of bond funds on capital projects.
- Total governmental fund revenues and expenditures totaled \$235,075,177 and \$265,418,479, 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, 2020

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 2019 - 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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, 2020 as compared to June 30, 2019:

Table 1 - Summary of Statement of Net Position				
Description	2020	2019	Change	Percentage Change
Assets				
Current Assets	\$ 139,457,229	\$ 174,581,077	\$ (35,123,848)	-20.1%
Capital Assets	226,852,354	213,917,705	12,934,649	6.0%
Total Assets	\$ 366,309,583	\$ 388,498,782	\$ (22,189,199)	-5.7%
Total Deferred Outflows of Resources	\$ 48,315,403	\$ 53,631,639	\$ (5,316,236)	-11.0%
Liabilities				
Current Liabilities	\$ 18,457,968	\$ 24,608,835	\$ (6,150,867)	-25.0%
Long-term Liabilities	410,352,901	436,340,737	(25,987,836)	-6.0%
Total Liabilities	\$ 428,810,869	\$ 460,949,572	\$ (32,138,703)	-7.0%
Total Deferred Inflows of Resources	\$ 26,936,916	\$ 20,458,165	\$ 6,478,751	24.1%
Net Position				
Net Investment in Capital Assets	\$ 99,950,030	\$ 82,143,721	\$ 17,806,309	21.7%
Restricted	14,478,087	18,984,961	(4,506,874)	-23.7%
Unrestricted	(155,550,916)	(140,405,998)	(15,144,918)	-10.8%
Total Net Position	\$ (41,122,799)	\$ (39,277,316)	\$ (1,845,483)	-4.7%

During the year, deferred outflows of resources decreased by 11%, deferred inflows of resources increased by 24%, and long-term liabilities decreased by 6% mostly because of the redemption of general obligation bonds. Additionally, GASB 68 requires all local governments that participate in cost sharing pension plans to record its proportionate share of net pension liabilities from pension plans in the government-wide financial statements. GASB 75 requires all local governments that participates in other postemployment benefits (OPEB) to record the actuarially determined liability. There was no impact on fund balance as a result of GASB 68 or GASB 75.

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Table 2 shows the changes in net position for fiscal year 2020 as compared to 2019:

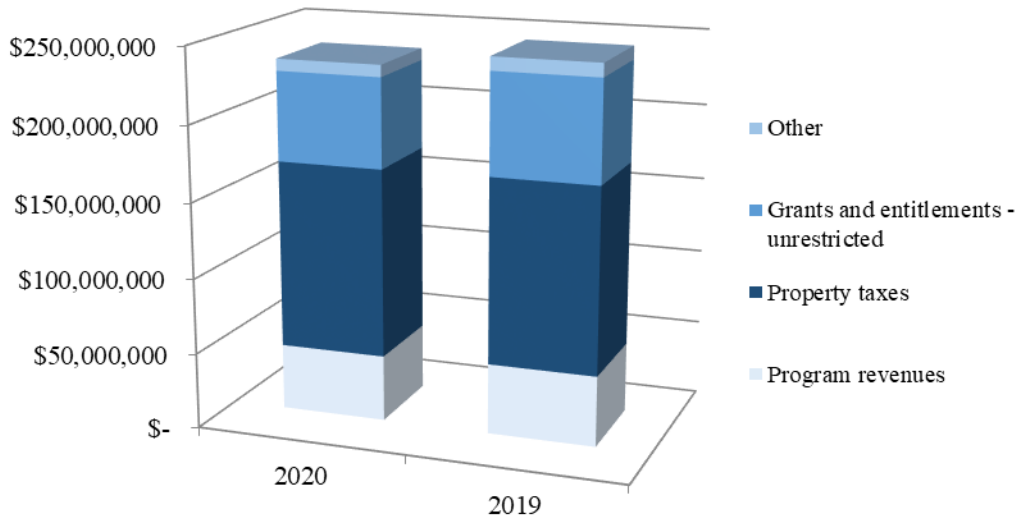
Table 2 - Summary of Changes in Statement of Activities				
Description	2020	2019	Change	Percentage Change
Revenues				
Program revenues	\$ 43,785,100	\$ 46,774,442	\$ (2,989,342)	-6.4%
General revenues:				
Property taxes	124,772,207	122,696,377	2,075,830	1.7%
Grants and entitlements - unrestricted	59,311,023	66,698,359	(7,387,336)	-11.1%
Other	7,869,797	8,979,178	(1,109,381)	-12.4%
Total Revenues	235,738,127	245,148,356	(9,410,229)	-3.8%
Program Expenses				
Instruction	139,398,820	138,253,242	1,145,578	0.8%
Instruction-related services	29,562,175	28,734,306	827,869	2.9%
Pupil services	28,433,393	27,624,912	808,481	2.9%
General administration	12,715,181	11,926,633	788,548	6.6%
Plant services	15,007,028	30,910,725	(15,903,697)	-51.5%
Ancillary services	4,223,178	4,275,316	(52,138)	-1.2%
Community services	1,379,275	1,426,685	(47,410)	-3.3%
Other outgo	399,423	385,672	13,751	3.6%
Interest on long-term debt	6,465,137	7,364,315	(899,178)	-12.2%
Total Expenses	237,583,610	250,901,806	(13,318,196)	-5.3%
Change in Net Position	(1,845,483)	(5,753,450)	3,907,967	67.9%
Begininng Net Position	(39,277,316)	(36,918,109)	(2,359,207)	-6.4%
Prior Period Adjustments	-	3,394,243	(3,394,243)	100.0%
Ending Net Position	\$ (41,122,799)	\$ (39,277,316)	\$ (1,845,483)	-4.7%

The District's expenses for instructional services was 71% of total expenses in 2019-2020 versus 67% in 2018-2019. The purely administrative activities of the District accounted for 5% of total costs in 2019-2020 and in 2018-2019. Interest on long-term debt represented 3% of total expenses in 2019-2020 and in 2018-2019. Total expenses were 101% and 102% of revenue in 2019-2020 and in 2018-2019, respectively. In regard to revenue, program revenues were 19% of total revenues in 2019-2020 and in 2018-2019.

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

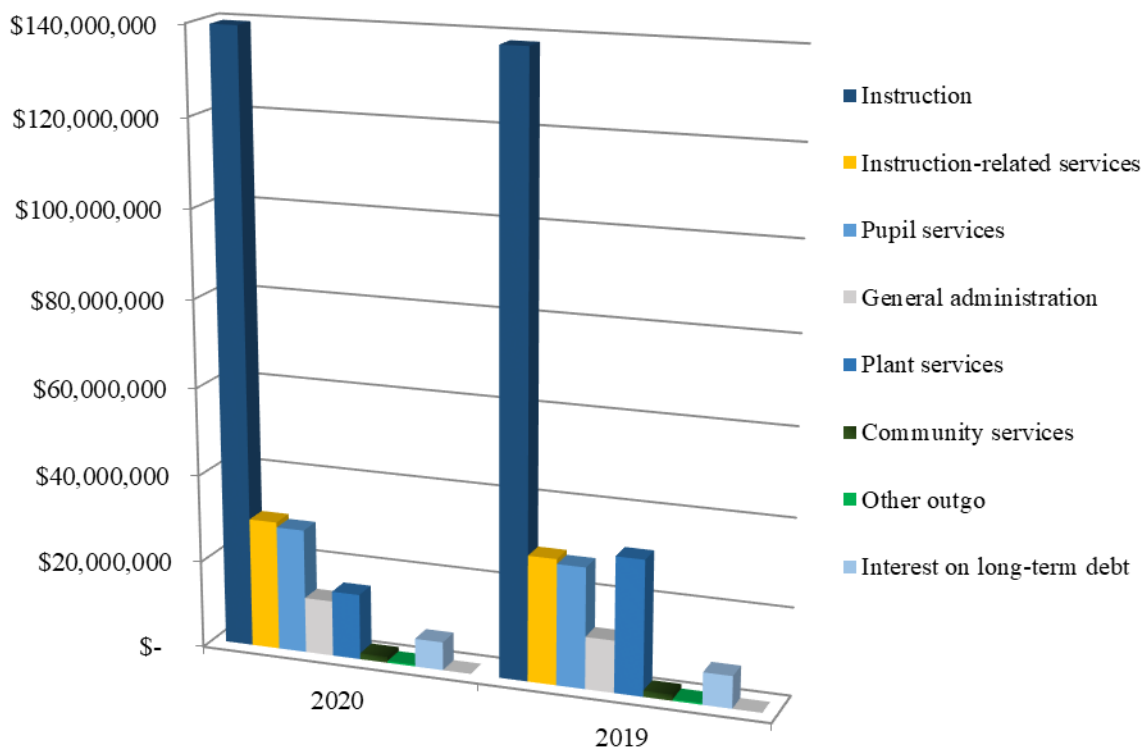
The following is a summary of government wide revenues for the fiscal year ended June 30, 2020:

Gov't Wide Revenues



The following is a summary of expenses by function for the fiscal year ended June 30, 2020:

Gov't Wide Program Expenses



Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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).

Table 3 - Net Cost of Services				
Description	2020	2019	Change	Percentage Change
Instruction	\$ 116,859,163	\$ 110,531,004	\$ 6,328,159	5.7%
Instruction-related services	25,841,791	24,005,362	1,836,429	7.7%
Pupil services	20,644,678	18,796,464	1,848,214	9.8%
General administration	11,743,583	10,930,957	812,626	7.4%
Plant services	8,064,177	26,719,778	(18,655,601)	-69.8%
Ancillary services	4,013,412	4,042,805	(29,393)	-0.7%
Community services	1,379,275	1,380,464	(1,189)	-0.1%
Other outgo	(1,212,706)	356,215	(1,568,921)	-440.4%
Interest on long-term debt	6,465,137	7,364,315	(899,178)	-12.2%
Total Net Cost of Services	\$ 193,798,510	\$ 204,127,364	\$ (10,328,854)	-5.06%

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.

