

ROSEVILLE CITY SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

ROSEVILLE CITY SCHOOL DISTRICT
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Roseville City School District
Roseville, 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 Roseville City School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Roseville City School 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

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 Roseville City School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$287,122. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis* on pages 4 to 16, and the General Fund Budgetary Comparison Schedule, Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 56 to 61 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 Roseville City School District's basic financial statements. The accompanying schedule of expenditure 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*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of Roseville City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roseville City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roseville City School District's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
January 24, 2022

ROSEVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For the year Ended June 30, 2021

This section of the Roseville City School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3 and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 17 and 18, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 19 through 23, provide information about how the District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- Total District's overall financial status remains strong, with total net position increasing \$49,686,007 or 34% during 2020-21.
- Capital assets, net of depreciation, increased \$33,908,132 primarily due to the addition of Riego Creek Elementary School.
- The District continues to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans as required by the Governmental Accounting Standards Board.
- Over the past six years, long-term debt has decreased by \$19,665,696 excluding the net pension liability (GASB 68), other post-employment benefits (GASB 75), and deferred obligation.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2020-21, General Fund expenditures and other financing uses totaled \$119,368,374. At June 30, 2021, the District has available reserves of \$16,809,042 in the General Fund, which represents a reserve of 14.1%.
- In addition, the District maintains board committed fund balances constrained to specific purposes by a majority vote of the Board. At June 30, 2021 the District had \$17,911,888 in committed funds for the following purposes: (1) maintenance \$3,419,212; (2) curriculum adoption \$5,100,000; (3) new school start-up \$900,000; (4) technology infrastructure \$886,070; (5) technology replacement \$7,088,987; (6) safety measures \$132,904; (7) musical instruments \$26,867; (8) classroom televisions \$28,228; (9) bus replacement \$329,620.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of the two kinds of statements that present financial information from different perspectives, government-wide and funds.

- 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 comprise the remaining statements.

Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds 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 provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District financial health or net position can be measured by taking the difference between the District's assets plus deferred outflows of resources less liabilities and deferred inflows of resources.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities all amounts represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal contract and grants, and local revenues.

Reporting the District Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The governmental funds of the Roseville City School District are the General Fund, Capital Facilities, Student Activity, Cafeteria Fund, County School Facilities Fund and Bond Interest and Redemption Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps determine

the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds:

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore, no reconciling entries are required. Internal service funds are reported with Governmental Funds. The District has no funds of this type.

Fiduciary Funds:

The District is the trustee, or fiduciary, for its scholarship fund. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

COVID-19 District Impact

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. On March 19, 2020, the Governor of California issued Executive Order N-33-20, a State-wide stay at home order to protect the health and well-being of state residents and to slow the spread of COVID-19. 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 that continued through the end of the 2019-20 fiscal year.

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. For purposes of school district funding, SB117 limits the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019 to February 29, 2020. SB117 also waived instructional time penalties that would otherwise accrue as long as the district superintendent and county superintendent certify that the closure was due to COVID-19.

The operations and business results of the District could be materially adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be materially adversely affected by national, state, and local events designed to contain the coronavirus.

For the 2021 school year, the District offered 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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's Net Position increased from \$145,662,580 at June 30, 2020 to \$195,348,587 at June 30, 2021, or 34.11%.

Comparative Statement of Net Position

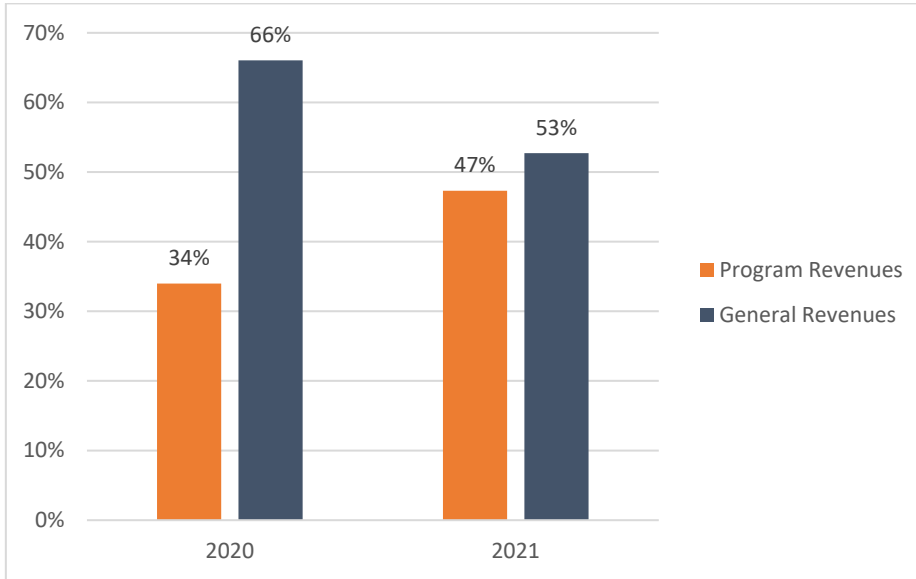
	Governmental Activities	
	<u>2020</u>	<u>2021</u>
<u>Assets:</u>		
Deposits and Investments	\$ 66,161,610	\$ 69,125,508
Receivables	12,803,500	27,955,845
Inventory	80,296	104,262
Prepaid Expenditures	301,148	1,507,398
Capital Assets, net	215,363,161	249,271,293
Total Assets	<u>294,709,715</u>	<u>347,964,306</u>
<u>Deferred Outflows of Resources:</u>		
OBEB Deferrals	1,214,863	2,675,973
Pension Deferrals	38,882,186	35,515,375
Deferred Payments to Developers	561,683	492,196
Total Deferred Outflows of Resources	<u>40,658,732</u>	<u>38,683,544</u>
<u>Liabilities:</u>		
Current	20,842,930	17,854,322
Long-Term	162,283,937	168,839,712
Total Liabilities	<u>183,126,867</u>	<u>186,694,034</u>
<u>Deferred Inflows of Resources:</u>		
OPEB Deferrals	-	194,229
Pension Deferrals	6,579,000	4,411,000
Total Deferred Inflows of Resources	<u>6,579,000</u>	<u>4,605,229</u>
<u>Net Position:</u>		
Net investment in capital assets	200,322,948	232,797,144
Restricted for Capital Projects	25,540,114	28,977,392
Restricted for Debt Service	3,453,590	3,524,926
Restricted for Other Purposes	7,089,806	12,819,635
Unrestricted	(90,743,878)	(82,770,510)
Total Net Position	<u>\$ 145,662,580</u>	<u>\$ 195,348,587</u>

The deficit Unrestricted balance presented above is primarily due to the fact that the District is required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

Comparative Statement of Changes in Net Position

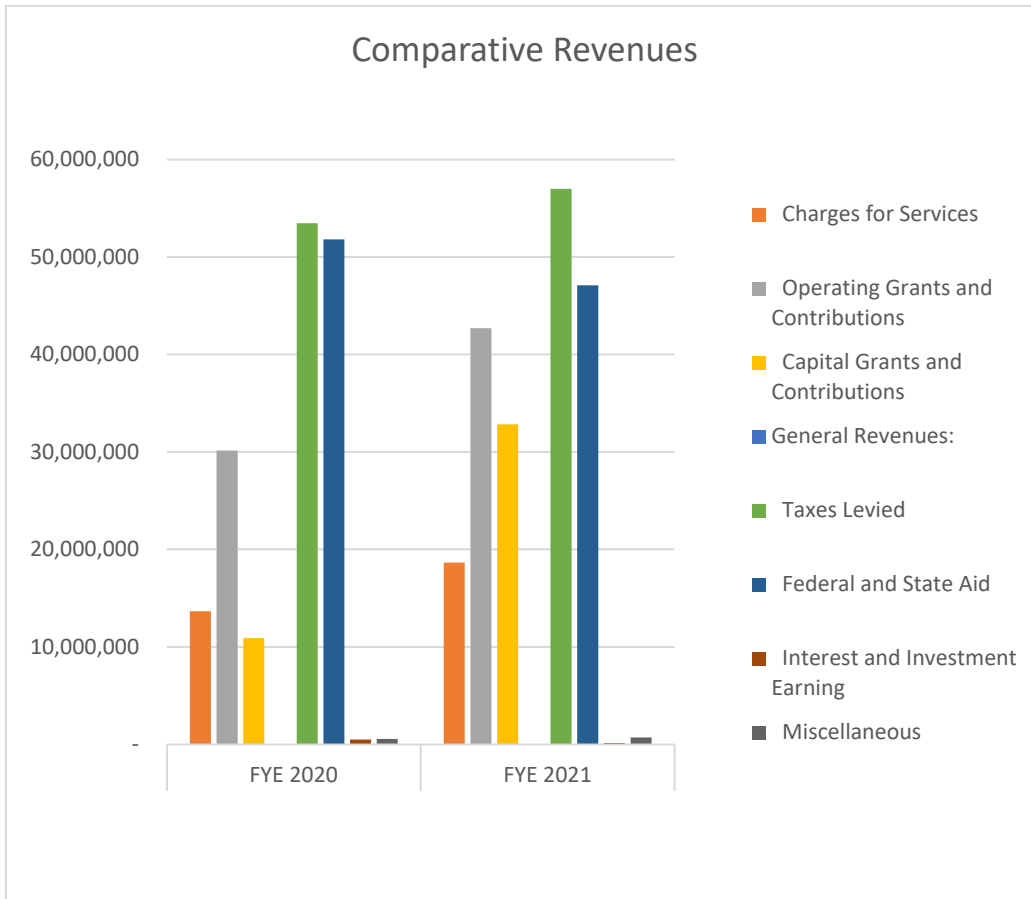
	Governmental Activities	
	2020	2021
Program Revenues:		
Charges for Services	13,663,062	18,638,425
Operating Grants and Contributions	30,142,539	42,696,981
Capital Grants and Contributions	10,898,580	32,822,003
General Revenues:		
Taxes Levied	53,451,623	56,983,875
Federal and State Aid	51,805,551	47,081,515
Interest and Investment Earning	497,432	133,636
Miscellaneous	553,120	710,328
Total Revenues	161,011,907	199,066,763
Program Expenses:		
Instruction	98,757,714	95,216,658
Instruction-Related Services	10,995,074	10,859,791
Pupil Services	16,649,859	15,519,694
General Administration	6,576,332	7,610,635
Plant Services	33,268,685	16,864,949
Ancillary Services	121,279	119,969
Interest on Long-Term Debt	1,249,112	999,152
Other Outgo	2,257,816	2,477,030
Total Program Expenses	169,875,871	149,667,878
Change in Net Position	(8,863,964)	49,398,885
Net Position, Beginning	154,526,544	145,662,580
Cumulative Effect of GASB 84	-	287,122
Net Position, Ending	145,662,580	195,348,587

