

**ROSEVILLE CITY SCHOOL DISTRICT
COUNTY OF PLACER
ROSEVILLE, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2019

ROSEVILLE CITY SCHOOL DISTRICT

JUNE 30, 2019

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ROSEVILLE CITY SCHOOL DISTRICT

JUNE 30, 2019

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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 the Roseville City School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Roseville City School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roseville City School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Concluded)

Other Information (Concluded)

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 December 13, 2019 on our consideration of Roseville 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 solely 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.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

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, 2019. 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 16 and 17, 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 18 through 21, 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 decreasing only \$766,348 or 0.5% during 2018-19.
- Capital assets, net of depreciation, decreased \$3,536,300 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.
- 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 five years long-term debt has decreased by \$27,156,416 excluding the net pension liability (GASB 68), other post-employment benefits (GASB 75), and deferred obligation.
- The District's average daily attendance (ADA) increased by 477 ADA in fiscal year 2018-19.
- 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 2018-19, General Fund expenditures and other financing uses totaled \$117,234,091. At June 30, 2019, the District has available reserves of \$15,643,331 in the General Fund, which represents a reserve of 13.3%.
- The District maintains committed fund balances constrained to specific purposes by a majority vote of the Board. At June 30, 2019 the District had \$6,561,877 in committed funds for the following purposes: (1) maintenance \$441,164; (2) curriculum adoption \$4,500,000; (3) new school start-up \$450,000; (4) technology replacement \$401,463; (5) Wi-Fi upgrades \$400,000; (6) safety measures \$219,250; (7) musical instruments \$150,000.

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

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 position (net position) can be measured by taking the difference between the District's assets and liabilities.

- 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.

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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 major governmental funds of the Roseville City School District are the General Fund and Developer Fees 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 and student activity funds. 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.

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position decreased from \$155,292,892 at June 30, 2018 to \$154,526,544 at June 30, 2019, or 0.5%.

<u>Comparative Statement of Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2019</u>
<u>Assets</u>		
Deposits and Investments	\$ 55,694,844	\$ 61,251,911
Receivables	5,511,683	7,903,175
Stores Inventory	45,380	53,093
Prepaid Expenses	282,898	295,060
Capital Assets, net	<u>221,843,563</u>	<u>218,307,263</u>
Total Assets	<u>283,378,368</u>	<u>287,810,502</u>
<u>Deferred Outflows of Resources</u>		
OPEB Deferrals	386,572	317,179
Pension Deferrals	34,648,290	37,245,138
Bond Refunding	700,657	631,170
Payments to Developers	<u>8,660,843</u>	<u>1,946,244</u>
Total Deferred Outflows of Resources	<u>44,396,362</u>	<u>40,139,731</u>
<u>Liabilities</u>		
Current	11,272,267	11,472,392
Long-Term	<u>157,181,720</u>	<u>156,908,160</u>
Total Liabilities	<u>168,453,987</u>	<u>168,380,552</u>
<u>Deferred Inflows of Resources</u>		
OPEB Deferrals		228,009
Pension Deferrals	<u>4,027,851</u>	<u>4,815,128</u>
Total Deferred Outflows of Resources	<u>4,027,851</u>	<u>5,043,137</u>
<u>Net Position</u>		
Net Investment in Capital Assets	198,950,634	197,687,473
Restricted for Capital Projects	24,943,831	27,400,930
Restricted for Debt Service (Deficit)	(3,445,896)	(3,354,561)
Restricted for Educational Programs	4,214,367	4,707,954
Restricted for Other Purposes	2,333,325	2,445,843
Unrestricted (Deficit)	<u>(71,703,369)</u>	<u>(74,361,095)</u>
Total Net Position	<u>\$ 155,292,892</u>	<u>\$ 154,526,544</u>

Table includes financial data of the combined governmental funds

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The deficit balance presented above for Restricted for Debt Service primarily reflects that the obligation for accumulated accreted interest on the District's outstanding capital appreciation bonds currently exceeds the amount available in the Bond Interest and Redemption Fund. The deficit will be eliminated by future property tax collections.

The deficit Unrestricted balance presented above is primarily due to the fact that the District is now 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.