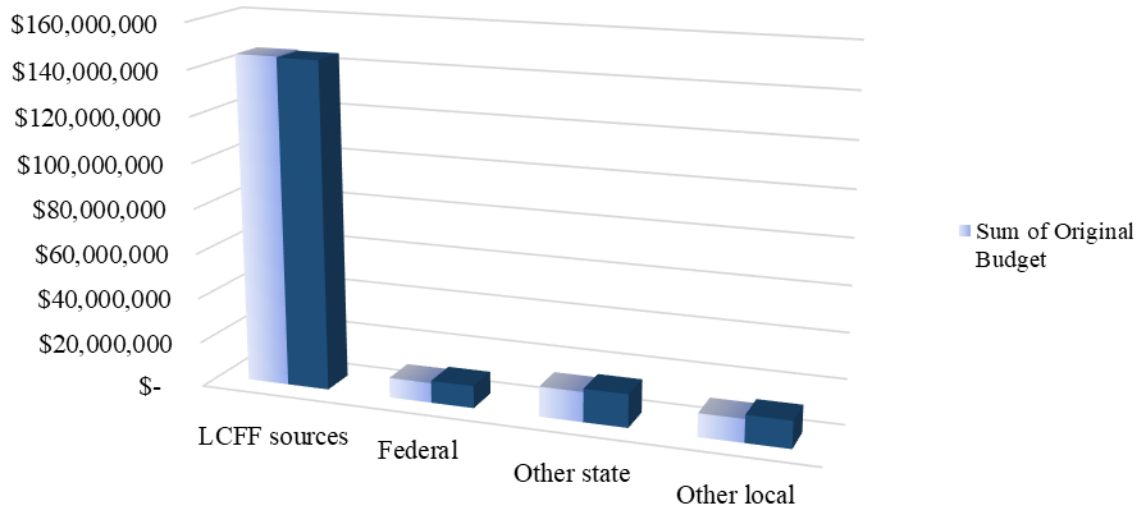
Table 4 - Summary of Fund Balances				
Description	2020	2019	Change	Percentage Change
General Fund	\$ 24,189,269	\$ 31,370,474	\$ (7,181,205)	-22.9%
Charter School Fund	4,290,790	4,008,708	282,082	7.0%
Building Fund	60,862,257	76,752,538	(15,890,281)	-20.7%
Bond Interest and Redemption Fund	20,445,171	27,757,608	(7,312,437)	-26.3%
Nonmajor Funds	12,753,963	12,995,423	(241,460)	-1.9%
Total Fund Balances	\$ 122,541,450	\$ 152,884,751	\$ (30,343,301)	-19.8%

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

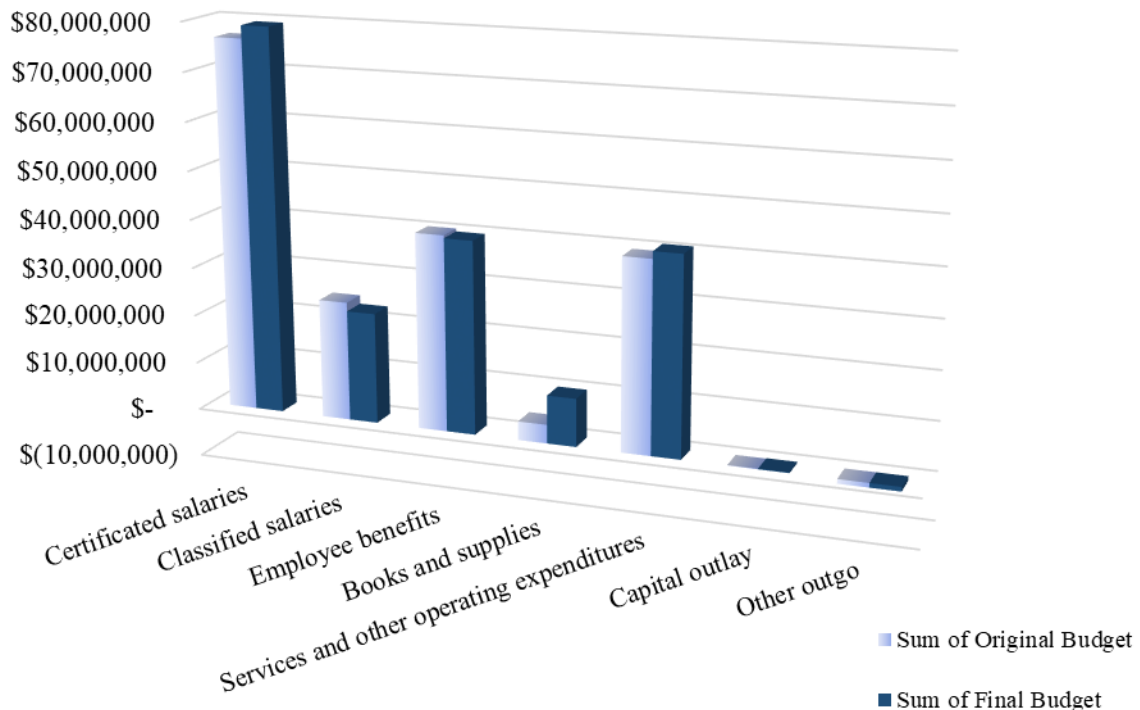
FINANCIAL ANALYSIS OF THE GENERAL FUND AND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2019-2020 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim. The following charts summarize the changes from the District's original and final budgets.

General Fund Budgeted Revenues



General Fund Budgeted Expenditures



Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

CAPITAL ASSETS

Table 5 shows June 30, 2020 balances as compared to June 30, 2019.

Table 5 - Summary of Capital Assets Net of Depreciation				
Description	2020	2019	Change	Percentage Change
Land	\$ 8,929,571	\$ 8,929,571	\$ -	0.0%
Work-in-Progress	23,101,808	11,905,520	11,196,288	94.0%
Buildings and improvements	190,364,749	188,955,074	1,409,675	0.7%
Equipment	4,456,226	4,127,540	328,686	8.0%
Total Capital Assets - Net	\$ 226,852,354	\$ 213,917,705	\$ 12,934,649	6.0%

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.

Table 6 - Summary of Long-term Liabilities				
Description	2020	2019	Change	Percentage Change
General Obligation Bonds	\$ 196,598,395	\$ 219,390,905	\$ (22,792,510)	-10.4%
Charter School Facilities Program Loan	4,775,350	4,906,770	(131,420)	-2.7%
Certificates of Participation	8,291,677	8,295,817	(4,140)	0.0%
Net Pension Obligations	176,056,014	176,776,742	(720,728)	-0.4%
Net OPEB Obligation	22,632,563	25,384,497	(2,751,934)	-10.8%
Compensated Absences	1,998,902	1,586,006	412,896	26.0%
Total Long-term Liabilities	\$ 410,352,901	\$ 436,340,737	\$(25,987,836)	-6.0%

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District had a decrease in ADA for 2019-20 and is projecting declining enrollment in future years. One significant issue the District will face over the next few years is higher costs arising from scheduled employer paid pension contribution rate increases.

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

Santa Rosa City Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

SANTA ROSA CITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 119,336,430
Accounts receivable	19,658,710
Stores inventories and other assets	462,089
Total current assets	<u>139,457,229</u>
Noncurrent assets:	
Non-depreciable capital assets	32,031,379
Depreciable capital assets - net	194,820,975
Total noncurrent assets	<u>226,852,354</u>
Total Assets	<u><u>\$ 366,309,583</u></u>
Deferred Outflows of Resources	
Pension adjustments	\$ 44,636,196
OPEB adjustments	1,926,366
Deferred loss on early retirement of long-term debt	1,752,841
Total Deferred Outflows of Resources	<u><u>\$ 48,315,403</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 11,520,784
Unearned revenue	3,506,732
Accrued interest	3,430,452
Total current liabilities	<u>18,457,968</u>
Long-term liabilities:	
Due within one year	15,699,071
Due after one year	394,653,830
Total long-term liabilities	<u>410,352,901</u>
Total Liabilities	<u><u>\$ 428,810,869</u></u>
Deferred Inflows of Resources	
Pension adjustments	\$ 21,657,693
OPEB adjustments	5,279,223
Total Deferred Outflows of Resources	<u><u>\$ 26,936,916</u></u>
Net Position	
Net investment in capital assets	\$ 99,950,030
Restricted for:	
Capital projects	9,423,305
Educational programs	5,054,782
Total restricted net position	<u>14,478,087</u>
Unrestricted	<u>(155,550,916)</u>
Total Net Position	<u><u>\$ (41,122,799)</u></u>

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, 2020

		Program Revenues		Net (Expense)
			Operating	Revenue and
		Charges for	Grants and	Changes in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 139,398,819	\$ 129,682	\$ 22,409,975	\$ (116,859,162)
Instruction-related services:				
Supervision of instruction	8,665,307	69,997	2,692,184	(5,903,126)
Instruction library, media and technology	1,908,409	577	57,735	(1,850,097)
School site administration	18,988,459	21,968	877,923	(18,088,568)
Pupil services:				
Home-to-school transportation	7,373,839	-	5,074	(7,368,765)
Food services	6,082,126	1,366,212	2,823,988	(1,891,926)
All other pupil services	14,977,428	8,827	3,584,614	(11,383,987)
General administration:				
Data processing	1,109,536	-	-	(1,109,536)
All other general administration	11,605,645	134,458	837,140	(10,634,047)
Plant services	15,007,028	398,131	6,544,720	(8,064,177)
Ancillary services	4,223,178	23,662	186,104	(4,013,412)
Community services	1,379,275	-	-	(1,379,275)
Payments to other agencies	399,423	238,079	1,374,050	1,212,706
Interest on long-term debt	6,465,137	-	-	(6,465,137)
Total governmental activities	<u>\$ 237,583,609</u>	<u>\$ 2,391,593</u>	<u>\$ 41,393,507</u>	<u>(193,798,509)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				101,884,176
Taxes levied for debt service				21,805,321
Taxes levied for other specific purposes				1,082,710
Federal and state aid non restricted to specific purposes				59,311,023
Interest and investment earnings				2,722,005
Interagency revenues				97,196
Miscellaneous				5,050,596
Total general revenues and special items				<u>191,953,027</u>
Change in net position				<u>(1,845,482)</u>
Net position beginning				<u>(39,277,317)</u>
Net position ending				<u>\$ (41,122,799)</u>