In 2020-21, program revenues financed 47.0% of the total cost of providing the services listed above, while the remaining 53.0% was funded by the general revenues of the District.



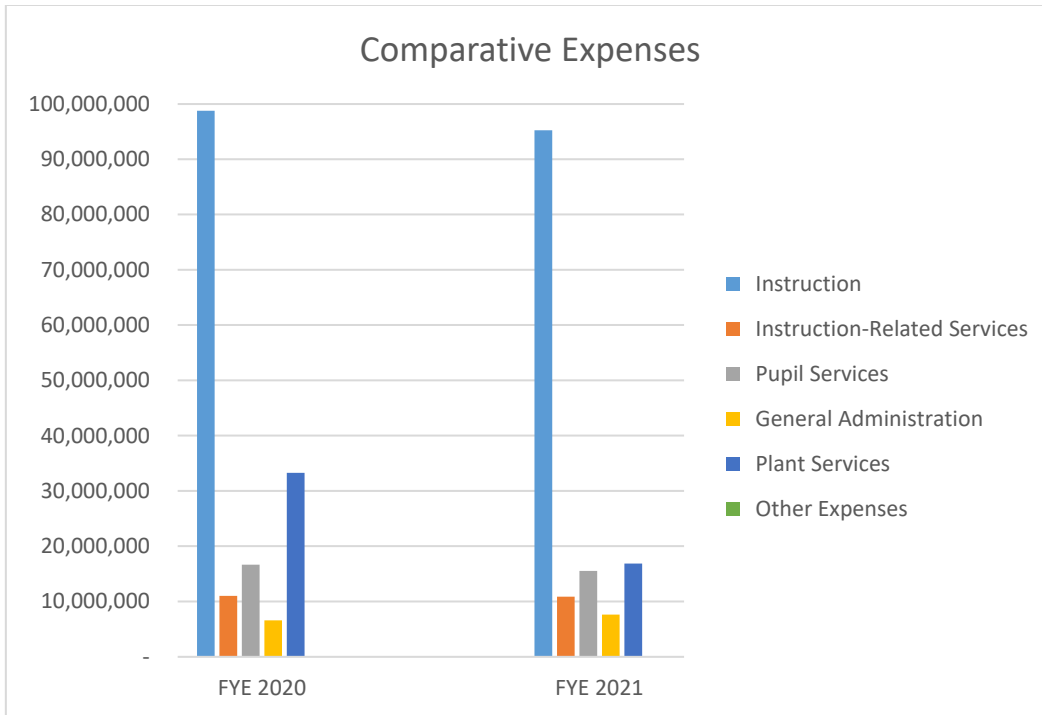
Summary of Revenues for Governmental Functions

	FYE 2020 Amount	Percent of Total	FYE 2021 Amount	Percent of Total
Program Revenues:				
Charges for Services	13,663,062	8.49%	18,638,425	9.36%
Operating Grants and Contributions	30,142,539	18.72%	42,696,981	21.45%
Capital Grants and Contributions	10,898,580	6.77%	32,822,003	16.49%
General Revenues:				
Taxes Levied	53,451,623	33.20%	56,983,875	28.63%
Federal and State Aid	51,805,551	32.17%	47,081,515	23.65%
Interest and Investment Earning	497,432	0.31%	133,636	0.07%
Miscellaneous	553,120	0.34%	710,328	0.36%
Total Revenues	161,011,907	100.00%	199,066,763	100.00%



Summary of Expenses for Governmental Functions

	FYE 2020 Amount	Percent of Total	FYE 2021 Amount	Percent of Total
Program Expenses:				
Instruction	98,757,714	59.36%	95,216,658	65.13%
Instruction-Related Services	10,995,074	6.61%	10,859,791	7.43%
Pupil Services	16,649,859	10.01%	15,519,694	10.62%
General Administration	6,576,332	3.95%	7,610,635	5.21%
Plant Services	33,268,685	20.00%	16,864,949	11.54%
Other Expenses	121,279	0.07%	119,969	0.08%
Total Expenses	166,368,943	100.00%	146,191,696	100.00%



CAPITAL ASSETS

Comparative Schedule of Capital Assets

	Governmental Activities	
	<u>2020</u>	<u>2021</u>
Land	\$ 44,033,576	\$ 51,594,458
Sites and Improvements	20,079,457	22,560,577
Buildings and Improvements	230,050,898	260,974,609
Furniture and Equipment	3,790,251	3,719,173
Work in Progress	3,488,037	2,719,194
Subtotals	301,442,219	341,568,011
Less: Accumulated Depreciation	(86,075,515)	(92,296,718)
Capital Assets, net	<u>\$ 215,366,704</u>	<u>\$ 249,271,293</u>

Capital assets, net of depreciation, increased by \$33,904,589 primarily due to purchase of land for the future site of Westbrook Elementary and the addition of Riego Creek Land and Building assets.

LONG-TERM LIABILITIES

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	<u>2020</u>	<u>2021</u>
Compensated Absences	\$ 305,578	\$ 248,153
General Obligation Bonds	19,603,859	17,850,678
Certificates of Participation	4,655,000	3,550,000
Capital Leases	903,240	556,189
Deferred Obligation	1,038,656	943,648
Other Postemployment Benefits	2,313,951	2,439,204
Net OPEB Obligation	<u>12,583,490</u>	<u>15,114,821</u>
Long-Term Liabilities Before GASB 68 Pension Liabilities	41,403,774	40,702,693
Net Pension Liability - CalSTRS		
Net Pension Liability - CalPERS	<u>125,224,000</u>	<u>132,629,000</u>
Totals	<u>\$ 166,627,774</u>	<u>\$ 173,331,693</u>

The general obligation bonds are financed by the local taxpayers through voter-approved elections and represent 10.3% of the District's long-term debt. The liability for the certificates of participation represents 2.0% of the District's long-term debt and will be paid by developer fees. The deferred obligation represents 0.5% of the District's long-term debt; the amount will be financed by future developer fee revenues. The remaining portion of long-term debt, which will be paid from the General Fund, consists of computer leases, the District's share of early retirement incentive payments, the value of the vacation earned, but not taken as of June 30, 2021, the GASB 75 total OBEP liability and the GASB 68 net pension liabilities. The District has continued to meet the debt service requirements of all its long-term debt.

The District continues to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans as required by the Governmental Accounting Standards Board.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICTS FUNDS

Comparative Schedule of Fund Balances

	<u>Fund Balance 6/30/2020</u>	<u>Fund Balance 6/30/2021</u>	<u>Increase (Decrease)</u>
General	\$ 31,807,706	\$ 47,908,447	\$ 16,100,741
Student Activity Fund	287,122	263,803	(23,319)
Cafeteria	2,275,702	4,862,232	2,586,530
Bond Interest & Redemption	3,453,590	3,524,926	71,336
Capital Facilities	25,540,114	28,977,392	3,437,278
County School Facilities	-	-	-
	<hr/>	<hr/>	<hr/>
Totals	\$ 63,364,234	\$ 85,536,800	\$ 22,459,688

The combined fund balances of all governmental funds increased by \$22,459,688 primarily due to: (1) one-time funding carryover and cafeteria balances being carried over for future expenditures; (2) developer fees collected exceeding expenditures and transfers out.