<u>Comparative Statement of Changes in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2019</u>
<u>Program Revenues</u>		
Charges for Services	\$ 2,126,717	\$ 2,243,315
Operating Grants and Contributions	20,216,816	26,171,448
<u>General Revenues</u>		
Taxes Levied	44,035,426	47,745,066
Federal and State Aid	47,303,203	54,174,539
Interest and Investment Earnings	380,108	481,401
Miscellaneous	24,159,348	4,683,438
Total Revenues	<u>138,221,618</u>	<u>135,499,207</u>
<u>Expenses</u>		
Instruction	80,890,069	90,860,368
Instruction-Related Services	8,775,562	10,178,549
Pupil Services	13,590,972	15,321,119
General Administration	4,859,296	6,003,243
Plant Services	10,659,024	10,522,518
Ancillary Services	135,246	144,378
Interest on Long-Term Debt	1,495,513	1,327,556
Other Outgo	1,633,112	1,907,824
Total Expenses	<u>122,038,794</u>	<u>136,265,555</u>
Changes in Net Position	<u>\$ 16,182,824</u>	<u>\$ (766,348)</u>

Table includes financial data of the combined governmental funds

**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Overall 2018-19 revenues decreased \$2,722,441 (2.0%) compared to 2017-18 primarily due to the following:

- \$9,827,705 increase in local control funding formula revenues
- \$440,429 increase in Mandated Cost revenues
- \$210,383 increase in Lottery revenues
- \$486,373 increase in Other State revenues
- \$5,016,022 increase in STRS and PERS on-behalf pension contributions
- \$328,489 increase in Food Service revenues
- \$19,798,925 decrease in developer fees due to timing differences related to the capitalization of Orchard Ranch Elementary School in the amount of \$25,384,367 in fiscal year 2017-18

Total program expenses increased \$14,226,761 (11.7%) during fiscal year 2018-19 mainly due to the following:

- Salary and benefits increased by \$7,002,980 primarily due to salary settlements, step and column movement, and growth. In addition, contributions to the Public Employees Retirement System and State Teacher's Retirement System continue to increase.
- \$5,016,022 increase in government-wide pension expense required by Governmental Accounting Standards Board Statement 68.
- \$266,418 increase in Special Education Contracted Services and Sub-agreements for Services
- \$289,732 increase in tuition payments to Placer County Office of Education for Special Education services.

**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**
(PREPARED BY DISTRICT MANAGEMENT)

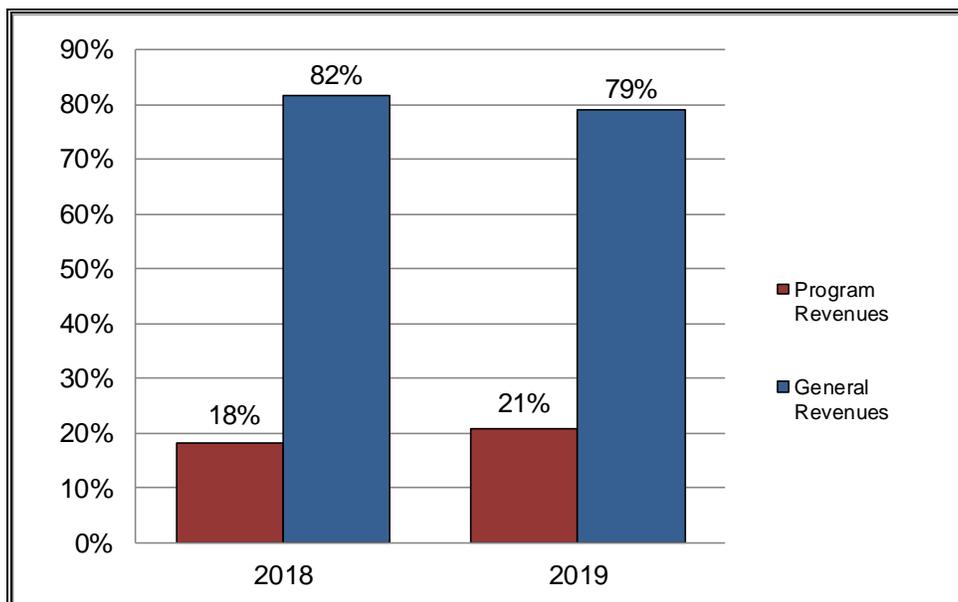
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The table below presents the cost of major District activities. The table also shows each activity's cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$107,850,792 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed below. Further detail is available on page 17 of this report.