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

SANTA ROSA CITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 19,384,260	\$ 9,804,055	\$ 62,204,962	\$ 20,445,171	\$ 6,592,324	\$ 118,430,772
Accounts receivable	13,627,873	1,158,138	-	-	4,872,699	19,658,710
Due from other funds	8,554,525	270,215	123,522	-	5,810,761	14,759,023
Stores inventories and other assets	169,601	-	-	-	292,487	462,088
Total Assets	\$ 41,736,259	\$ 11,232,408	\$ 62,328,484	\$ 20,445,171	\$ 17,568,271	\$ 153,310,593
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 9,383,845	\$ 248,798	\$ 1,449,811	\$ -	\$ 438,328	\$ 11,520,782
Due to other funds	5,729,615	6,692,820	16,416	-	3,302,778	15,741,629
Unearned revenue	2,433,530	-	-	-	1,073,202	3,506,732
Total Liabilities	17,546,990	6,941,618	1,466,227	-	4,814,308	30,769,143
Fund balances:						
Nonspendable:						
Revolving fund	36,750	1,500	-	-	200	38,450
Stores inventory	169,600	-	-	-	292,487	462,087
Restricted for:						
Capital projects	-	-	60,862,257	-	9,423,305	70,285,562
Educational programs	4,810,787	243,995	-	-	-	5,054,782
Debt service	-	-	-	20,445,171	-	20,445,171
Assigned for:						
Capital projects	-	-	-	-	2,591,448	2,591,448
Charter school programs	-	4,045,295	-	-	-	4,045,295
Child care program	-	-	-	-	6,261	6,261
Deferred maintenance	-	-	-	-	732,949	732,949
Unassigned:						
Economic uncertainties	5,731,754	-	-	-	-	5,731,754
Unappropriated	13,440,378	-	-	-	(292,687)	13,147,691
Total Fund Balances	24,189,269	4,290,790	60,862,257	20,445,171	12,753,963	122,541,450
Total Liabilities and Fund Balances	\$ 41,736,259	\$ 11,232,408	\$ 62,328,484	\$ 20,445,171	\$ 17,568,271	\$ 153,310,593

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, 2020

Total fund balances - governmental funds	\$ 122,541,450
--	----------------

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	\$ 448,607,108	
Accumulated depreciation	(221,754,754)	226,852,354

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.	44,636,196
--	------------

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.	(21,657,693)
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The differences between projected and actual amounts in OPEB plans are not included in the plan's actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:

Contributions subsequent to the measurement date	1,926,366	
Change in assumption	(5,279,223)	

Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(3,430,452)
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An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	1,888,263
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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	\$ 196,598,395	
Certificates of participation	8,291,677	
Loss on early retirement of long-term debt	(1,752,841)	
School Facilities Loan	4,775,350	
Net pension obligations	176,056,014	
Total OPEB obligation	22,632,563	
Compensated absences (vacation)	1,998,902	(408,600,060)

Total net position - governmental activities	\$ (41,122,799)
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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, 2020

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF sources	\$ 144,768,832	\$ 12,382,369	\$ -	\$ -	\$ -	\$ 157,151,201
Federal revenue	7,988,905	55,806	-	-	2,795,842	10,840,553
Other state	17,408,251	994,832	-	130,410	5,011,808	23,545,301
Other local	12,083,094	206,367	1,365,553	21,988,953	7,894,155	43,538,122
Total revenues	182,249,082	13,639,374	1,365,553	22,119,363	15,701,805	235,075,177
Expenditures:						
Current						
Instruction	116,743,823	8,400,712	-	-	621,708	125,766,243
Instruction-related services:						
Supervision of instruction	8,020,236	299,759	-	-	-	8,319,995
Instruction library, media and technology	1,184,875	136,041	-	-	-	1,320,916
School site administration	14,874,709	1,226,045	-	-	-	16,100,754
Pupil services:						
Home-to-school transportation	7,069,463	-	-	-	-	7,069,463
Food services	1,471,712	-	-	-	4,160,439	5,632,151
All other pupil services	13,805,223	577,820	-	-	-	14,383,043
General administration:						
Data processing	845,703	-	-	-	-	845,703
All other general administration	9,538,841	1,325,995	-	-	251,090	11,115,926
Plant services	13,666,253	614,722	-	-	83,030	14,364,005
Facilities acquisition and construction	-	-	16,824,000	-	10,187,725	27,011,725
Ancillary services	1,793,569	-	-	-	-	1,793,569
Community services	1,322,341	-	-	-	-	1,322,341
Payments to other agencies	72,953	-	-	-	323,329	396,282
Debt service:						
Principal	-	-	131,420	20,570,000	65,000	20,766,420
Interest and fees	-	-	97,199	8,861,800	250,944	9,209,943
Total expenditures	190,409,701	12,581,094	17,052,619	29,431,800	15,943,265	265,418,479
Excess (deficiency) of revenues over (under) expenditures	(8,160,619)	1,058,280	(15,687,066)	(7,312,437)	(241,460)	(30,343,302)
Other financing sources (uses):						
Transfers in	979,414	203,216	-	-	-	1,182,630
Transfers out	-	(979,414)	(203,216)	-	-	(1,182,630)
Total other financing sources (uses)	979,414	(776,198)	(203,216)	-	-	-
Net changes in fund balances	(7,181,205)	282,082	(15,890,282)	(7,312,437)	(241,460)	(30,343,302)
Fund balances beginning	31,370,474	4,008,708	76,752,539	27,757,608	12,995,423	152,884,752
Fund balances ending	\$ 24,189,269	\$ 4,290,790	\$ 60,862,257	\$ 20,445,171	\$ 12,753,963	\$ 122,541,450

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, 2020

Total net change in fund balances - governmental funds	\$	(30,343,302)
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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.

Capital assets additions	\$	27,011,725	
Depreciation expense		(14,077,076)	12,934,649

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.		(60,860)
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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:

Repayment of debt principal		20,766,420	
Amortization of bond premiums		2,222,510	
Amortization of loss on early retirement of long-term debt		(124,215)	

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:		(412,896)
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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.		(7,838,685)
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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.		(359,424)
--	--	-----------

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		662,950
--	--	---------

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.		707,371
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Changes in net position of governmental activities	\$	(1,845,482)
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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, 2020**

	Internal Service Self Insurance Fund
Assets	
Cash	\$ 905,658
Due from other funds	<u> 982,607</u>
 Total Assets	 <u><u>\$ 1,888,265</u></u>
 Net Position	
Restricted	<u>\$ 1,888,265</u>
 Total Net Position	 <u><u>\$ 1,888,265</u></u>

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

SANTA ROSA CITY SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Internal Service Self Insurance Fund
Operating Revenues	
Charges to other funds	\$ 2,418,303
Operating Expenses	
Services and other operating expenditures	<u>1,769,414</u>
Operating Income (Loss)	648,889
Nonoperating Revenues (Expenses):	
Interest income	<u>14,061</u>
Change in Net Position	662,950
Beginning Net Position	<u>1,225,315</u>
Ending Net Position	<u><u>\$ 1,888,265</u></u>

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, 2020**

	Internal Service Self Insurance Fund
Cash Flows from Operating Activities	
Cash received from assessments made to other funds	\$ 1,712,920
Cash paid for insurance and operating expenses	(1,769,414)
Net cash provided by (used for) operating activities	(56,494)
Cash Flows from Investing Activities	
Interest income	14,062
Increase in Cash and Cash Equivalents	(42,432)
Cash and Cash Equivalents - Beginning	948,090
Cash and Cash Equivalents - Ending	\$ 905,658
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 648,889
(Increase) decrease in due from other funds	(705,383)
Net cash provided by operating activities	\$ (56,494)

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, 2020

	Expendable Trust <u>Scholarship Fund</u>	Student Body Agency Fund	Total
Assets			
Cash	\$ 21,276	\$ 921,954	\$ 943,230
Total Assets	<u>\$ 21,276</u>	<u>\$ 921,954</u>	<u>\$ 943,230</u>
Liabilities			
Due to student groups	\$ -	\$ 921,954	\$ 921,954
Total Liabilities	<u>\$ -</u>	<u>\$ 921,954</u>	<u>\$ 921,954</u>
Net Position			
Restricted	\$ 21,276	\$ -	\$ 21,276
Total Net Position	<u>\$ 21,276</u>	<u>\$ -</u>	<u>\$ 21,276</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, 2020

	Expendable Trust <u>Scholarship Fund</u>
Additions	
Other local revenues	\$ 9,193
Deductions	
Other services and operating expenses	<u>3,317</u>
Changes in net position	5,876
Net position beginning	<u>15,400</u>
Net position ending	<u><u>\$ 21,276</u></u>

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, 2020**

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, 2020.

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, 2020

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 except for agency fund, which have no measurement focus.

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, 2020

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, 2020

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, 2020

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 three nonmajor special revenue funds:

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

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

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

Proprietary Funds:

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

- *Internal Service Fund* - The Self Insurance Fund is used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates this fund to account for dental insurance premiums.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The District maintains the following fiduciary funds:

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.
- 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.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

	PERS	STRS	Total
Deferred outflows of resources	\$ 10,134,526	\$ 34,501,670	\$ 44,636,196
Deferred inflows of resources	\$ 2,223,807	\$ 19,433,885	\$ 21,657,692
Pension expense	\$ 9,136,743	\$ 17,478,122	\$ 26,614,865
Net pension liabilities	\$ 45,097,814	\$ 130,958,200	\$ 176,056,014

Other Postemployment Benefits Other Than Pensions (OPEB):

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

'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.

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

than fair value. The District utilizes a capitalization threshold of \$5,000.

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

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

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

5. Compensated Absences

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

6. Long-Term Liabilities

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

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

7. Fund Balance Policy and Classifications

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

8. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2020, capital assets net of accumulated depreciation totaling \$264,858,576 was increased by unspent bond proceeds of \$60,862,257 and reduced by related debt of \$219,390,905, which excluded accreted interest of \$192,445 and premiums attributed to cash reserves for debt service of \$21,708,395. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Debt service restrictions reflect the cash balances in the debt service funds of \$20,445,171 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of \$21,708,395.

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.

9. Local Control Funding Formula and Property Taxes

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

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

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

10. Risk management

Property and Liability:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, 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, 2020

Workers' Compensation:

For fiscal year 2020, the District participated in the RESIG JPA for workers compensation.