GENERAL BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved in June for July 1, is based on May Revise figures and updated, if necessary with 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim. The original budget presented on page 56 includes only new revenues for 2020-21.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- Now that the Local Control Funding Formula has reached full funding, future revenue increases will come through enrollment growth and cost of living adjustments, both volatile factors and more difficult to predict long-term.
- Contributions to PERS and State Teacher's Retirement System ("STRS") are rising significantly necessitating increased fringe benefit expenditures through fiscal year 2022-23.

➤ The West Roseville Specific Plan Area continues to grow. The District currently has five schools in the area, Junction Elementary School, Barbara Chilton Middle School, Fiddymment Farm Elementary School, Orchard Ranch Elementary School, and Riego Creek Elementary School.

➤ The District's enrollment increased through 2019-20 as shown below:

- + 2016-17 increase 348
- + 2017-18 increase 297
- + 2018-19 increase 477
- + 2019-20 increase 128

➤ Special Education costs continue to increase especially costs related to high-needs students. Costs have risen to over \$28 million, more than double the cost in 2011-12.

Average Daily Attendance rates are lower than average. Looking to Governor and Legislature to assist in 2022/23 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Amy Banks, Associate Superintendent of Business Services, Roseville City School District, 1050 Main Street, Roseville, CA 95678.

BASIC FINANCIAL STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 69,125,508
Receivables	27,955,845
Stores inventory	104,262
Prepaid expenses	1,507,398
Non-depreciable capital assets (Note 4)	54,313,652
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>194,957,641</u>
Total assets	<u>347,964,306</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of debt	492,196
Deferred outflows of resources - pensions (Notes 7 and 8)	35,515,375
Deferred outflows of resources - OPEB (Note 9)	<u>2,675,973</u>
Total deferred outflows of resources	<u>38,683,544</u>
 LIABILITIES	
Accounts payable	13,031,709
Unearned revenue	330,632
Long-term liabilities (Note 5):	
Due within one year	4,491,981
Due after one year	<u>168,839,712</u>
Total liabilities	<u>186,694,034</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	4,411,000
Deferred inflows of resources - OPEB (Note 8)	<u>194,229</u>
Deferred inflows of resources	<u>4,605,229</u>
 NET POSITION	
Net investment in capital assets	232,797,144
Restricted:	
Legally restricted programs	12,819,635
Capital projects	28,977,392
Debt service	3,524,926
Unrestricted	<u>(82,770,510)</u>
Total net position	<u>\$ 195,348,587</u>

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

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Net (Expense) Revenues and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental activities:						
Instruction	\$ 95,216,858	\$ 134,135	\$ 29,059,624	\$ 32,822,003	\$ (33,201,096)	
Instruction-related services:						
Supervision of instruction	1,831,508	-	719,181	-	(1,112,327)	
Instructional library, media and technology	753,373	17,883	14,552	-	(720,938)	
School site administration	8,274,710	-	668,847	-	(7,605,863)	
Pupil services:						
Home-to-school transportation	1,993,410	-	38,190	-	(1,955,220)	
Food services	6,115,916	(12,665)	8,256,894	-	2,128,313	
All other pupil services	7,410,368	12,933	2,335,493	-	(5,061,942)	
General administration:						
Data processing	2,259,544	-	13,331	-	(2,246,213)	
All other general administration	5,351,091	37	380,727	-	(4,970,327)	
Plant services	16,864,949	16,989,760	538,031	-	662,842	
Ancillary services	119,969	-	-	-	(119,969)	
Interest on long-term liabilities	999,152	-	-	-	(999,152)	
Other outgo	2,477,030	1,496,342	672,111	-	(308,577)	
Total governmental activities	<u>\$ 149,667,878</u>	<u>\$ 18,638,425</u>	<u>\$ 42,696,981</u>	<u>\$ 32,822,003</u>	<u>(55,510,469)</u>	
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes					53,908,537	
Taxes levied for debt service					2,507,166	
Taxes levied for other specific purposes					568,172	
Federal and state aid not restricted to specific purposes					47,081,515	
Interest and investment earnings					133,636	
Miscellaneous					710,328	
					<u>104,909,354</u>	
					49,398,885	
					<u>145,662,580</u>	
					287,122	
					<u>145,949,702</u>	
					<u>\$ 195,348,587</u>	

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

ROSEVILLE CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 32,002,245	\$ 29,119,606	\$ 7,729,654	\$ 68,851,505
Cash in banks	200	-	263,803	264,003
Cash in revolving fund	10,000	-	-	10,000
Receivables	26,001,590	932,441	1,021,814	27,955,845
Due from other funds	323,510	1	-	323,511
Stores inventory	51,169	-	53,093	104,262
Prepaid expenditures	1,507,398	-	-	1,507,398
	<u>59,896,112</u>	<u>30,052,048</u>	<u>9,068,364</u>	<u>99,016,524</u>
Total assets	<u>\$ 59,896,112</u>	<u>\$ 30,052,048</u>	<u>\$ 9,068,364</u>	<u>\$ 99,016,524</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,657,033	\$ 1,074,656	\$ 93,892	\$ 12,825,581
Due to other funds	-	-	323,511	323,511
Unearned revenue	330,632	-	-	330,632
	<u>11,987,665</u>	<u>1,074,656</u>	<u>417,403</u>	<u>13,479,724</u>
Total liabilities	<u>11,987,665</u>	<u>1,074,656</u>	<u>417,403</u>	<u>13,479,724</u>
Fund balances:				
Nonspendable	1,568,567	-	53,093	1,621,660
Restricted	7,693,598	28,977,392	8,597,868	45,268,858
Committed	17,911,888	-	-	17,911,888
Assigned	3,925,352	-	-	3,925,352
Unassigned	16,809,042	-	-	16,809,042
	<u>47,908,447</u>	<u>28,977,392</u>	<u>8,650,961</u>	<u>85,536,800</u>
Total fund balances	<u>47,908,447</u>	<u>28,977,392</u>	<u>8,650,961</u>	<u>85,536,800</u>
Total liabilities and fund balances	<u>\$ 59,896,112</u>	<u>\$ 30,052,048</u>	<u>\$ 9,068,364</u>	<u>\$ 99,016,524</u>

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

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - Governmental Funds		\$	85,536,800
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$341,568,011 and the accumulated depreciation is \$92,296,718 (Note 4).			
			249,271,293
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 June 30, 2021 consisted of (Note 5):			
General obligation bonds	\$	(17,850,678)	
Unamortized premiums		(943,648)	
Certificates of participation		(3,550,000)	
Capital leases		(556,189)	
Early retirement incentives (Note 10)		(2,439,204)	
Compensated absences		(248,153)	
Total OPEB liability (Note 9)		(15,114,821)	
Net pension liability (Notes 7 and 8)		<u>(132,629,000)</u>	(173,331,693)
In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refunding resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt is reported as deferred outflows of resources			
			492,196
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 8 and 9):			
Deferred outflows of resources relating to pensions	\$	35,515,375	
Deferred outflows of resources relating to OPEB		2,675,973	
Deferred inflows of resources relating to pensions		(4,411,000)	
Deferred inflows of resources relating to OPEB		<u>(194,229)</u>	33,586,119
Unmatured interest is not recognized until it is due and, therefore, it is not accrued as a payable in governmental funds.			
			<u>(206,128)</u>
Total net position - governmental activities			<u><u>\$ 195,348,587</u></u>