	Total Cost of Services		Net Cost of Services	
	2018	2019	2018	2019
Instruction	\$ 80,890,069	\$ 90,860,368	\$ 70,667,780	\$ 75,178,053
Instruction-Related Services	8,775,562	10,178,549	8,231,759	9,132,995
Pupil Services	13,590,972	15,321,119	5,811,455	6,973,183
General Administration	4,859,296	6,003,243	4,474,041	5,319,799
Plant Services	10,659,024	10,522,518	7,941,438	8,661,246
Ancillary Services	135,246	144,378	128,762	133,057
Interest on Long-Term Debt	1,495,513	1,327,556	1,495,513	1,327,556
Other Outgo	1,633,112	1,907,824	944,513	1,124,903
Totals	\$ 122,038,794	\$ 136,265,555	\$ 99,695,261	\$ 107,850,792

Table includes financial data of the combined governmental funds

In 2018-19, program revenues financed 21% of the total cost of providing the services listed above, while the remaining 79% was funded by the general revenues of the District.

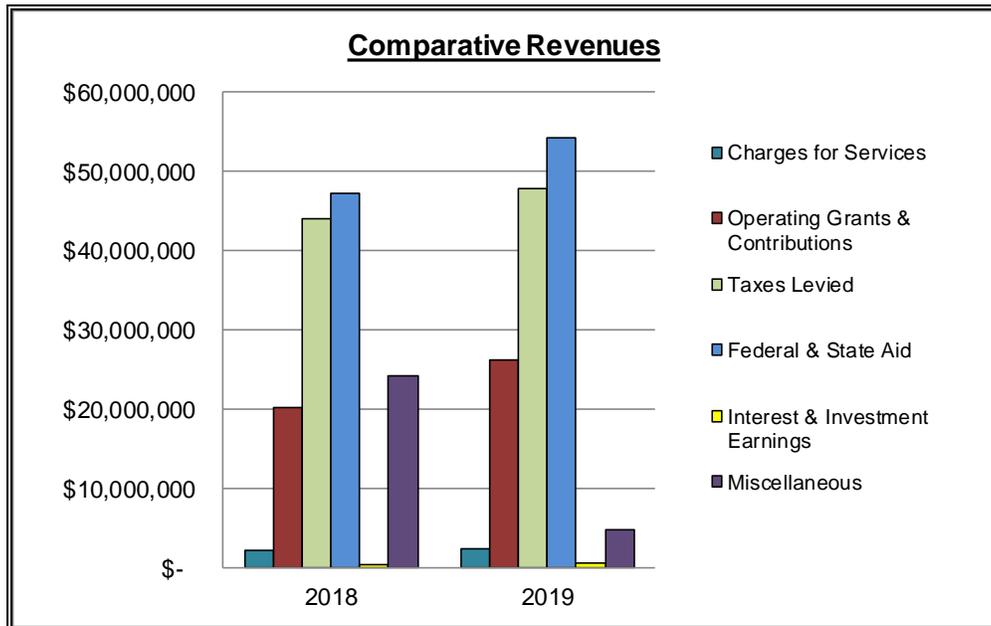


**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

<u>Schedule of Revenues For Governmental Functions</u>				
	FYE 2018 Amount	Percent of Total	FYE 2019 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 2,126,717	1.54%	\$ 2,243,315	1.66%
Operating Grants & Contributions	20,216,816	14.63%	26,171,448	19.31%
<u>General Revenues</u>				
Taxes Levied	44,035,426	31.86%	47,745,066	35.24%
Federal & State Aid	47,303,203	34.22%	54,174,539	39.98%
Interest & Investment Earnings	380,108	0.27%	481,401	0.36%
Miscellaneous	24,159,348	17.48%	4,683,438	3.46%
Total Revenues	\$ 138,221,618	100.00%	\$ 135,499,207	100.00%