11. Interfund Transactions

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

12. Eliminations and Reclassifications

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

13. Accounting Estimates

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

J. Upcoming Accounting and Reporting Changes

GASB Statement No. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, Leases

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, Conduit Debt Obligations

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 92, Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 94, Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

NOTE 2 – CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2020 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash in bank	\$ 5,500	\$ 5,500
Cash with fiscal agent	139,342	139,342
Cash in revolving fund	38,450	38,450
Cash with County	119,153,138	119,856,142
Total Cash and Investments	\$ 119,336,430	\$ 120,039,434
Fiduciary Funds:		
Cash in Banks	\$ 943,230	\$ 943,230

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, 2020, the bank balance of the District's bank accounts was \$1,279,763, of which \$685,319 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.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District has the following recurring fair value measurements as of June 30, 2020:

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

Cash in County Treasury

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

Policies and Practices

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

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

1. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Sonoma County Investment Pool with a fair value of approximately \$2.836 billion and an amortized book value of \$2.819 billion. The average weighted maturity for this pool is 552 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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

4. Concentration of Credit Risk

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2020:

Receivables	General Fund	Charter School Fund	Nonmajor Funds	Total
Federal	\$ 4,152,572	\$ -	\$ 507,580	\$ 4,660,152
State	6,176,936	106,433	4,359,435	10,642,804
Local	115,581	-	-	115,581
Other resources	3,182,784	1,051,705	5,684	4,240,173
Total Accounts Receivable	<u>\$ 13,627,873</u>	<u>\$ 1,158,138</u>	<u>\$ 4,872,699</u>	<u>\$ 19,658,710</u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2020 were as follows:

Capital Assets	Balance July 01, 2019	Additions	Transfers & Deletions	Balance June 30, 2020
Land - not depreciable	\$ 8,929,571	\$ -	\$ -	\$ 8,929,571
Work-in-progress - not depreciable	11,905,520	23,101,808	(11,905,520)	23,101,808
Buildings and improvements	393,672,245	14,950,213	-	408,622,458
Furniture and equipment	7,088,047	865,224	-	7,953,271
Total capital assets	421,595,383	38,917,245	(11,905,520)	448,607,108
Less accumulated depreciation for:				
Buildings and improvements	204,717,171	13,540,538	-	218,257,709
Furniture and equipment	2,960,507	536,538	-	3,497,045
Total accumulated depreciation	207,677,678	14,077,076	-	221,754,754
Total capital assets - net depreciation	<u>\$ 213,917,705</u>	<u>\$ 24,840,169</u>	<u>\$ (11,905,520)</u>	<u>\$ 226,852,354</u>

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 8,193,263
Instruction library, media and technology	536,478
School site administration	2,247,273
Data processing	386,610
Food services	227,421
All other general administration	79,023
Plant services	54,621
Ancillary services	2,352,387
Total depreciation expense	<u>\$ 14,077,076</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. Interfund transfers for fiscal year 2020 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 979,414	\$ -
Charter School Fund	203,216	979,414
Nonmajor Funds	-	-
Totals	<u>\$ 1,182,630</u>	<u>\$ 1,182,630</u>

Interfund Receivables/Payables (Due From/Due To)

Interfund receivables and payables consisted of the following as of June 30, 2020:

Fund	Due From	Due To
General Fund	\$ 8,554,525	\$ 5,729,615
Charter School Fund	270,215	6,692,820
Building Fund	123,522	16,416
Internal Service Self Insurance Fund	982,607	-
Nonmajor Funds	5,810,760	3,302,778
Totals	<u>\$ 15,741,629</u>	<u>\$ 15,741,629</u>

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, is shown below:

Description	Balance July 01, 2019	Adjustments & Additions	Deletions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	\$ 219,390,905	\$ -	\$ 22,792,510	\$ 196,598,395	\$ 15,470,000
Direct Borrowing:					
School Facilities Program Loan	4,906,770	-	131,420	4,775,350	134,071
Certificates of Participation:					
Principal Payments	8,103,372	-	65,000	8,038,372	95,000
Accreted Interest	192,445	60,860	-	253,305	-
Total COP's	8,295,817	60,860	65,000	8,291,677	95,000
Net Pension Liability	176,776,742	59,200,342	59,921,070	176,056,014	-
Total OPEB Liability	25,384,497	5,768,576	8,520,510	22,632,563	-
Compensated Absences	1,586,006	809,078	396,182	1,998,902	-
Total Long-term Liabilities	<u>\$ 436,340,737</u>	<u>\$ 65,838,856</u>	<u>\$ 91,826,692</u>	<u>\$ 410,352,901</u>	<u>\$ 15,699,071</u>

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

General Obligation Bonds Payable

2015 General Obligation Refunding Bonds

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

2016 General Obligation Bonds

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

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A summary of the District's general obligation bonded debt as of June 30, 2020 is as follows:

Bond	Maturity Date	Interest Rate	Original Issue	Bonds		Adjustments & Redeemed	Bonds Outstanding June 30, 2020
				Outstanding July 01, 2019	Issued		
2011 GORB	2021	2-5	\$ 18,575,000	\$ 2,460,000	\$ -	\$ 1,205,000	\$ 1,255,000
2011 GORB	2026	2-4.125	4,950,000	2,920,000	-	320,000	2,600,000
2013 GORB	2030	2-5	51,510,000	14,700,000	-	3,625,000	11,075,000
2013 GORB	2030	2-4	9,815,000	7,360,000	-	555,000	6,805,000
2015 GORB	2021	2-5	27,370,000	8,635,000	-	5,065,000	3,570,000
2015 GORB	2022	2-5	5,415,000	2,325,000	-	825,000	1,500,000
2016 GOB, Series A	2035	2-5	5,700,000	3,835,000	-	170,000	3,665,000
2016 GOB, Series B	2041	2-5	50,000,000	36,770,000	-	1,850,000	34,920,000
2016 GOB, Series C	2041	2-5	15,000,000	12,655,000	-	680,000	11,975,000
2017 GORB	2028	2-5	21,090,000	20,800,000	-	130,000	20,670,000
2018 GOB, Series D	2043	5	10,000,000	10,000,000	-	-	10,000,000
2018 GOB, Series E	2021	3-4	3,000,000	3,000,000	-	1,145,000	1,855,000
2018 GOB, Series C	2043	4-5	65,000,000	65,000,000	-	-	65,000,000
2018 GOB, Series D	2019	3	5,000,000	5,000,000	-	5,000,000	-
Subtotal General Obligation Bonds			308,390,000	195,460,000	-	20,570,000	174,890,000
Bond Premiums				23,930,905	-	2,222,510	21,708,395
Total General Obligation Bonds			<u>\$308,390,000</u>	<u>\$ 219,390,905</u>	<u>\$ -</u>	<u>\$ 22,792,510</u>	<u>\$ 196,598,395</u>

The annual debt service requirements of the bonds as of June 30, 2020 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 15,470,000	\$ 8,110,875	\$ 23,580,875
2022	7,350,000	7,538,650	14,888,650
2023	5,385,000	7,239,000	12,624,000
2024	5,705,000	7,002,125	12,707,125
2025	6,015,000	6,761,175	12,776,175
2026-2030	30,850,000	29,359,711	60,209,711
2031-2035	25,780,000	23,040,420	48,820,420
2036-2040	39,000,000	15,461,500	54,461,500
2041-2045	39,335,000	4,095,500	43,430,500
Total Debt Service GOB's	<u>\$ 174,890,000</u>	<u>\$ 108,608,956</u>	<u>\$ 283,498,956</u>

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2021	\$ 95,000	\$ 244,794	\$ -	\$ 339,794
2022	125,000	242,594	-	367,594
2023	125,251	241,344	34,749	401,344
2024	145,404	241,344	49,596	436,344
2025	225,000	238,531	-	463,531
2026-2030	1,022,717	1,178,593	717,283	2,918,593
2031-2035	3,205,000	932,997	-	4,137,997
2036-2040	3,095,000	193,900	-	3,288,900
Total Debt Service COP's	\$ 8,038,372	\$ 3,514,097	\$ 801,628	\$ 12,354,097

School Facilities Loans

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

The annual debt service requirements of the CSFP loans as of June 30, 2020 are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 134,071	\$ 94,547	\$ 228,618
2022	136,776	91,843	228,619
2023	139,535	89,084	228,619
2024	142,350	86,269	228,619
2025	145,221	83,397	228,618
2026-2030	771,249	371,843	1,143,092
2031-2035	852,244	290,848	1,143,092
2036-2040	941,745	201,347	1,143,092
2041-2045	1,040,645	102,447	1,143,092
2046-2050	471,514	11,122	482,636
Total Debt Service CSFP Loans	\$ 4,775,350	\$ 1,422,747	\$ 6,198,097

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2020.

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	19.721%	19.721%

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

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

For the year ended June 30, 2020, the District's contributions were as follows:

	CalPERS
Employer Contributions	<u>\$ 4,711,818</u>

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	<u>\$ 45,097,814</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, 2019, 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, 2018 rolled forward to June 30, 2019 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.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	<u>CalPERS</u>
Proportion - June 30, 2019	0.16319%
Proportion - June 30, 2020	0.15474%
Change - Increase/(Decrease)	<u>-0.00845%</u>

For the year ended June 30, 2020, the District recognized pension expense of \$9,104,288 for the Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>CalPERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 2,146,796	\$ -
Differences between Expected and Actual Experience	3,275,912	-
Differences between Projected and Actual Investment Earnings	-	418,291
Differences between Employer's Contributions and Proportionate Share of Contributions	-	57,560
Change in Employer's Proportion	-	1,747,956
Pension Contributions Made Subsequent to Measurement Date	4,711,818	-
Total	<u>\$ 10,134,526</u>	<u>\$ 2,223,807</u>

The District reported \$4,711,818 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, 2021.