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

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Local control funding formula:				
State apportionment	\$ 47,020,174	\$ -	\$ -	\$ 47,020,174
Local sources	51,494,477	-	-	51,494,477
Total local control funding formula	<u>98,514,651</u>	<u>-</u>	<u>-</u>	<u>98,514,651</u>
Federal sources	11,049,486	-	7,809,412	18,858,898
Other state sources	18,542,710	-	644,445	19,187,155
Other local sources	7,283,692	18,756,324	2,590,041	28,630,057
Total revenues	<u>135,390,539</u>	<u>18,756,324</u>	<u>11,043,898</u>	<u>165,190,761</u>
Expenditures:				
Current:				
Certificated salaries	59,634,679	-	-	59,634,679
Classified salaries	14,106,587	-	1,919,257	16,025,844
Employee benefits	27,641,241	-	677,201	28,318,442
Books and supplies	5,541,031	683,214	3,101,740	9,325,985
Contract services and operating expenditures	9,550,299	6,428,542	189,015	16,167,856
Other outgo	1,874,977	-	-	1,874,977
Capital outlay	450,077	6,966,908	-	7,416,985
Debt service:				
Principal retirement	347,051	1,105,000	2,045,000	3,497,051
Interest	222,432	135,382	398,562	756,376
Total expenditures	<u>119,368,374</u>	<u>15,319,046</u>	<u>8,330,775</u>	<u>143,018,195</u>
Excess of revenues over expenditures	<u>16,022,165</u>	<u>3,437,278</u>	<u>2,713,123</u>	<u>22,172,566</u>
Other financing sources (uses):				
Transfers in	78,576	-	-	78,576
Transfers out	-	-	(78,576)	(78,576)
Total other financing sources (uses)	<u>78,576</u>	<u>-</u>	<u>(78,576)</u>	<u>-</u>
Net change in fund balances	16,100,741	3,437,278	2,634,547	22,172,566
Fund balances, July 1, 2020	31,807,706	25,540,114	5,729,292	63,077,112
Cumulative effect of GASB 84 implementation	-	-	287,122	287,122
Fund balances, July 1, 2020, as restated	31,807,706	25,540,114	6,016,414	63,364,234
Fund balances, June 30, 2021	<u>\$ 47,908,447</u>	<u>\$ 28,977,392</u>	<u>\$ 8,650,961</u>	<u>\$ 85,536,800</u>

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

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds \$ 22,172,566

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

Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4). \$ 7,385,460

Donated capital assets are not reported in governmental funds because they do not affect current financial resources. The fair market value of capital assets donated was: 32,822,003

Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4). (6,299,331)

Amortization of deferred loss on refunding are expenses that are not recorded in the governmental funds. The difference between the deferred loss on refunding recognized in the current period and the deferred loss on refunding amortized in the current period is: (69,487)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5). 3,497,051

Accreted interest is an expense that is not recorded in the governmental funds (Note 5). (291,819)

Debt issue premiums and discounts are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5). 95,008

Unmatured interest is an expense that is not recorded in the governmental funds. 23,523

In governmental funds, early retirement incentive costs are recognized when payments are made. In the statement of activities, early retirement incentive costs are recognized on the accrual basis. (Note 10) (125,253)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8). (8,603,811)

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was (Note 9)	\$ (1,264,450)	
In the statement of activities, expenses related to compensated absences is measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	<u>57,425</u>	<u>\$ 27,226,319</u>
Change in net position of governmental activities		<u><u>\$ 49,398,885</u></u>

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

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2021

	<u>Trust Fund</u> <u>Scholarship</u> <u>Fund</u>
ASSETS	
Cash in County Treasury (Note 2)	\$ 5,131
Cash on hand and in banks (Note 2)	42,464
Accounts receivable	<u>1</u>
Total assets	<u>\$ 47,596</u>
NET POSITION	
Restricted for scholarships	<u>\$ 47,596</u>

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

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2021

	<u>Trust Fund</u> <u>Scholarship</u> <u>Fund</u>
ADDITIONS	
Interest income	\$ 37
DEDUCTIONS	
Scholarships	<u>5,000</u>
Change in net position	(4,963)
Net position, July 1, 2020	<u>52,559</u>
Net position, June 30, 2021	<u><u>\$ 47,596</u></u>

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

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roseville City School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public elementary school education in the District. The District and Roseville City School's Public Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of GASB *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, for inclusion of the Corporation as a component unit of the District. Accordingly, financial activities of the Corporation reported in the Capital Facilities Fund of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB Codification Section 2100 criteria.

A - Manifestations of Oversight

1. The Corporation's Board of Directors was appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent functions as the agent of the Corporation and did not receive additional compensation for work performed in this capacity. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. A surpluses of the Corporation revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

C - Scope of Public Service and Financial Presentation

1. The Corporation was created for the sole purpose of financially assisting the District.
2. The Corporation's financial activity is presented in the financial statements as the Capital Facilities Fund. Certificates of Participation issued by the Corporation are included in the District's long-term liabilities.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements: The basic financial statements include a Management Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Custodial funds are not included in the government-wide financial statements. Custodial funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - 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 balance, revenues and expenditures. 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.

A - Major Funds

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Facilities Fund - The Capital Facilities Fund is a capital project fund used to account for resources used for the acquisition of capital facilities by the District.

B - Other Funds

Student Activities Fund - The Student Activities Fund is used for reporting Associated Student Body activities.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cafeteria Fund - The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

County School Facilities Fund – The County School Facilities Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

Bond Interest and Redemption Fund - The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for the payment of principal and interest related to the General Obligation Bonds.

Scholarship Trust Fund – The Scholarship Trust Fund is used to account for assets held by the District as Trustee.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, are recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are generally made up of amounts due from the State of California. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2021.

Stores Inventory: Stores inventory in the General Fund and Cafeteria Fund is valued at average cost and consists primarily of consumable supplies. A physical inventory is performed on June 30 and the inventory and expense account balances are adjusted to reflect the physical count at year end.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: 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 reported, which is 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 shorter 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 liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an 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 net pension liability and total OPEB liability reported which is in the Statement of Net Position.

Interfund Activity: Interfund activity is 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 are when one fund incurs a cost, changes the appropriate benefiting fund and reduced its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP an PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 28,698,378	\$ 6,816,997	\$ 35,515,375
Deferred inflows of resources	\$ 4,411,000	\$ -	\$ 4,411,000
Net pension liability	\$ 99,061,000	\$ 33,568,000	\$ 132,629,000
Pension expense	\$ 22,048,479	\$ 6,434,789	\$ 28,483,268

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: All vacation pay is accrued when incurred in the government-wide financial statements.

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

Unearned Revenue: Revenues from federal, state and local special projects and programs are recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted program represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance - The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores' inventory.

B - Restricted Fund Balance - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide financial statements.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Committed Fund Balance - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education through a majority vote is required to create or remove any commitment from any fund balance.

D - Assigned Fund Balance - The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances. As of June 30, 2021, the Superintendent has been designated with the authority to assign fund balances.

E - Unassigned Fund Balance - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2021, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bill and collect taxes for the District. Tax revenues are recognized by the District when received.

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 at June 30.

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 or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$287,124.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Pooled Funds:		
Cash in County Treasury	\$ 68,851,505	\$ 5,131
Deposits:		
Cash in revolving fund	10,000	-
Cash on hand and in banks	264,003	42,464
Total	\$ 69,125,508	\$ 47,595

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorata 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.

Deposits: Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$316,469 and the bank balance was \$253,034, all of which was insured.

Investment Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to cash and investments held.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investment Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Investment Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District for goods and services are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds. Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Activities</u>		
Major Funds:		
General	\$ 323,510	\$ -
Capital Facilities	1	-
Non-Major Funds:		
Cafeteria	-	323,510
County School Facilities	-	1
Totals	<u>\$ 323,511</u>	<u>\$ 323,511</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2020-21 fiscal year were as follows:

Transfer from the Cafeteria Fund to the General Fund for indirect costs.	<u>\$ 78,576</u>
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(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, <u>2020</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 44,033,576	\$ 7,560,882	\$ -	\$ 51,594,458
Work-in-process	3,488,036	4,378,409	5,147,251	2,719,194
Depreciable:				
Improvement of sites	20,079,457	2,481,120	-	22,560,577
Buildings	230,047,357	30,927,252	-	260,974,609
Equipment	<u>3,790,250</u>	<u>7,051</u>	<u>78,128</u>	<u>3,719,173</u>
Totals, at cost	<u>301,438,676</u>	<u>45,354,714</u>	<u>5,225,379</u>	<u>341,568,011</u>
Less accumulated depreciation:				
Improvement of sites	14,253,626	5,040,065	-	19,293,691
Buildings	69,708,281	1,066,001	-	70,774,282
Equipment	<u>2,113,608</u>	<u>193,265</u>	<u>78,128</u>	<u>2,228,745</u>
Total accumulated depreciation	<u>86,075,515</u>	<u>6,299,331</u>	<u>78,128</u>	<u>92,296,718</u>
Capital assets, net	<u>\$ 215,363,161</u>	<u>\$ 39,055,383</u>	<u>\$ 5,147,251</u>	<u>\$ 249,271,293</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 5,747,631
Supervision of instruction	2,317
Home- to- school transportation	100,595
Food services	60,872
All other pupil services	86,294
All other general administration	199,323
Centralized data processing	42,840
Plant services	<u>59,459</u>
Total depreciation expense	<u>\$ 6,299,331</u>

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: On March 1, 2003, the District issued Election of 2002 Series A General Obligation Bonds in the aggregate principal amount of \$13,998,924 and \$8,740,000 of current interest bonds and \$5,258,924 of capital appreciation bonds. The proceeds from the bonds were used to finance construction, renovation and repair of certain District facilities. On December 20, 2011, the District issued \$17,075,000 of 2011 General Obligation Refunding Bonds for the purpose of refunding certain outstanding Election of 2002, Series A and Series B general obligation bonds. The bonds mature through August 2028 and bear an interest rate ranging from 3.00 percent to 5.58 percent. The capital appreciation bonds mature through August 1, 2027.