Table includes financial data of the combined governmental funds



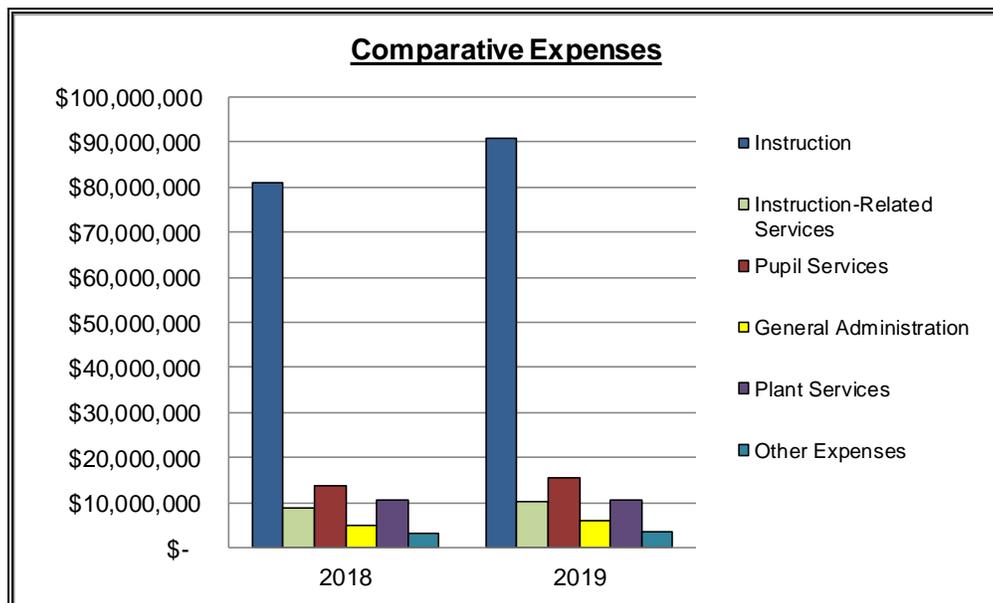
**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Expenses For Governmental Functions

<u>Expenses</u>	<u>FYE 2018 Amount</u>	<u>Percent of Total</u>	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 80,890,069	66.28%	\$ 90,860,368	66.68%
Instruction-Related Services	8,775,562	7.19%	10,178,549	7.47%
Pupil Services	13,590,972	11.14%	15,321,119	11.24%
General Administration	4,859,296	3.98%	6,003,243	4.41%
Plant Services	10,659,024	8.73%	10,522,518	7.72%
Other Expenses	3,263,871	2.67%	3,379,758	2.48%
Total Expenses	\$ 122,038,794	100.00%	\$ 136,265,555	100.00%

Table includes financial data of the combined governmental funds



ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2018	2019
Land	\$ 44,033,576	\$ 44,033,576
Construction-in-Progress	3,036,154	1,747,381
Sites and Improvements	20,079,457	20,079,457
Buildings and Improvements	226,184,627	229,252,047
Furniture and Equipment	3,477,153	3,783,824
Subtotals	296,810,967	298,896,285
Less: Accumulated Depreciation	(74,967,404)	(80,589,022)
Capital Assets, net	<u>\$ 221,843,563</u>	<u>\$ 218,307,263</u>

Capital assets, net of depreciation, decreased by \$3,536,300 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	Governmental Activities	
	2018	2019
Compensated Absences	\$ 206,186	\$ 218,174
General Obligation Bonds	23,458,351	22,102,082
Certificates of Participation	6,770,000	5,730,000
Capital Leases	325,578	338,960
Early Retirement Incentives	1,804,232	1,365,743
Deferred Obligation	8,660,843	1,946,244
Total OPEB Liability	9,952,625	10,455,507
Totals Before GASB 68	51,177,815	42,156,710
Net Pension Liabilities	109,799,168	118,626,100
Totals	<u>\$ 160,976,983</u>	<u>\$ 160,782,810</u>

The general obligation bonds are financed by the local taxpayers through voter-approved elections and represent 13.7% of the District's long-term liabilities. The liability for the certificates of participation represents 3.6% of the District's long-term liabilities and will be paid by developer fees. The deferred obligation represents 1.2% of the District's long-term liabilities; the amount will be financed by future developer fee revenues. The remaining portion of long-term liabilities, which will be paid primarily from the General Fund, consists of computer leases, early retirement incentive payments, the value of the vacation earned, but not taken as of June 30, 2019, the GASB 75 total OPEB liability and the GASB 68 net pension liabilities. The District has continued to meet the debt service requirements of all its long-term debt.