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

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources CalPERS</u>
2021	\$ 3,089,345
2022	12,337
2023	(74,118)
2024	171,337
Total	<u>\$ 3,198,901</u>

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

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

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

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

(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.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

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	6.15%
Net Pension Liability	\$ 65,005,535
Current	7.15%
Net Pension Liability	\$ 45,097,814
1% Increase	8.15%
Net Pension Liability	\$ 28,582,986

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

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

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

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalSTRS	
	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	18.130%	18.130%
Required State contribution rates	10.328%	10.328%

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, 2020 the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 14,064,362
State Contributions	9,963,054
Total	\$ 24,027,416

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 130,958,200
State	71,446,865
Total	\$ 202,405,065

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, 2019, 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, 2018 rolled forward to June 30, 2019 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 8.49 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional \$2,502,516 as required by SB90. 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, 2019 and 2020 was as follows:

	CalSTRS
Proportion - June 30, 2019	0.14500%
Proportion - June 30, 2020	0.14500%
Change - Increase/(Decrease)	0.00000%

For the year ended June 30, 2020, the District recognized pension expense of \$27,398,144 which included a state on-behalf contribution of \$9,963,054.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 16,563,350	\$ -
Differences between Expected and Actual Experience	330,600	3,690,250
Differences between Projected and Actual Investment Earnings	-	5,044,550
Differences between Employer's Contributions and Proportionate Share of Contributions	374,587	2,590,654
Change in Employer's Proportion	3,168,771	8,108,431
Pension Contributions Made Subsequent to Measurement Date	14,064,362	-
Total	\$ 34,501,670	\$ 19,433,885

The District reported \$14,064,362 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalSTRS
2021	\$ 766,872
2022	(2,730,528)
2023	2,435,693
2024	2,725,225
2025	(1,374,913)
Thereafter	(818,926)
Total	\$ 1,003,423

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

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

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return ⁽¹⁾
Global Equity	47.00%	4.75%
Fixed Income	12.00%	1.25%
Real Estate	13.00%	3.55%
Private Equity	13.00%	6.25%
Risk Mitigating Strategies	9.00%	1.75%
Inflation Sensitive	4.00%	3.25%
Cash/Liquidity	2.00%	-0.35%
Total	100.00%	

⁽¹⁾ 20 year 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	\$ 195,007,600
Current	7.10%
Net Pension Liability	\$ 130,958,200
1% Increase	8.10%
Net Pension Liability	\$ 8,249,050

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Benefits Provided:	Medical, dental and vision
Required Services:	
CalPERS	Hired <1/1/2013: Age 50 & 5 years of service Hired >1/1/2013: Age 52 & 5 years of service
CalSTRS	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
Dependent Coverage:	Yes
Contribution Percentage:	Varies
Cap:	\$ 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, 2019 (the valuation date), the benefit terms covered the following employees:

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

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions during the year were \$1,660,679. Total contributions included in the measurement period were \$1,573,031. The actuarially determined contribution for the measurement period was \$2,962,036. The District's contributions were 1.55% of covered employee payroll during the measurement period June 30, 2019 (reporting period June 30, 2020). 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.

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	8.90 years
Actuarial Assumptions:	
Discount Rate	3.13%
Inflation	2.50%
Salary Increases	3.50%
Healthcare Trend Rate	6.40%
Mortality	Teachers: January 2020 CalSTRS experience study. Nonteachers: CalPERS Experience Study for Miscellaneous December 2017
Retirement	Teachers: 2.0% @ 60 Teachers: 2.0% @ 62 Nonteachers: Misc 2.5% @ 55 Nonteachers: Misc 2% @ 62

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

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	\$ 25,384,497	\$ -	\$ 25,384,497
Service cost	1,787,851	-	1,787,851
Interest in Total OPEB Liability	955,030	-	955,030
Balance of diff between actual and exp experience	299,318	-	299,318
Balance of changes in assumptions	(4,213,526)	-	(4,213,526)
Benefit payments	(1,580,608)	-	(1,580,608)
Net changes	(2,751,935)	-	(2,751,935)
Balance at June 30, 2020	\$ 22,632,562	\$ -	\$ 22,632,562

Covered Employee Payroll	\$ 101,613,670
Total OPEB Liability as a % of Covered Employee Payroll	22.27%

Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service Cost as a % of Covered Employee Payroll	1.76%
Net OPEB Liability as a % of Covered Employee Payroll	22.27%

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust,

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 265,687	\$ -
Change in assumptions	-	5,279,223
OPEB contribution subsequent to measurement date	1,660,679	-
Totals	\$ 1,926,366	\$ 5,279,223

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,660,679 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, 2021.

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,	
2021	\$ (715,200)
2022	(715,200)
2023	(715,200)
2024	(715,202)
2025	(715,200)
Thereafter	(1,437,534)
Total	\$ (5,013,536)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Service cost	\$ 1,787,851
Interest in TOL	955,030
Difference between actual and expected experience	33,631
Change in assumptions	(748,831)
OPEB Expense	\$ 2,027,681

SANTA ROSA CITY SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Total OPEB liability ending	\$ 22,632,562
Total OPEB liability beginning	<u>(25,384,497)</u>
Change in total OPEB liability	(2,751,935)
Changes in deferred outflows	(265,687)
Changes in deferred inflows	3,464,695
Employer contributions and implicit subsidy	<u>1,580,608</u>
OPEB Expense	<u>\$ 2,027,681</u>

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:

		Municipal Bond Rate		
		(1% Decrease)	3.13%	(1% Increase)
Total OPEB Liability	\$	23,954,597	\$ 22,632,562	\$ 21,352,389

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

		Trend Rate		
		(1% Decrease)	6.40%	(1% Increase)
Total OPEB Liability	\$	20,780,456	\$ 22,632,562	\$ 24,773,382

NOTE 11 – COVID-19 PANDEMIC IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic, and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2020-2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

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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, 2020

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
LCFF sources	\$ 145,257,092	\$ 144,791,523	\$ 144,768,832	\$ (22,691)
Federal revenues	8,831,724	9,880,141	7,988,905	(1,891,236)
Other state	13,254,580	14,718,160	17,408,251	2,690,091
Other local	10,254,364	12,057,031	12,083,094	26,063
Total revenues	177,597,760	181,446,855	182,249,082	802,227
Expenditures:				
Certificated salaries	76,577,133	79,220,652	78,771,124	449,528
Classified salaries	24,564,981	22,793,959	22,807,980	(14,021)
Employee benefits	40,250,585	39,672,341	41,462,641	(1,790,300)
Books and supplies	3,856,502	9,894,592	8,178,513	1,716,079
Services and other operating expenditures	39,307,309	40,815,177	39,989,120	826,057
Capital outlay	84,000	171,839	114,316	57,523
Other outgo	(924,236)	(924,236)	(913,993)	(10,243)
Total expenditures	183,716,274	191,644,324	190,409,701	1,234,623
Excess (deficiency) of revenues over (under) expenditures	(6,118,514)	(10,197,469)	(8,160,619)	2,036,850
Other financing sources (uses):				
Transfers in	(979,415)	(979,415)	979,414	1,958,829
Transfers out	(138,790)	(138,790)	-	138,790
Total other financing sources (uses)	(1,118,205)	(1,118,205)	979,414	2,097,619
Change in fund balance	\$ (7,236,719)	\$ (11,315,674)	(7,181,205)	\$ 4,134,469
Fund balances beginning			31,370,474	
Fund balances ending			\$ 24,189,269	

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. Employee benefits exceeded budget as noted above because of onbehalf payments for STRS and PERS from the state, which is offset by revenue.

SANTA ROSA CITY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual (GAAP Basis)</u>	
Revenues:				
LCFF sources	\$ 12,512,573	\$ 12,425,772	\$ 12,382,369	\$ (43,403)
Federal revenues	-	85,537	55,806	(29,731)
Other state	505,243	529,191	994,832	465,641
Other local	37,500	78,289	206,367	128,078
Total revenues	<u>13,055,316</u>	<u>13,118,789</u>	<u>13,639,374</u>	<u>520,585</u>
Expenditures:				
Certificated salaries	6,448,313	6,315,304	6,375,757	(60,453)
Classified salaries	1,177,977	1,007,586	1,022,163	(14,577)
Employee benefits	2,326,491	2,300,337	2,796,988	(496,651)
Books and supplies	358,982	688,351	349,268	339,083
Services and other operating expenditures	1,051,556	1,341,804	1,277,145	64,659
Other outgo	759,773	759,773	759,773	-
Total expenditures	<u>12,123,092</u>	<u>12,413,155</u>	<u>12,581,094</u>	<u>(167,939)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>932,224</u>	<u>705,634</u>	<u>1,058,280</u>	<u>352,646</u>
Other financing sources (uses):				
Transfers in	(138,790)	(342,006)	203,216	545,222
Transfers out	(979,414)	(979,414)	(979,414)	-
Total other financing sources (uses)	<u>(1,118,204)</u>	<u>(1,321,420)</u>	<u>(776,198)</u>	<u>545,222</u>
Change in fund balance	<u>\$ (185,980)</u>	<u>\$ (615,786)</u>	282,082	<u>\$ 897,868</u>
Fund balances beginning			<u>4,008,708</u>	
Fund balances ending			<u>\$ 4,290,790</u>	

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

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Notes to Schedule:

Valuation Date: June 30, 2018

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

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

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

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

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

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

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

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

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

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

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

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

SANTA ROSA CITY SCHOOLS
SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.16320%	0.16437%	0.16557%	0.16521%	0.16319%	0.15474%
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
District's Covered Payroll	\$ 17,134,653	\$ 16,626,455	\$ 18,513,033	\$ 21,069,326	\$ 21,532,432	\$ 21,398,788
District's Proportionate Share of NPL as a % of Covered Employee Payroll	108.13%	145.72%	176.63%	187.19%	202.07%	210.75%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%

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

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

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

STRS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.16100%	0.15876%	0.15796%	0.15000%	0.14500%	0.14500%
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
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
Total	\$ 150,894,993	\$ 163,409,063	\$ 200,489,063	\$ 220,782,977	\$ 209,566,112	\$ 202,405,065
% of Covered Employee Payroll						
District's Covered Payroll	\$ 71,527,539	\$ 70,192,050	\$ 79,242,880	\$ 79,857,941	\$ 78,145,447	\$ 79,220,639
District's Proportionate Share of NPL as a % of Covered Payroll	131.53%	152.27%	161.22%	173.71%	170.53%	165.31%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

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 five years are shown.

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

SANTA ROSA CITY SCHOOLS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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.