The District's outstanding General Obligation bonded debt is as follows:

<u>Year of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2020</u>	<u>New Issuance</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2021</u>
2012	3.00-5.00	8/1/2028	\$17,075,000	\$ 9,005,000	\$ -	\$ 710,000	\$ 8,295,000

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 775,000	\$ 361,438	\$ 1,136,438
2023	860,000	320,562	1,180,562
2024	925,000	275,937	1,200,937
2025	1,000,000	232,812	1,232,812
2026	1,060,000	186,313	1,246,313
2027-2029	3,675,000	255,844	3,930,844
	<u>\$ 8,295,000</u>	<u>\$ 1,632,906</u>	<u>\$ 9,927,906</u>

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Certificates of Participation: On January 25, 2012, the Roseville City School's Public Financing Corporation issued refunding certificates of participation in the amount of \$12,505,000, with an interest rate of 3.30% per annum. The District used the proceeds from the sale to redeem \$12,070,000 of the outstanding 1998 certificates of participation which were originally issued to finance a portion of the cost of construction of three new elementary schools and one new middle school. The refunding certificates of participation are secured by Junction Elementary School. The District's agreement with the Corporation contains a provision that in the event of default, it is lawful for the Corporation to exercise any and all remedies granted pursuant to the agreement, including termination of the lease. There is no acceleration clause in the agreement.

At June 30, 2021, the outstanding principal balance for the certificates of participation was \$3,550,000. The certificates of participation mature through fiscal year 2023-24 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 1,145,000	\$ 98,257	\$ 1,243,257
2023	1,185,000	59,813	1,244,813
2024	<u>1,220,000</u>	<u>20,130</u>	<u>1,240,130</u>
	<u>\$ 3,550,000</u>	<u>\$ 178,200</u>	<u>\$ 3,728,200</u>

Capital Leases: During fiscal year 2016-17, the District entered into capital lease agreements to finance the purchase of \$206,323 of computer equipment. During fiscal year 2017-18, the District entered into two capital lease agreements to finance the purchase of \$227,683 of computer equipment. During fiscal year 2018-19, the District entered into a capital lease agreement to finance the purchase of \$235,726 of computer equipment. All lease agreements provide for title to pass to the District upon expiration of the lease periods and are secured by the underlying equipment. During fiscal year 2019-20, the District entered into two capital lease agreements to finance the purchases of \$315,732 of computer equipment and \$496,207 of office equipment.

Future minimum capital lease payments under these agreements are as follows:

Year Ending <u>June 30,</u>	<u>Lease Payments</u>
2022	\$ 324,195
2023	<u>261,434</u>
Total	585,629
Less amounts representing interest	<u>(29,440)</u>
Present value of net minimum lease payments	<u>\$ 556,189</u>

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
Long-Term Debt:					
General Obligation Bonds:					
Current interest	\$ 9,005,000	\$ -	\$ 710,000	\$ 8,295,000	\$ 775,000
Capital appreciation	10,598,859	291,819	1,335,000	9,555,678	1,405,000
Bond premiums	1,038,656	-	95,008	943,648	95,008
Certificates of Participation	4,655,000	-	1,105,000	3,550,000	1,145,000
Capital leases	903,240	-	347,051	556,189	302,602
Early retirement incentives (Note 10)	2,313,951	602,051	476,798	2,439,204	521,218
Other Long-Term Liabilities:					
Compensated absences	305,578	-	57,425	248,153	248,153
Total OPEB liability (Note 9)	12,583,490	2,531,331	-	15,114,821	-
Net pension liabilities (Notes 7 & 8)	125,224,000	7,405,000	-	132,629,000	-
Totals	<u>\$166,627,774</u>	<u>\$ 10,830,201</u>	<u>\$ 4,126,282</u>	<u>\$173,331,693</u>	<u>\$ 4,491,981</u>

Payment on the General Obligation Bonds are made from the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The Certificates of Participation is paid from the Capital Facilities Fund. The capital leases, early retirement incentives, compensated absences, and total OPEB liability, are obligations primarily of the General Fund. The net pension liabilities will be funded by contributions made to the pension plans from the General Fund and Cafeteria Fund.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2021 consisted of the following:

	General <u>Fund</u>	Capital Facilities <u>Fund</u>	All Non-Major <u>Funds</u>	<u>Total</u>
Nonspendable:				
Revolving cash fund	\$ 10,000	\$ -	\$ -	\$ 10,000
Stores inventory	51,169	-	53,093	104,262
Prepaid expenditures	<u>1,507,398</u>	-	-	<u>1,507,398</u>
Subtotal nonspendable	<u>1,568,567</u>	-	<u>53,093</u>	<u>1,621,660</u>
Restricted:				
Legally restricted:				
Grants	7,693,598	-	-	7,693,598
Cafeteria operations	-	-	4,809,139	4,809,139
Other	-	-	263,803	263,803
Capital projects	-	28,977,392	-	28,977,392
Debt service	-	-	3,524,926	3,524,926
Subtotal restricted	<u>7,693,598</u>	<u>28,977,392</u>	<u>8,597,868</u>	<u>45,268,858</u>
Committed:				
Maintenance	3,419,212	-	-	3,419,212
Curriculum Adoption	5,100,000	-	-	5,100,000
Technology Infrastructure	886,070	-	-	886,070
Safety Measures	132,904	-	-	132,904
New School Start Up	900,000	-	-	900,000
Technology Replacement	7,088,987	-	-	7,088,987
Classroom Televisions	28,228	-	-	28,228
Bus Replacement	329,620	-	-	329,620
Grades 6-8 Musical Instruments	<u>26,867</u>	-	-	<u>26,867</u>
Subtotal committed	<u>17,911,888</u>	-	-	<u>17,911,888</u>
Assigned:				
Site/Department Carryover	38,973	-	-	38,973
Medi-Cal Administrative Costs	4,013	-	-	4,013
LCFF Supplemental	1,496,569	-	-	1,496,569
2% Board Reserve	2,385,797	-	-	2,385,797
Other	-	-	-	-
Subtotal assigned	<u>3,925,352</u>	-	-	<u>3,925,352</u>
Unassigned:				
Designated for economic uncertainty	3,578,695	-	-	3,578,695
Undesignated	<u>13,230,347</u>	-	-	<u>13,230,347</u>
Subtotal unassigned	<u>16,809,042</u>	-	-	<u>16,809,042</u>
Total fund balances	<u>\$ 47,908,447</u>	<u>\$ 28,977,392</u>	<u>\$ 8,650,961</u>	<u>\$ 85,536,800</u>

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) - a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: 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.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-21. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-21.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Employers – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rates effective for fiscal year 2020-21 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$9,416,378 to the plan for the fiscal year ended June 30, 2021.

State – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045-46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 99,061,000
State's proportionate share of the net pension liability associated with the District	<u>54,136,000</u>
Total	<u>\$ 153,197,000</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020 the District's proportion was 0.102 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2019.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$22,048,479 and revenue of \$7,181,082 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 175,000	\$ 2,794,000
Changes of assumptions	9,660,000	-
Net differences between projected and actual earnings on investments	2,353,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,094,000	1,617,000
Contributions made subsequent to measurement date	<u>9,416,378</u>	<u>-</u>
Total	<u>\$ 28,698,378</u>	<u>\$ 4,411,000</u>

\$9,416,378 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>		
2022	\$	2,573,800
2023	\$	4,642,800
2024	\$	5,604,300
2025	\$	2,198,300
2026	\$	111,800
2027	\$	(260,000)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. 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 increase 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 STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 149,668,000</u>	<u>\$ 99,061,000</u>	<u>\$ 57,279,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

Employers - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$3,281,997 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$33,568,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2020 the District's proportion was 0.109 percent, which was an increase 0.003 percent from its proportion measured as of June 30, 2019.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$6,434,789. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,665,000	\$ -
Changes of assumptions	123,000	-
Net differences between projected and actual earnings on investments	699,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,048,000	-
Contributions made subsequent to measurement date	<u>3,281,997</u>	<u>-</u>
Total	<u>\$ 6,816,997</u>	<u>\$ -</u>

\$3,281,997 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 1,371,416
2022	\$ 1,090,417
2023	\$ 751,417
2024	\$ 321,750

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1 - 10 ⁽¹⁾</u>	<u>Expected Real Rate of Return Years 11+ ⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

*10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

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

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	<u>\$ 48,260,000</u>	<u>\$ 33,568,000</u>	<u>\$ 21,374,000</u>

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

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District's defined benefit plan, Roseville City School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report.