**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

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 DISTRICT'S FUNDS

<u>Comparative Schedule of Fund Balances</u>			
	<u>Fund Balances June 30, 2018</u>	<u>Fund Balances June 30, 2019</u>	<u>Increase (Decrease)</u>
General	\$ 23,884,674	\$ 29,137,223	\$ 5,252,549
Developer Fees	24,943,831	27,400,930	2,457,099
Cafeteria	2,040,427	2,140,783	100,356
Bond Interest & Redemption	3,460,900	3,482,248	21,348
Totals	<u>\$ 54,329,832</u>	<u>\$ 62,161,184</u>	<u>\$ 7,831,352</u>

The combined fund balances of all governmental funds increased by \$7,831,352 primarily due to: (1) one-time construction project carryover and restricted instructional lottery balances being carried over for future textbook adoptions; (2) developer fees collected exceeding expenditures and transfers out.

GENERAL FUND 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 63 includes only new revenues for 2018-19.

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 2020-21.

**ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)

- The West Roseville Specific Plan Area continues to grow. The District currently has four schools in the area, Junction Elementary School, Barbara Chilton Middle School, Fiddymont Farm Elementary School, and Orchard Ranch Elementary School. Riego Creek Elementary School is scheduled to open in August 2020.
- The District's enrollment continues to increase as shown below:
 - + 2015-16 increase 354
 - + 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 \$26.7 million, more than double the cost in 2011-12.

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 Dennis Snelling, Associate Superintendent of Business Services, Roseville City School District, 1050 Main Street, Roseville, CA 95678.

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ 61,251,911
Receivables (Note 3)	7,903,175
Stores Inventory (Note 1H)	53,093
Prepaid Expenses (Note 1H)	295,060
Capital Assets, Not Depreciated (Note 5)	45,780,957
Capital Assets, Net of Accumulated Depreciation	172,526,306
Total Assets	287,810,502
<u>Deferred Outflows of Resources</u>	
OPEB Deferrals (Note 11)	317,179
Pension Deferrals (Note 12)	37,245,138
Bond Refunding (Note 1H)	631,170
Payments to Developers (Note 1H)	1,946,244
Total Deferred Outflows of Resources	40,139,731
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	7,195,745
Accrued Interest Payable	255,687
Unearned Revenue (Note 1H)	146,310
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	218,174
General Obligation Bonds	2,065,998
Certificates of Participation	1,075,000
Capital Leases	163,607
Early Retirement Incentives	351,871
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 6)	20,036,084
Certificates of Participation (Note 7)	4,655,000
Capital Leases (Note 8)	175,353
Early Retirement Incentives (Note 9)	1,013,872
Deferred Obligation (Note 10)	1,946,244
Total OPEB Liability (Note 11)	10,455,507
Net Pension Liabilities (Note 12)	118,626,100
Total Liabilities	168,380,552
<u>Deferred Inflows of Resources</u>	
OPEB Deferrals (Note 11)	228,009
Pension Deferrals (Note 12)	4,815,128
Total Deferred Inflows of Resources	5,043,137
<u>Net Position</u>	
Net Investment in Capital Assets	197,687,473
Restricted:	
For Capital Projects	27,400,930
For Debt Service (Deficit)	(3,354,561)
For Educational Programs	4,707,954
For Other Purposes	2,445,843
Unrestricted (Deficit)	(74,361,095)
Total Net Position	\$ 154,526,544