**SUPPLEMENTARY
INFORMATION**

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***Nonmajor Governmental Funds
Combining Schedules***

**SANTA ROSA CITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			Capital Projects Funds			
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Governmental Funds
Assets							
Cash and investments	\$ 102,668	\$ 702,544	\$ 732,949	\$ 2,540,153	\$ 6,033	\$ 2,507,977	\$ 6,592,324
Accounts receivable	177,652	507,580	-	5,684	-	4,181,783	4,872,699
Due from other funds	-	1,815,622	-	1,320,000	13,967	2,661,172	5,810,761
Stores inventories and other	-	292,487	-	-	-	-	292,487
Total Assets	\$ 280,320	\$ 3,318,233	\$ 732,949	\$ 3,865,837	\$ 20,000	\$ 9,350,932	\$ 17,568,271
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 241,597	\$ 174,391	\$ -	\$ 14,578	\$ -	\$ 7,762	\$ 438,328
Due to other funds	32,462	3,126,794	-	-	20,000	123,522	3,302,778
Unearned revenue	-	17,048	-	-	-	1,056,154	1,073,202
Total Liabilities	274,059	3,318,233	-	14,578	20,000	1,187,438	4,814,308
Fund balances:							
Nonspendable:							
Revolving fund	-	200	-	-	-	-	200
Inventory	-	292,487	-	-	-	-	292,487
Restricted for:							
Capital projects	-	-	-	3,851,259	-	5,572,046	9,423,305
Assigned for:							
Capital projects	-	-	-	-	-	2,591,448	2,591,448
Child care program	6,261	-	-	-	-	-	6,261
Deferred maintenance	-	-	732,949	-	-	-	732,949
Unassigned:							
Unappropriated	-	(292,687)	-	-	-	-	(292,687)
Total Fund Balances	6,261	-	732,949	3,851,259	-	8,163,494	12,753,963
Total Liabilities and Fund Balances	\$ 280,320	\$ 3,318,233	\$ 732,949	\$ 3,865,837	\$ 20,000	\$ 9,350,932	\$ 17,568,271

**SANTA ROSA CITY SCHOOLS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	
Revenues:							
Federal revenue	\$ -	\$ 2,795,842	\$ -	\$ -	\$ -	\$ -	\$ 2,795,842
Other state	622,888	207,138	-	-	-	4,181,782	5,011,808
Other local	2,358	1,466,483	14,458	1,011,147	(539)	5,400,248	7,894,155
Total revenues	625,246	4,469,463	14,458	1,011,147	(539)	9,582,030	15,701,805
Expenditures:							
Current							
Instruction	621,708	-	-	-	-	-	621,708
Pupil services:							
Food services	-	4,160,439	-	-	-	-	4,160,439
General administration:							
All other general administration	1,180	225,994	-	23,916	-	-	251,090
Plant services	-	83,030	-	-	-	-	83,030
Facilities acquisition and construction	-	-	-	1,454,329	-	8,733,396	10,187,725
Payments to other agencies	-	-	-	323,329	-	-	323,329
Debt service:							
Principal	-	-	-	-	-	65,000	65,000
Interest and Fees	-	-	-	-	-	250,944	250,944
Total expenditures	622,888	4,469,463	-	1,801,574	-	9,049,340	15,943,265
Excess (deficiency) of revenues over (under) expenditures	2,358	-	14,458	(790,427)	(539)	532,690	(241,460)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Change in fund balances	2,358	-	14,458	(790,427)	(539)	532,690	(241,460)
Fund balances beginning	3,903	-	718,491	4,641,686	539	7,630,804	12,995,423
Fund balances ending	\$ 6,261	\$ -	\$ 732,949	\$ 3,851,259	\$ -	\$ 8,163,494	\$ 12,753,963

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**STATE AND FEDERAL
AWARD COMPLIANCE
SECTION**

**SANTA ROSA CITY SCHOOLS
ORGANIZATION (UNAUDITED)
JUNE 30, 2020**

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, 2020, included the following members:

Governing Board

Member	Office	Term Expires
Laurie Fong	President	2024
Ed Sheffield	Vice-President	2024
Alegria De La	Clerk	2024
Stephanie Manieri	Director	2022
Jen Klose	Director	2020
Jill McCormick	Director	2022
Omar Medina	Director	2022

District Administrators

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

SANTA ROSA CITY SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Santa Rosa Elementary				
Regular ADA:				
Grades TK/K through three	1,890.10	1,890.10	1,890.10	1,890.10
Grades four through six	1,464.27	1,464.27	1,464.27	1,464.27
Regular ADA Totals	3,354.37	3,354.37	3,354.37	3,354.37
Extended year special education:				
Grades TK/K through three	5.75	5.75	5.75	5.75
Grades four through six	3.03	3.03	3.03	3.03
Special education - nonpublic, nonsect schools:				
Grades TK/K through three	3.44	3.44	3.44	3.44
Grades four through six	14.48	14.48	14.48	14.48
Extended year special education - nonpublic, nonsect schools:				
Grades TK/K through three	0.50	0.50	0.50	0.50
Grades four through six	1.41	1.41	1.41	1.41
ADA Totals	3,382.98	3,382.98	3,382.98	3,382.98
	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Santa Rosa High				
Regular ADA:				
Grades seven and eight	2,773.26	2,773.26	2,773.26	2,773.26
Grades nine through twelve	7,128.45	7,128.45	7,128.45	7,128.45
Regular ADA Totals	9,901.71	9,901.71	9,901.71	9,901.71
Extended year Special education				
Grades seven and eight	3.67	3.67	3.67	3.67
Grades nine through twelve	4.26	4.26	4.26	4.26
Special education - nonpublic, nonsect schools:				
Grades seven and eight	23.94	23.94	23.94	23.94
Grades nine through twelve	84.60	84.60	84.60	84.60
Extended year special education - nonpublic, nonsect schools:				
Grades seven and eight	1.43	1.43	1.43	1.43
Grades nine through twelve	6.74	6.74	6.74	6.74
ADA Totals	10,026.35	10,026.35	10,026.35	10,026.35

Continued

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Santa Rosa Charter School for the Arts				
Regular ADA:				
Grades TK/K through three	170.01	170.01	170.01	170.01
Grades four through six	139.32	139.32	139.32	139.32
Grades seven and eight	77.72	77.72	77.12	77.12
ADA Totals	387.05	387.05	386.45	386.45
	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Santa Rosa French American Charter				
Regular ADA:				
Grades TK/K through three	273.27	273.27	273.27	273.27
Grades four through six	179.23	179.23	179.23	179.23
ADA Totals	452.50	452.50	452.50	452.50
	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Cesar Chavez Language Academy				
Regular ADA:				
Grades TK/K through three	268.36	268.36	286.36	268.36
Grades four through six	132.73	132.73	132.73	132.73
ADA Totals	401.09	401.09	419.09	401.09
	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Santa Rosa Accelerated Charter				
Regular ADA:				
Grades four through six	124.07	124.07	124.07	124.07
ADA Totals	124.07	124.07	124.07	124.07

(1) On March 16, 2020, the California Legislature passed and, on March 17, 2020, Governor Newsom signed, Senate Bill (SB) 117. This bill is a companion to Governor Newsom's Executive Order N-26-20 and mitigates the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provides that the ADA used for both the second period (P-2) and the Annual period apportionment includes all full school months from July 1, 2019 to February 29, 2020 for all local educational agencies (LEAs).

Concluded

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Grade Level	Minutes Requirements	2020 Actual Minutes	(Unaudited) 2020 Original Scheduled Minutes	Actual Number of Days Traditional Calendar	(Unaudited) Scheduled Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Santa Rosa Elementary							
Kindergarten	36,000	32,136	43,832	132	180	0	In compliance ⁽¹⁾
Grade 1	50,400	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Grade 2	50,400	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Grade 3	50,400	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Grade 4	54,000	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Grade 5	54,000	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Grade 6	54,000	39,696	54,152	132	180	0	In compliance ⁽¹⁾
Santa Rosa High							
Grade 7	54,000	49,521	67,040	132	180	0	In compliance ⁽¹⁾
Grade 8	54,000	49,521	67,040	132	180	0	In compliance ⁽¹⁾
Grade 9	64,800	47,588	64,884	132	180	0	In compliance ⁽¹⁾
Grade 10	64,800	47,588	64,884	132	180	0	In compliance ⁽¹⁾
Grade 11	64,800	47,588	64,884	132	180	0	In compliance ⁽¹⁾
Grade 12	64,800	47,588	64,884	132	180	0	In compliance ⁽¹⁾
Santa Rosa Charter for the Arts							
Kindergarten	36,000	34,160	46,240	132	180	0	In compliance ⁽¹⁾
Grade 1	50,400	39,210	52,990	132	180	0	In compliance ⁽¹⁾
Grade 2	50,400	39,210	52,990	132	180	0	In compliance ⁽¹⁾
Grade 3	50,400	39,210	52,990	132	180	0	In compliance ⁽¹⁾
Grade 4	54,000	40,220	54,340	132	180	0	In compliance ⁽¹⁾
Grade 5	54,000	40,220	54,340	132	180	0	In compliance ⁽¹⁾
Grade 6	54,000	43,250	58,390	132	180	0	In compliance ⁽¹⁾
Grade 7	54,000	43,250	58,390	132	180	0	In compliance ⁽¹⁾
Grade 8	54,000	43,250	58,390	132	180	0	In compliance ⁽¹⁾
Santa Rosa Accelerated Charter							
Grade 5	54,000	40,040	54,360	132	180	0	In compliance ⁽¹⁾
Grade 6	54,000	40,040	54,360	132	180	0	In compliance ⁽¹⁾
Cesar Chavez Language Academy							
Kindergarten	36,000	34,155	46,200	132	180	0	In compliance ⁽¹⁾
Grade 1	50,400	41,724	56,339	132	180	0	In compliance ⁽¹⁾
Grade 2	50,400	41,724	56,339	132	180	0	In compliance ⁽¹⁾
Grade 3	50,400	41,724	56,339	132	180	0	In compliance ⁽¹⁾
Grade 4	54,000	41,724	56,339	132	180	0	In compliance ⁽¹⁾
Grade 5	54,000	41,724	56,339	132	180	0	In compliance ⁽¹⁾
Grade 6	54,000	41,724	56,339	132	180	0	In compliance ⁽¹⁾

Continued

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Grade Level	Minutes Requirements	2020 Actual Minutes	(Unaudited)	Actual	(Unaudited)	Number of Days Multitrack Calendar	Status
			Original Scheduled Minutes	Number of Days Traditional Calendar	Scheduled Number of Days Traditional Calendar		
Santa Rosa French-American Charter School							
Kindergarten	36,000	37,988	51,424	132	180	0	In compliance ⁽¹⁾
Grade 1	50,400	39,893	54,004	132	180	0	In compliance ⁽¹⁾
Grade 2	50,400	39,893	54,004	132	180	0	In compliance ⁽¹⁾
Grade 3	50,400	39,893	54,004	132	180	0	In compliance ⁽¹⁾
Grade 4	54,000	39,893	54,004	132	180	0	In compliance ⁽¹⁾
Grade 5	54,000	39,893	54,004	132	180	0	In compliance ⁽¹⁾
Grade 6	54,000	39,893	54,004	132	180	0	In compliance ⁽¹⁾

(1) On March 13, 2020, the California Governor issued an Executive Order regarding the physical closure of schools by local educational agencies (LEAs) in response to the COVID-19 pandemic. Executive Order N-26-20 established a streamlined process for school closures (COVID-19 School Closure Certification) in lieu of the existing process for submitting Requests for Allowance of Attendance Due to Emergency Conditions (Form J-13A).