Plan Descriptions/Benefits Provided: Following is a description of the current retiree benefit plan:

	<u>Certificated</u>	<u>Classified</u>
Benefit Types Provided:	Medical only	Medical only
Duration of Benefits:	To age 65	5 years (not beyond age 65)
Required Service:	15 years	15 years
Minimum Age:	55	55
Dependent Coverage:	Yes	Yes
District Contribution Percentage:	50% at 15 years + 10% per year to 100% at 20 years	50% at 15 years + 10% per year to 100% at 20 years
District Cap:	\$7,188 per year	\$7,188 per year

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change. The District has maintained the same cap level from fiscal year 2004 to 2021.

Employees Covered by Benefit Terms: The number of employees covered by the benefit terms of the Plan as of June 30, 2019 are as follows:

Employees Covered:

Inactive employees currently receiving benefit payments	39
Inactive employees entitled to but not yet receiving benefit payments*	-
Active employees	<u>771</u>
 Total number of participants	 <u><u>810</u></u>

* No information was provided about any terminated, vested employees.

Total OPEB Liability: The District's total OPEB liability of \$15,114,821 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability was determined using a financial reporting actuarial valuation as of June 30, 2019, which used the following actuarial methods and assumptions:

Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.75%
Salary Increases:	2.75%
Discount Rate:	3.5%, net of expenses
Healthcare cost trend rate:	4.0% per year with District caps increasing 2.75% per year

Because the Plan is unfunded, the yield for the 20-year, tax-exempt general obligation municipal bond was used to determine the liability as of June 30, 2019. The discount rate is based on the Bond Buyer 20 Bond Index. Prior valuations used a discount rate of 3.8%.

Mortality rates for certificated employees were based on the 2009 CalSTRS Mortality table created by CalSTRS. Mortality rates for classified employees were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS.

Retirement rates for certificated employees were based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate of each pool. Retirement rates for classified employees were based on the 2009 CalPERS Retirement Rates for School Employees table and the 2009 CalPERS 2% at 60 Rates for Miscellaneous Employees table created by CalPERS.

Turnover assumptions for certificated employees were based on the 2009 CalSTRS Termination Rates table created by CalSTRS. Turnover assumptions for classified employees were based on the 2009 CalPERS Termination Rates for School Employees table created by CalPERS.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at beginning of year	\$ <u>12,583,490</u>
Changes for the year	
Service cost	1,119,075
Interest on total OPEB liability	452,615
Experience (gains)/losses	32,874
Change in assumptions	1,381,991
Employer contributions	<u>(455,224)</u>
Net change	<u>2,531,331</u>
Balance at end of year	<u>\$ 15,114,821</u>

There were no changes in benefit terms since the June 30, 2018 valuation.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate: The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 3.50%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease <u>(1.20%)</u>	Current Discount Rate <u>(2.20%)</u>	1% Increase <u>(3.20%)</u>
District's total OPEB liability	\$ 16,044,110	\$ 15,114,821	\$ 13,977,048

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the District's total OPEB liability as of the measurement date, calculated using the current healthcare cost trend rate of 4.00%, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease <u>(3.0%)</u>	Current Healthcare Cost Trend Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
District's total OPEB liability	\$ 14,264,114	\$ 15,114,821	\$ 15,904,686

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:
 For the year ended June 30, 2021, the District recognized OPEB expense of \$1,741,157. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 833,679	\$ -
Changes of assumptions	1,503,632	194,229
Benefits paid subsequent to the measurement date	<u>338,662</u>	<u>-</u>
Totals	<u>\$ 2,675,973</u>	<u>\$ 194,229</u>

\$338,662 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. The amount reported as deferred outflows of resources related to changes of assumptions and actuarial gains and losses is amortized over the average of expected remaining service lives, which was 14 years as of the June 30, 2020 measurement date. The deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ended <u>June 30</u>	
2022	\$ 169,467
2023	169,467
2024	169,467
2025	169,467
2026	169,467
Thereafter	1,295,747

NOTE 10 – EARLY RETIREMENT INCENTIVES

In addition to the pension benefits described above, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible certificated employees was increased by two years.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 – EARLY RETIREMENT INCENTIVES (Continued)

The future payments under these early retirement incentive agreements will be made through fiscal year 2027-28 as follows:

Year Ending <u>June 30,</u>	STRS' Golden <u>Handshakes</u>
2022	\$ 677,013
2023	639,753
2024	461,130
2025	360,826
2026	287,208
2027-2028	<u>529,942</u>
Total payments	2,955,872
Less amount representing interest	<u>(516,668)</u>
Total principal payments	<u>\$ 2,439,204</u>

NOTE 11 - JOINT POWERS AGREEMENT

Schools Insurance Group: The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. The membership includes the school districts in Placer and Nevada counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of financial information for SIG at June 30, 2020 (the latest information available).

Total assets	\$ 111,774,531
Total deferred outflows	\$ 288,284
Total liabilities	\$ 41,450,340
Total deferred inflows	\$ 73,223
Total net position	\$ 70,539,252
Total revenues	\$ 98,672,583
Total expenses	\$ 94,629,709
Change in net position	\$ 4,042,874

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - JOINT POWERS AGREEMENT (Continued)

School Project for Utility Rate Reduction: The District is also a member of a Joint Powers Authority, School Project for Utility Rate Reduction (SPURR), for the direct purchase of gas, electricity, and other utility services. SPURR also provides advisory services relative to utilities. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of the financial information for School Project for Utility Rate Reduction at June 30, 2020 (the latest information available):

Total assets	\$	15,851,772
Total liabilities	\$	9,262,735
Net position	\$	6,589,037
Total revenues	\$	40,348,244
Total expenses	\$	39,269,929
Change in net position	\$	1,078,315

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

REQUIRED SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local control funding formula:				
State apportionment	\$ 51,123,968	\$ 47,020,174	\$ 47,020,174	\$ -
Local sources	46,987,329	51,494,477	51,494,477	-
Total local control funding formula	98,111,297	98,514,651	98,514,651	-
Federal sources	11,629,655	11,049,486	11,049,486	-
Other state sources	9,422,817	18,542,710	18,542,710	-
Other local sources	7,657,536	7,294,665	7,283,692	(10,973)
Total revenues	126,821,305	135,401,512	135,390,539	(10,973)
Expenditures:				
Current:				
Certificated salaries	59,248,020	59,634,698	59,634,679	19
Classified salaries	15,135,596	14,106,587	14,106,587	-
Employee benefits	27,312,306	27,164,558	27,641,241	(476,683)
Books and supplies	10,265,711	5,541,149	5,541,031	118
Contract services and operating expenditures	9,476,132	9,550,324	9,550,299	25
Other outgo	2,226,294	1,874,977	1,874,977	-
Capital outlay	158,031	450,077	450,077	-
Debt service:				
Principal retirement	784,971	823,849	347,051	476,798
Interest	211,425	222,432	222,432	-
Total expenditures	124,818,486	119,368,651	119,368,374	277
Excess of revenues over expenditures	2,002,819	16,032,861	16,022,165	(10,696)
Other financing sources:				
Transfers in	300,000	78,576	78,576	-
Total other financing sources	300,000	78,576	78,576	-
Net change in fund balance	2,302,819	16,111,437	16,100,741	(10,696)
Fund balance, July 1, 2020	24,397,812	31,868,939	31,807,706	61,233
Fund balance, June 30, 2021	\$ 26,700,631	\$ 47,980,376	\$ 47,908,447	\$ 50,537

See accompanying note to required supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 801,214	\$ 823,247	\$ 845,886	\$ 1,119,075
Interest on total OPEB liability	330,139	385,091	405,179	452,615
Experience (gains)/losses			1,051,550	32,874
Change in assumptions	-	(244,899)	257,083	1,381,991
Employer contributions	<u>(394,968)</u>	<u>(460,557)</u>	<u>(431,715)</u>	<u>(455,224)</u>
 Net change in total OPEB liability	 736,385	 502,882	 2,127,983	 2,531,331
Total OPEB liability, beginning of year	<u>9,216,240</u>	<u>9,952,625</u>	<u>10,455,507</u>	<u>12,583,490</u>
Total OPEB liability, end of year (a)	<u>\$ 9,952,625</u>	<u>\$ 10,455,507</u>	<u>\$ 12,583,490</u>	<u>\$ 15,114,821</u>
 Covered employee payroll	 \$ 58,219,882	 \$ 59,213,388	 \$ 60,223,847	 \$ 59,634,679
 Total OPEB liability as a percentage of covered-employee payroll	 17.09%	 17.66%	 20.89%	 25.35%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.087%	0.091%	0.091%	0.093%	0.099%	0.104%	0.102%
District's proportionate share of the net pension liability	\$ 50,898,627	\$ 60,983,670	\$ 73,359,609	\$ 85,711,632	\$ 90,972,366	\$ 94,335,000	\$ 99,061,000
State's proportionate share of the net pension liability associated with the District	<u>35,819,393</u>	<u>42,278,799</u>	<u>53,125,003</u>	<u>50,706,277</u>	<u>52,085,934</u>	<u>51,466,000</u>	<u>54,136,000</u>
Total net pension liability	<u>\$ 86,718,020</u>	<u>\$ 103,262,469</u>	<u>\$ 126,484,612</u>	<u>\$ 136,417,909</u>	<u>\$ 143,058,300</u>	<u>\$ 145,801,000</u>	<u>\$ 153,197,000</u>
District's covered payroll	\$ 38,808,000	\$ 42,005,000	\$ 45,610,000	\$ 49,045,000	\$ 52,721,000	\$ 56,292,000	\$ 55,194,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.15%	145.18%	160.84%	174.76%	172.55%	167.58%	179.48%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