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities</u>				
Instruction	\$ 90,860,368		\$ 15,682,315	\$ (75,178,053)
Instruction-Related Services:				
Supervision of Instruction	1,610,361		315,495	(1,294,866)
Instructional Library and Technology	830,243		51,614	(778,629)
School Site Administration	7,737,945		678,445	(7,059,500)
Pupil Services:				
Home-to-School Transportation	2,073,488		51,731	(2,021,757)
Food Services	6,288,422	\$ 2,078,210	3,929,941	(280,271)
Other Pupil Services	6,959,209		2,288,054	(4,671,155)
General Administration:				
Data Processing Services	1,658,166		47,741	(1,610,425)
Other General Administration	4,345,077	105,884	529,819	(3,709,374)
Plant Services	10,522,518	59,221	1,802,051	(8,661,246)
Ancillary Services	144,378		11,321	(133,057)
Interest on Long-Term Debt	1,327,556			(1,327,556)
Other Outgo	1,907,824		782,921	(1,124,903)
Total Governmental Activities	<u>\$ 136,265,555</u>	<u>\$ 2,243,315</u>	<u>\$ 26,171,448</u>	<u>\$ 0</u>
<u>General Revenues</u>				
Taxes Levied for General Purposes				45,051,993
Taxes Levied for Debt Service				2,249,959
Taxes Levied for Specific Purposes				443,114
Federal and State Aid - Unrestricted				54,174,539
Interest and Investment Earnings				481,401
Miscellaneous				4,683,438
Total General Revenues				<u>107,084,444</u>
Change in Net Position				(766,348)
Net Position - July 1, 2018				<u>155,292,892</u>
Net Position - June 30, 2019				<u>\$ 154,526,544</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSEVILLE CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>General</u>	<u>Developer Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets and Deferred Outflows of Resources</u>				
<i>Assets :</i>				
Deposits and Investments (Note 2)	\$ 28,093,468	\$ 27,888,905	\$ 5,269,538	\$ 61,251,911
Receivables (Note 3)	7,032,349	77,633	793,193	7,903,175
Due from Other Funds (Note 4)	293,901			293,901
Stores Inventory (Note 1H)			53,093	53,093
Prepaid Expenditures (Note 1H)	295,060			295,060
Total Assets	35,714,778	27,966,538	6,115,824	69,797,140
<i>Deferred Outflows of Resources :</i>				
Payments to Developers (Note 1H)		1,946,244		1,946,244
Total Assets and Deferred Outflows of Resources	\$ 35,714,778	\$ 29,912,782	\$ 6,115,824	\$ 71,743,384
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<i>Liabilities :</i>				
Accounts Payable	\$ 6,573,235	\$ 565,608	\$ 56,902	\$ 7,195,745
Due to Other Funds (Note 4)			293,901	293,901
Unearned Revenue (Note 1H)	4,320		141,990	146,310
Total Liabilities	6,577,555	565,608	492,793	7,635,956
<i>Deferred Inflows of Resources :</i>				
Unavailable Revenues (Note 1H)	0	1,946,244	0	1,946,244
<i>Fund Balances : (Note 15)</i>				
Nonspendable	305,060		53,093	358,153
Restricted	4,707,954	27,400,930	5,569,938	37,678,822
Committed	6,561,877			6,561,877
Assigned	1,919,001			1,919,001
Unassigned	15,643,331			15,643,331
Total Fund Balances	29,137,223	27,400,930	5,623,031	62,161,184
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,714,778	\$ 29,912,782	\$ 6,115,824	\$ 71,743,384

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Fund Balances - Governmental Funds \$ 62,161,184

Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital Assets	\$ 298,896,285	
Accumulated Depreciation	(80,589,022)	
Net		218,307,263

Deferred outflows and inflows of resources related to other post employment benefits (OPEB) In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Net deferred outflows and inflows of resources related to OPEB are:

89,170

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions 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 are reported. Net deferred outflows and inflows of resources relating to pensions are:

32,430,010

Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, are:

631,170

Deferred recognition of earned but unavailable revenues: In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred as a liability in governmental funds, but are recognized in the government-wide statements is:

1,946,244

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated Absences	\$ 218,174	
General Obligation Bonds	22,102,082	
Certificates of Participation	5,730,000	
Capital Leases	338,960	
Early Retirement Incentives	1,365,743	
Deferred Obligation	1,946,244	
Total OPEB Liability	10,455,507	
Net Pension Liabilities	118,626,100	
Total		(160,782,810)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owed at the end of the period was:

(255,687)