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207(a). This schedule is required of all districts and charter schools, including basic aid districts.

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

Concluded

SANTA ROSA CITY SCHOOLS
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)
JUNE 30, 2020

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, 2020

	(Budget ¹)			
	2021	2020	2019	2018
<u>General Fund</u>				
Revenues and other financial sources	\$ 184,361,750	\$ 183,228,496	\$ 191,646,267	\$ 177,036,718
Expenditures	194,537,750	190,409,701	185,353,447	174,782,537
Other uses and transfers (out)	-	-	359,865	70,977
Total outgo	194,537,750	190,409,701	185,713,312	174,853,514
Change in fund balance	(10,176,000)	(7,181,205)	5,932,955	2,183,204
Ending fund balance	\$ 14,013,269	\$ 24,189,269	\$ 31,370,474	\$ 25,437,519
Available reserves ⁽²⁾	\$ 8,259,359	\$ 19,172,132	\$ 19,617,567	\$ 15,173,016
Reserve for economic uncertainties	\$ 5,836,133	\$ 5,731,754	\$ 5,596,458	\$ 5,243,475
Unassigned fund balance	\$ 2,423,226	\$ 13,440,378	\$ 14,021,109	\$ 9,929,541
Available reserves as a percentage of total outgo	4.2%	10.1%	10.6%	8.7%
Total long-term liabilities	\$ 394,653,830	\$ 410,352,901	\$ 436,340,737	\$ 459,000,093
Average daily attendance at P-2	13,186	13,554	13,651	13,988

Average daily attendance has decreased by 434 over the last three years. The district anticipates a decrease of 368 in ADA in 2021.

The general fund balance has decreased by \$1,248,250 in the last three years. For a District this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district has operated at a surplus in two of the past three years. Total long-term liabilities has decreased by \$48,647,192 over the past three years, due to payments made on the bonds.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2020/21.

² 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, 2020

Program Name	Federal Catalog Number	Pass Through Number	Major Program	Non-cash Expenditures	Program Expenditures
U. S. DEPARTMENT OF EDUCATION:					
Indian Education (from Federal Government)	84.060	10011		\$ -	\$ 37,381
School Climate Transformation Grant	84.184G	N/A		-	212,844
Passed through California Department of Education:					
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Voc. Ed.)	84.048	14894		-	93,037
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	Yes	-	2,102,216
ESEA (ESSA) School Improvement (CSI) Funding for LEAs	84.010	15438		-	15,248
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341		-	349,704
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346		-	213,540
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424	15391		-	277,354
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396			14,799
Passed through Butte County Office of Education:					
ESEA (ESSA): Title I, Part C, Migrant Ed Mini Corps	84.011	14327		-	172,886
Passed through Sonoma County SELPA:					
Special Education Cluster					
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379		-	3,478,493
Special Ed: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119		-	296,936
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430		-	88,680
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A	15197		-	132,203
Total Special Education Cluster				-	3,996,312
TOTAL U. S. DEPARTMENT OF EDUCATION:				-	7,485,321
U. S. DEPARTMENT OF AGRICULTURE:					
Passed through California Department of Education:					
Child Nutrition Cluster					
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396	Yes	-	2,795,842
Total Child Nutrition Cluster				-	2,795,842
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	2,795,842
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed through California Department of Health Services:					
Medicaid Cluster					
Unrestricted: Medi-Cal Administrative Activities (MAA)	93.778	10060		-	109,276
Dept of Health Care Services (DHCS): Medi-Cal Billing Option	93.778	10013		-	221,779
Total Medicaid Cluster				-	331,055
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				-	331,055
TOTAL EXPENDITURES				\$ -	\$ 10,612,218

SANTA ROSA CITY SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2020 Annual Financial and Budget Report Fund Balances.	\$ 23,611,408	\$ 4,290,790	\$ 60,862,257	\$ 20,445,171	\$ 13,306,704
Adjustments to reconcile audited financials:					
Special Res Fund for Other Than Capital Outlay:					
Cash and investments and due from other funds	552,741	-	-	-	(552,741)
Accounts payable	25,120	-	-	-	-
June 30, 2020 Audited Financial Statements Fund Balances	<u>\$ 24,189,269</u>	<u>\$ 4,290,790</u>	<u>\$ 60,862,257</u>	<u>\$ 20,445,171</u>	<u>\$ 12,753,963</u>

SANTA ROSA CITY SCHOOLS
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206 and whether the Charter Schools complied with Education Code Sections 47612 and 47612.5.

C. 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.

D. 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.

E. 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.

F. 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, 2020

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.

**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, 2020, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

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

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

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



Chavan and Associates, LLP
Certified Public Accountants

Compliance and Other Matters

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

Purpose of this Report

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

C & A LLP

March 29, 2021
San Jose, California



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

Board of Education
Santa Rosa City Schools
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited Santa Rosa City Schools' (the District) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Report on Internal Control over Compliance

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

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

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

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

C & A LLP

March 29, 2021
San Jose, California



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

Board of Education
Santa Rosa City Schools
Santa Rosa, California

Compliance

We have audited the Santa Rosa City Schools' (the District) compliance with the types of compliance requirements described in the *2019-20 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, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes



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Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
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
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No
Determination of Funding for Nonclassroom-Based Instruction	No
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

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



Chavan and Associates, LLP
Certified Public Accountants

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2020.

C & A LLP

March 29, 2021
San Jose, California

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FINDINGS AND RECOMMENDATIONS

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Non-compliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Type of auditor's report issued on compliance over major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a) Yes x No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.010	Title I, Basic Grants Low Income and Neglected
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? Yes x No

State Awards

Internal control over state programs:

Material weaknesses? Yes x No

Significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Type of auditor's report issued on compliance over state programs: Unmodified

**SANTA ROSA CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

Finding 2019-001: Capital Assets (20000) - Repeat of finding 2018-001

Criteria: Generally accepted accounting principles (GAAP) and Education Code Section 35168 require the District to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have an important bearing on management decisions, such as long-range acquisition and abandonment projections.

Condition: During the audit of the District's capital assets we noted deficiencies in the District's Process to maintain the capital asset listing as it relates to additions, deletions, completion of projects (construction in progress to depreciable asset) and accumulated depreciation.

Effect: The District's capital asset balance could incorrectly include or exclude capital assets. As well as incorrect calculations of depreciation expense.

Cause: Due to the high degree of personnel turnover and the limited District staffing, the District has been unable to oversee the tracking of capital assets throughout the year.

Recommendation: We recommend the District ensure that internal control procedures are followed throughout the year to adequately track additions, deletions, completion of projects, and accumulated depreciation in the District's capital asset program. The District should investigate the need for additional staffing or training in the Business Office and ensure that an up-to-date capital asset listing of all assets of \$5,000 is maintained throughout each fiscal year.

Corrective Action Plan: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2019-20 to address the causes of the condition(s) noted.

Status: Implemented.

Section III - Federal Award Findings and Questioned Costs

Finding 2019-002; 50000 – Allowable Costs/Cost Principles – Supplanting with Title III & EIA-LEP

Federal Program Information: 84.365 - Title III, English Learner Student Program

Federal Grantor Agency: 84.365 – ESEA (ESSA): U.S. Department of Education

Pass-Through Grantor Agency: 84.365 - Special Education: California Department of Education

Criteria or Specific Requirements: Pursuant to *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Title III funds can only be used to supplement, not supplant federal, state, and local public funds that, in the absence of such availability, would have been expended for programs for English learners and immigrant children and youth, and in no case to supplant such federal, state, and local public funds.

Condition: During the fiscal year, the District was chosen by the California Department of Education (CDE) to undergo a review of its Title III program as part of the CDE's federal program monitoring

SANTA ROSA CITY SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(FPM) process. The review resulted in findings related to supplanting with Title III and EIA-LEP federal funds. The FPM review noted the following requirements that were not met:

1. General fund resources must be used to provide services and programs for English learners, including English language development (ELD) and access to the core curriculum. The provision of such services and programs must not be contingent on the receipt of state or federal supplementary funds.
2. Each LEA must use EIA-LEP carryover funds only to supplement, not supplant federal, state and local public funds. (20 U.S.C. § 6825(9); EC§54025[c]: Castaneda v. Pickard (5th Cir. 1981) 648 F.2d 989, 1010, 1012-1013)
3. For LEAs with EIA-LEP carryover, an LEA must utilize no less than 85 percent of those apportionments at school sites for direct services to students. (EC §§ 63000[d], 63001)
4. Each LEA must use Title III funds only to supplement, not supplant federal, state, and local public funds that, in the absence of such availability, would have been expended for programs for English learners and immigrant children and youth and in no case to supplant such federal, state, and local public funds. (20 U.S.C. § 6825(9); Castaneda v. Pickard (5th Cir. 1981) 648 F.2d 989, 1010, 1012-1013)
5. The use of Title III funds must meet the following requirements:
 - a) An LEA utilizes no less than 98 percent of Title III EL apportionments on direct services to English Learners and may not use more than 2 percent of such funds for the administration of this program for a fiscal year. (20 U.S.C. § 6825[b])
 - b) An LEA assesses for reasonable Title III EL and immigrant alignment with the federal supplement, not supplant requirement. (20 U.S.C. § 6825(9); Castaneda v. Pickard (5th Cir. 1981) 648 F.2d 989, 1010, 1012-1013)

Questioned Costs: The net questioned costs related to this finding were \$452,471.

Context: The District should maintain controls to prevent noncompliance with Uniform Guidance or detect and correct noncompliance with Uniform Guidance in a timely manner.