All years prior to 2015 are not available.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2021

Public Employer's Retirement Fund B Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.092%	0.093%	0.098%	0.101%	0.104%	0.106%	0.109%
District's proportionate share of the net pension liability	\$ 10,455,593	\$ 13,729,732	\$ 19,395,236	\$ 24,087,536	\$ 27,653,734	\$ 30,889,000	\$ 33,568,000
District's covered payroll	\$ 9,663,000	\$ 10,310,000	\$ 11,782,000	\$ 12,870,000	\$ 13,677,000	\$ 14,681,000	\$ 15,759,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.20%	133.17%	164.62%	187.16%	202.19%	210.40%	213.01%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2021

	State Teacher's Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 3,730,036	\$ 4,893,909	\$ 6,169,899	\$ 7,607,673	\$ 9,164,379	\$ 10,100,396	\$ 9,416,378
Contributions in relation to the contractually required contribution	<u>(3,730,036)</u>	<u>(4,893,909)</u>	<u>(6,169,899)</u>	<u>(7,607,673)</u>	<u>(9,164,379)</u>	<u>(10,100,396)</u>	<u>(9,416,378)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,005,000	\$ 45,610,000	\$ 49,045,000	\$ 52,721,000	\$ 56,292,000	\$ 55,194,000	\$ 49,300,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.1% *	16.15%**

All years prior to 2015 are not available.

*This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

*This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 1,213,646	\$ 1,395,858	\$ 1,787,350	\$ 2,124,195	\$ 2,651,614	\$ 3,109,790	\$ 3,281,997
Contributions in relation to the contractually required contribution	<u>(1,213,646)</u>	<u>(1,395,858)</u>	<u>(1,787,350)</u>	<u>(2,124,195)</u>	<u>(2,651,614)</u>	<u>(3,109,790)</u>	<u>(3,281,997)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,310,000	\$ 11,782,000	\$ 12,870,000	\$ 13,677,000	\$ 14,681,000	\$ 15,759,000	\$ 15,855,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.73%	20.70%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule: 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.

B - Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Contributions: The Schedule of District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions: The changes in assumptions for the total OPEB liability included a change in the discount rate, from 3.80% in the June 30, 2018 actuarial report to 3.50% from the June 30, 2019 actuarial report.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017 and 2018 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumptions</u>	<u>Measurement period</u>					
	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10	7.10	7.10	7.10	7.60	7.60
Wage growth	3.50	3.50	3.50	3.50	3.75	3.75

SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2021

	Student Activity Special Revenue <u>Fund</u>	Cafeteria <u>Fund</u>	County School Facilities <u>Fund</u>	Bond Interest and Redemption <u>Fund</u>	Total Non-Major Governmental <u>Funds</u>
ASSETS					
Cash in County Treasury	\$ -	\$ 4,205,211	\$ 1	\$ 3,524,442	\$ 7,729,654
Cash in banks	263,803	-	-	-	263,803
Receivables	-	1,021,330	-	484	1,021,814
Stores inventory	-	53,093	-	-	53,093
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 263,803</u>	<u>\$ 5,279,634</u>	<u>\$ 1</u>	<u>\$ 3,524,926</u>	<u>\$ 9,068,364</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 93,892	\$ -	\$ -	\$ 93,892
Due to other funds	-	323,510	1	-	323,511
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>417,402</u>	<u>1</u>	<u>-</u>	<u>417,403</u>
Fund balances:					
Nonspendable	-	53,093	-	-	53,093
Restricted	263,803	4,809,139	-	3,524,926	8,597,868
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>263,803</u>	<u>4,862,232</u>	<u>-</u>	<u>3,524,926</u>	<u>8,650,961</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 263,803</u>	<u>\$ 5,279,634</u>	<u>\$ 1</u>	<u>\$ 3,524,926</u>	<u>\$ 9,068,364</u>

ROSEVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2021

	Student Activity Special Revenue Fund	Cafeteria Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues:					
Federal revenue	\$ -	\$ 7,809,412	\$ -	\$ -	\$ 7,809,412
Other state sources	-	630,668	-	13,777	644,445
Other local sources	74,766	14,153	1	2,501,121	2,590,041
	<u>74,766</u>	<u>8,454,233</u>	<u>1</u>	<u>2,514,898</u>	<u>11,043,898</u>
Total revenues					
Expenditures:					
Current:					
Classified salaries	-	1,919,257	-	-	1,919,257
Employee benefits	-	677,201	-	-	677,201
Books and supplies	98,085	3,003,655	-	-	3,101,740
Contract services and operating expenditures	-	189,014	1	-	189,015
Debt service:					
Principal retirement	-	-	-	2,045,000	2,045,000
Interest	-	-	-	398,562	398,562
	<u>98,085</u>	<u>5,789,127</u>	<u>1</u>	<u>2,443,562</u>	<u>8,330,775</u>
Total expenditures					
(Deficiency) excess of revenues (under) over expenditures	<u>(23,319)</u>	<u>2,665,106</u>	<u>-</u>	<u>71,336</u>	<u>2,713,123</u>
Other financing uses:					
Transfers out	-	(78,576)	-	-	(78,576)
Net change in fund balances	(23,319)	2,586,530	-	71,336	2,634,547
Fund balance, July 1, 2020	-	2,275,702	-	3,453,590	5,729,292
Cumulative effect of GASB 84 implementation	287,122	-	-	-	287,122
Fund balances, July 1, 2020, as restated	287,122	2,275,702	-	3,453,590	6,016,414
Fund balance, June 30, 2021	<u>\$ 263,803</u>	<u>\$ 4,862,232</u>	<u>\$ -</u>	<u>\$ 3,524,926</u>	<u>\$ 8,650,961</u>

ROSEVILLE CITY SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

The Roseville City School District was established on May 14, 1869 and operates fifteen elementary schools and four middle schools. The District encompasses and serves the City of Roseville. There were no changes in the boundaries of the District during the year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Rob Baguera	President	November 2022
Valarie Gross	Clerk	November 2022
Julie Constant	Member	November 2024
Alisa Fong	Member	November 2022
Meghan Krafka	Member	November 2024

ADMINISTRATION

Derk Garcia
Superintendent

Jamey Schrey
Deputy Superintendent - Educational Services

Dennis Snelling
Associate Superintendent - Business Services

Meghan Baichtal
Assistant Superintendent - Personnel Services

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2021

<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance

See accompanying notes to supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Agriculture - Passed through</u>			
<u>California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: National School Lunch Program	13524	\$ 7,510,995
	Total U.S. Department of Agriculture		<u>7,510,995</u>
<u>U.S. Department of Education - Passed through</u>			
<u>Placer County SELPA:</u>			
	Special Education Cluster (IDEA):		
84.027	Special Ed: IDEA Part B Basic Local Assistance	13379	2,469,519
84.173	Special Ed: IDEA Part B Preschool Grants	13430	6,980
84.173A	Special Ed: IDEA Preschool Capacity Building Part B, Sec 619	13839	61,593
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	140,388
84.027A	Special Ed: IDEA Part B Mental Health Allocation Plan	15321	68,019
	Subtotal Special Education Cluster (IDEA)		<u>2,746,499</u>
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education:</u>			
	ESEA: Title III Programs:		
84.365	ESEA: Title III, English Learner Student Program	14346	97,702
84.365	ESEA: Title III, Immigrant Student Program	15146	19,506
	Subtotal ESEA: Title III Programs		<u>117,208</u>
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund - COVID-19	15536	638,026
84.425D	Elementary and Secondary School Emergency Relief II (ESSER II) Fund - COVID-19	15547	751,310
84.425	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement - COVID-19	15535	298,417
84.425C	Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation - COVID-19	15517	681,277
	Subtotal COVID-19: Education Stabilization Fund (ESF) Programs		<u>2,369,030</u>