Effect: The District was not in compliance with Title III supplanting requirements and reversed \$452,471 in FY19 expenditures to unearned revenue. As a result of this audit, \$452,471 was reclassified from unearned revenue to accounts payable until allowable expenditures are incurred in FY20.

Cause: The District's grant monitoring controls were ineffective and District staff were not aware of Title III and EIA-LEP supplanting requirements.

Recommendation: We recommend that the District track federal grants by resource and CFDA and include items such as grant award, amount expended, general ledger account code, grant period, supplanting requirements and other compliance requirements for each grant. This tracker should be shared with pertinent employees in each department and updated routinely during the year. This can be done as a part of the budgeting process as well.

SANTA ROSA CITY SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Corrective Action Plan: The District agrees with the recommendations and will implement the recommended practices to ensure that incurred expenditures are allowable and supplement, rather than supplant federal funds, in order to be in compliance with Uniform Guidance for all federal programs.

Status: Implemented.

Finding 2019-003; 50000 – Internal Controls over Compliance

Federal Program Information: 10.555 & 10553 - Child Nutrition Cluster

Federal Grantor Agency: 10.555 & 10553 - U.S. Department of Education

Pass-Through Grantor Agency: 10.555 & 10553 - California Department of Education

Criteria or Specific Requirements: Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements pursuant to *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Condition: We noted the following deficiencies in internal control over compliance:

- The District did not have proper documentation of the preparation and review of the paid lunch equity calculation prior to the school year starting to ensure proper compliance.
- The District did not document the proper review performed over basic claims prepared in the Child Nutrition Information and Payment System (CNIPS) submission. It was also noted that the manual rosters for the two non-district sites the District prepares Basic Claims for had reduced and free student statuses reversed, which resulted in incorrect Basic Claims being submitted for those two sites.
- The District does not have documentation indicating review of site applications by someone knowledgeable about the program.
- During our examination of the Child Nutrition program income, we noted that the contracts with other school districts to provide meals did not agree with amounts charged. We noted that the signed contracts with Mark West Union, Bellevue Union School District, Gavenstein Union School District, Piner-Olivet, and Sebastopol Union did not match the invoicing prices used to actually invoice because new rates were agreed upon without updated contracts.

Questioned Costs: The control deficiencies did not result in any material questioned costs.

Context: The District should maintain controls to reduce the risk of noncompliance and detect noncompliance with Uniform Guidance or detect and correct noncompliance with Uniform Guidance in a timely manner.

Effect: Insufficient internal controls over federal program compliance increases the risk of noncompliance with Uniform Guidance and the risk that material misstatements may exist in the financial statements.

SANTA ROSA CITY SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cause: Due to personnel changes, the District did not have sufficient staffing to ensure that controls over compliance were properly designed and operating as designed in relation to the Child Nutrition Program.

Recommendation: We recommend the District assign specific personnel to monitor the Child Nutrition Program's compliance with uniform guidance, especially in the areas noted to be deficient. This should be done at regular intervals during the year, not at the end of the year when it may be too late to identify and correct possible noncompliance.

Corrective Action Plan: The District agrees with the recommendations and will take measures to implement proper internal controls over compliance.

Status: Implemented.

Section IV - State Award Findings and Questioned Costs

Finding 2019-004: Unduplicated Pupil Counts (40000) - Repeat of finding 2018-004

Criteria or Specific Requirements: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the EL students and the CALPADS reporting, we noted 8 out of 40 students tested were incorrectly classified as EL in CALPADS. During our testing of the FRM students and the CALPADS reporting, several students tested were noted as incorrectly classified as FRM in CALPADS because the correct status in the point of sale system was not loaded to CALPADS in a timely manner. As a result of our testing, we performed additional analytical procedures to test the entire population of FRM students. The results of our testing for EL and FRM students concluded that a total of 172 students were considered incorrectly listed as "unduplicated pupils" in CALPADS.

SANTA ROSA CITY SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Questioned Costs: The dollar impact of this finding is as follows:

<u>School</u>	<u>Impact</u>
Abraham Lincoln Elementary	\$ 3,468
Helen M. Lehman Elementary	3,468
Hidden Valley Elementary	8,670
James Monroe Elementary	3,468
Luther Burbank Elementary	1,734
NPS School Group for Santa Rosa Elementary	1,734
Proctor Terrace Elementary	1,734
Steele Lane Elementary	5,202
Elsie Allen High	5,360
Herbert Slater Middle	6,432
Hilliard Comstock Middle	2,680
Lawrence Cook Middle	1,072
Maria Carrillo High	4,288
Montgomery High	12,864
Piner High	10,720
Ridgway High (Continuation)	9,648
Rincon Valley Middle	4,288
Santa Rosa High	7,504
Santa Rosa Middle	8,576
Cesar Chavez Language Academy	6,581
Santa Rosa Accelerated Charter	972
Santa Rosa Charter School for the Arts	1,486
Santa Rosa French-American Charter (SRFACS)	2,458
Total	<u>\$ 114,407</u>

SANTA ROSA CITY SCHOOLS
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

School	Per CALPADS		Adjusted Total
	Report	Adjustment	
Abraham Lincoln Elementary	262	(2)	260
Helen M. Lehman Elementary	439	(2)	437
Hidden Valley Elementary	183	(5)	178
James Monroe Elementary	372	(2)	370
Luther Burbank Elementary	286	(1)	285
NPS School Group for Santa Rosa Elementary	10	(1)	9
Proctor Terrace Elementary	148	(1)	147
Steele Lane Elementary	351	(3)	348
Elsie Allen High	800	(10)	790
Herbert Slater Middle	373	(12)	361
Hilliard Comstock Middle	385	(5)	380
Lawrence Cook Middle	379	(2)	377
Maria Carrillo High	324	(8)	316
Montgomery High	679	(24)	655
Piner High	796	(20)	776
Ridgway High (Continuation)	191	(22)	169
Rincon Valley Middle	191	(8)	183
Santa Rosa High	773	(15)	758
Santa Rosa Middle	309	(16)	293
Cesar Chavez Language Academy	258	(3)	255
Santa Rosa Accelerated Charter	17	(2)	15
Santa Rosa Charter School for the Arts	159	(3)	156
Santa Rosa French-American Charter (SRFACS)	140	(5)	135
Total	7,825	(172)	7,653

No changes to enrollment were identified as a result of testing the unduplicated pupil counts.

Cause: The District did not properly review uploaded student information from the District's system to CALPADS to ensure proper classification of EL and FRM status. In addition, the District did not review the CALPADS data for accuracy during the adjustment window annually.

Recommendation: The District upload student data into CALPADS in a timely manner and review CALPADS to ensure that the data was properly uploaded. Additionally, we recommend the District review all CALPADS data for accuracy during the adjustment window annually and establish a system of review that provide adequate oversight of this reporting process and ensures appropriate communication between the District Office and various sites.

Corrective Action Plan: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2019-20 to address the causes of the condition(s) noted.

Status: Implemented.

**SANTA ROSA CITY SCHOOLS
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Finding 2019-005; 40000 – After School Education and Safety Program

Criteria: Education Code Section 8484 requires submission of program attendance data. Proper controls should be designed and implemented to ensure that the attendance reported on the semi-annual attendance reports are accurate.

Condition: During our testing of attendance for the after school education and safety program, we noted that the District was unable to provide written documentation for 37 students listed in attendance for the entire first half of the semi-annual attendance.

Effect: The District's controls do not sufficiently limit risk of error related to attendance reporting for the after school education and safety program. There is no financial impact from the conditions noted since the program is not directly funded based upon attendance, however, a reduction in attendance may result in a future grant reduction. After extrapolating the results for the entire year, the total effect on the attendance reported is as follow:

113,080	Total annual attendance reported Elementary and Secondary
<u>(3,799)</u>	Less overstatement of attendance for missing written support
<u>109,281</u>	Adjusted annual attendance

Questioned Costs: None

Cause: The District does not have proper policies and procedures in place in order to ensure accurate reporting of attendance for the after school education and safety program.

Recommendation: We recommend that the District establish policies and procedures to ensure that all sites have written support for student attendance.

Corrective Action Plan: The District agrees with the auditor's recommendation and has already changed its program service provider beginning fiscal year 2019-20 to address the causes of the condition(s) noted.

Status: Implemented.



Resolution No. 2020/21-52

Date: April 14, 2021

Resolution designating April, 2021 as School Library Month

WHEREAS, libraries of all types are at the heart of their cities, towns, schools, and campuses, serving their communities; and

WHEREAS, school libraries provide materials for teachers and students that encourage growth and knowledge, and contribute to an interest in life-long learning and enhance students' quality of life; and

WHEREAS, school libraries provide books that encourage children to read for pleasure; and provide materials to meet the individual needs, varied interests, abilities, socioeconomic backgrounds, and maturity levels of the students served; and

WHEREAS, libraries of all types are accessible and inclusive places that develop and maintain programs and collections that are as diverse as the populations they serve; and

WHEREAS, especially during this time of pandemic and to support distance learning, libraries and library workers play an invaluable role in supporting their communities both in person and virtually by offering services such as virtual checkout and virtual reading circles that extend far beyond the four walls of a building; and

WHEREAS, libraries of all types offer opportunities for everyone to explore new worlds and become their best selves through access to technology, multimedia content, and educational programs; and

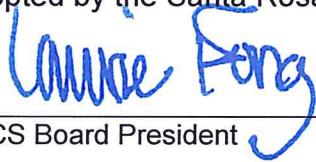
WHEREAS, libraries and library workers are joining library supporters and advocates across the nation to celebrate School Library Month,

BE IT RESOLVED that the Santa Rosa City Schools Board of Education designate April 2021 as School Library Month.

BE IT RESOLVED that the Santa Rosa City Schools Board of Education commends the district Library Media Specialists, the district Library Technicians, the district Instructional Materials Technicians and the district Librarian, for their efforts and contributions to quality education.

BE IT RESOLVED, that the Santa Rosa City Schools Board of Education does hereby proclaim April 2021 as School Library Month and calls upon SRCS school administrators, teachers, students and community members to recognize and support this action and to participate throughout the month of April in the celebration of School Library Month.

Passed and adopted by the Santa Rosa City Schools Board of Education on April 14, 2021.



Laurie Fong, SRCS Board President