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
84.010	ESEA: Title I, Part A, Basic Grant Low-Income & Neglected	14329	\$ 791,220
84.367	ESEA: Title II, Part A Supporting Effective Instruction	14341	<u>166,322</u>
	Total U.S. Department of Education		<u>6,190,279</u>
 <u>U.S. Department of Health and Human Services - Passed Through California Department of Health Services:</u>			
	Medicaid Cluster:		
93.778	Medical Assistance Program: Medi-Cal Billings	10060	<u>425,495</u>
	Total U.S. Department of Health and Human Services		<u>425,495</u>
 <u>U.S. Department of The Treasury Passed through California Department of Education</u>			
21.019	COVID-19 - Coronavirus Relief Fund (CRF)	25516	<u>4,542,141</u>
	Total US Department of Treasury		<u>4,542,141</u>
	Total Federal Programs		<u>\$ 18,668,910</u>

See accompanying notes to supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2021
(UNAUDITED)

<u>General Fund</u>	(Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and other financing sources	<u>\$ 124,614,057</u>	<u>\$ 135,469,115</u>	<u>\$ 123,641,388</u>	<u>\$ 122,486,640</u>
Expenditures	134,396,792	119,368,374	120,970,905	117,234,091
Other uses and transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outgo	<u>134,396,792</u>	<u>119,368,374</u>	<u>120,970,905</u>	<u>117,234,091</u>
Change in fund balance	<u>\$ (9,782,735)</u>	<u>\$ 16,100,741</u>	<u>\$ 2,670,483</u>	<u>\$ 5,252,549</u>
Ending fund balance	<u>\$ 38,125,712</u>	<u>\$ 47,908,447</u>	<u>\$ 31,807,706</u>	<u>\$ 29,137,223</u>
Available reserves	<u>\$ 17,834,437</u>	<u>\$ 16,809,042</u>	<u>\$ 18,517,357</u>	<u>\$ 15,643,331</u>
Designated for economic uncertainties	<u>\$ 4,031,904</u>	<u>\$ 3,578,695</u>	<u>\$ 3,629,127</u>	<u>\$ 5,861,705</u>
Undesignated fund balance	<u>\$ 13,802,533</u>	<u>\$ 13,230,347</u>	<u>\$ 14,888,230</u>	<u>\$ 9,781,626</u>
Available reserves as percentages of total outgo	<u>13.3%</u>	<u>14.1%</u>	<u>15.3%</u>	<u>13.3%</u>
Total long-term liabilities	<u>\$ 168,839,712</u>	<u>\$ 173,331,693</u>	<u>\$ 166,627,774</u>	<u>\$ 160,782,810</u>
Average daily attendance at P-2	<u>10,975</u>	<u>10,949</u>	<u>10,949</u>	<u>10,926</u>

The General Fund balance has increased by \$24,023,773 over the past three years. The District projects an decrease of \$9,782,735 for the year ending June 30, 2021. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. The District has met this requirement.

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the year ending June 30, 2022.

Total long-term liabilities have increased by \$12,548,883 over the past two years.

Average daily attendance has increased by 23 over the past two years and is anticipated to increase by 26 during the year ending June 30, 2022.

See accompanying notes to supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2021

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

The District does not sponsor any charter schools.

See accompanying notes to supplementary information.

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Instructional Time: 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 instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Roseville City School District and is presented on the 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)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2021.

<u>Description</u>	<u>AL Number</u>	<u>Amount</u>
Total federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 18,858,898
Deduct: ESSA: Title IV, Part A, Student Support and Academic Enrichment funds not spent in the current year	84.424	(58,910)
Deduct: Medi-Cal Administrative Activities (MAA) funds not spent in the current year	93.778	(195,554)
Add: Medi-Cal Billing Option funds spent in excess of revenues	93.778	50,617
Add: Emergency Impact Aid for Displaced Students funds spent in excess of revenues	84.938	13,859
Total Schedule of Expenditure of Federal Awards		<u>\$ 18,668,910</u>

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

D - Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2021-2022 fiscal year, as required by the State Controller's Office.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during the exclusive periods of participation, April 1, 2021 through July 1, 2021.

Retiree Information: A total of 23 employees have retired in exchange for the additional two years of service credit.

Position	Service		Salary			Benefits			Total	Savings
	<u>Vacated</u>	<u>Age</u>	<u>Credit</u>	<u>Retiree*</u>	<u>Replacement</u>	<u>Savings</u>	<u>Retiree*</u>	<u>Replacement</u>	<u>Savings</u>	<u>Savings</u>
Teacher	57	32	\$ 436,410	\$ 295,404	\$ 141,006	\$ 89,202	\$ 60,380	\$ 28,822	\$ 169,828	2
Teacher	60	31	217,147	141,960	75,187	44,385	29,017	15,368	90,555	2
Teacher	60	35	219,770	141,960	77,810	44,921	29,017	15,904	93,714	2
Teacher	55	12	195,672	147,703	47,968	39,995	30,191	9,805	57,773	5
Teacher	58	25	326,778	217,412	109,366	66,794	44,439	22,355	131,721	2
Teacher	61	25	107,516	69,049	38,466	21,976	14,114	7,863	46,329	2
Student Support										
			<u>\$ 1,503,293</u>	<u>\$ 1,013,489</u>	<u>\$ 489,804</u>	<u>\$ 307,273</u>	<u>\$ 207,157</u>	<u>\$ 100,116</u>	<u>\$ 589,920</u>	

* Retiree and replacement salary and benefit costs represent the domino-effect of replacing the retiring employee, plus the cost of replacing the retiree.

Additional Costs: As a result of this early retirement incentive program, the District expects to incur additional costs of \$1,744,344 in administrative fees, present value and any interest over eight years.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Roseville City School District
Roseville, California

Report on Compliance with State Laws and Regulations

We have audited Roseville City School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2021.

<u>Description</u>	<u>Procedures Performed</u>
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Charter Schools - Charter School Facility Grant Program	No, see below

The District did not offer the Apprenticeship: Related and Supplemental Instruction program in the current year; therefore, we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District does not participate in District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District did not expend California Clean Energy Jobs Act funds; therefore, did not perform any procedures related to California Clean Energy Jobs Act.

(Continued)

The District did not offer an Independent Study - Course Based program in the current year; therefore, we did not perform any procedures related to Independent Study - Course Based.

The District does not sponsor any Charter Schools, therefore, we did not perform any procedures related to Charter Schools.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Roseville City School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the 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 Roseville City School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Roseville City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Roseville City School District's compliance.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2021-001 in the accompanying Schedule of Audit Findings and Questioned Costs, Roseville City School District did not comply with requirements regarding Kindergarten Continuance. Compliance with such requirements is necessary, in our opinion, for Roseville City School District to comply with the requirements referred to above.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Roseville City School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

Other Matter

Roseville City School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. Roseville City School District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
January 24, 2022

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 Education
Roseville City School District
Roseville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville City School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Roseville City School District's basic financial statements, and have issued our report thereon dated January 24, 2022.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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


Crowe LLP

Sacramento, California
January 24, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY UNIFORM GUIDANCE

Board of Education
Roseville City School District
Roseville, California

Report on Compliance for Each Major Federal Program

We have audited Roseville City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Roseville City School District's major federal programs for the year ended June 30, 2021. Roseville City School District's major federal program is 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 Roseville City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roseville City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

Management of Roseville City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roseville City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Roseville City School District's internal control over compliance.

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

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

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


Crowe LLP

Sacramento, California
January 24, 2022

FINDINGS AND RECOMMENDATIONS

ROSEVILLE CITY SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

FEDERAL AWARDS

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None reported
Type of auditors' report issued on compliance for 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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA: Title I, Part A, Basic Grant Low-Income & Neglected
84.425,84.425C,84.425D	COVID-19: Education Stabilization Fund (ESF) Programs
21.019	Coronavirus Relief Fund (CRF) - COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ X _____ Yes _____ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Qualified
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(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2021-001 DEFICIENCY - KINDERGARTEN CONTINUATION (40000)

Criteria

Education Code Section 46300 "...(g) (1) In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten or pupils in a transitional kindergarten program after they have completed one year in that program if one of the following conditions is met: (A) The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year." (B) The pupils participated in a transitional kindergarten program pursuant to subdivision (c) of Section 48000.

Condition

For one student who returned to Kindergarten after the 2020-21 school year commenced, an agreement was not obtained.

Effect

The District is out of compliance with state requirements.

Cause

The District did not obtain an agreement.

Fiscal Impact

Not applicable.

Recommendation

The District should ensure an agreement is maintained for each kindergarten pupil continuing in kindergarten for more than one year.

Views of Responsible Officials

The District will ensure an agreement is maintained and completed for each pupil continuing in kindergarten from more than one year.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

ROSEVILLE CITY SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021

No matters were reported.