Total Net Position - Governmental Activities \$ 154,526,544

**ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Developer Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 49,805,507			\$ 49,805,507
Local Taxes	45,044,456			45,044,456
Total LCFF Sources	94,849,963			94,849,963
Federal Revenue	4,237,833		\$ 3,741,089	7,978,922
State Revenue	16,016,482		352,286	16,368,768
Local Revenue	7,146,636	\$ 11,237,285	4,632,232	23,016,153
Total Revenues	<u>122,250,914</u>	<u>11,237,285</u>	<u>8,725,607</u>	<u>142,213,806</u>
<u>Expenditures</u>				
Current:				
Instruction	80,481,119			80,481,119
Supervision of Instruction	1,519,772			1,519,772
Instructional Library and Technology	726,268			726,268
School Site Administration	7,137,535			7,137,535
Home-To-School Transportation	1,964,508			1,964,508
Food Services			5,869,748	5,869,748
Other Pupil Services	6,538,752			6,538,752
Data Processing Services	1,481,363			1,481,363
Other General Administration	3,532,740		293,901	3,826,641
Plant Services	9,485,336	93,882	95,104	9,674,322
Facilities Acquisition and Construction	1,509,846	725,455	69,275	2,304,576
Ancillary Services	139,638			139,638
Other Outgo	1,907,824			1,907,824
Debt Service:				
Principal Retirement	660,833	7,754,599	1,825,000	10,240,432
Interest and Issuance Costs	148,557	206,250	450,875	805,682
Total Expenditures	<u>117,234,091</u>	<u>8,780,186</u>	<u>8,603,903</u>	<u>134,618,180</u>
Excess of Revenues				
Over Expenditures	5,016,823	2,457,099	121,704	7,595,626
<u>Other Financing Sources</u>				
Other Sources	235,726			235,726
Net Change in Fund Balances	5,252,549	2,457,099	121,704	7,831,352
Fund Balances - July 1, 2018	<u>23,884,674</u>	<u>24,943,831</u>	<u>5,501,327</u>	<u>54,329,832</u>
Fund Balances - June 30, 2019	<u>\$ 29,137,223</u>	<u>\$ 27,400,930</u>	<u>\$ 5,623,031</u>	<u>\$ 62,161,184</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Governmental Funds \$ 7,831,352

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlay Expenditures	\$ 2,304,577	
Depreciation Expense	<u>(5,840,877)</u>	
Net		(3,536,300)

Earned but unavailable revenues: In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In government-wide statements, revenue is recognized when earned regardless of availability. The amount of earned but unavailable revenues relating to the current period, less revenues that became available in the current period, but related to a prior period is: (6,714,599)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 10,240,432

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premiums or discounts, were: (235,726)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (578,385)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (11,988)

Other post employment benefits (OPEB): In governmental funds, OPEB expenditures are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (800,284)

Pensions: 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: (7,017,361)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are: 56,511

Change in Net Position of Governmental Activities \$ (766,348)

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Private-Purpose Trust</u>		<u>Total Fiduciary Funds</u>
	<u>Scholarship Funds</u>	<u>Agency Funds</u>	
<u>Assets</u>			
Deposits and Investments (Note 2)	\$ 57,208	\$ 263,941	\$ 321,149
Receivables - Interest	25		25
Total Assets	<u>57,233</u>	<u>263,941</u>	<u>321,174</u>
<u>Liabilities</u>			
Accounts Payable		11,713	11,713
Due to Student Groups		252,228	252,228
Total Liabilities	<u>0</u>	<u>263,941</u>	<u>263,941</u>
<u>Net Position</u>			
Restricted	<u>57,233</u>	<u>0</u>	<u>57,233</u>
Total Net Position	<u>\$ 57,233</u>	<u>\$ 0</u>	<u>\$ 57,233</u>

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust
	Scholarship Funds
<u>Additions</u>	
Interest	\$ 435
<u>Deductions</u>	
Books and Supplies	5,000
Change in Net Position	(4,565)
<u>Net Position</u>	
Net Position - July 1, 2018	61,798
Net Position - June 30, 2019	\$ 57,233

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Roseville City School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Education elected by registered voters of the District, which comprises an area in Placer County. The District was established in 1869 and serves students in kindergarten through eighth grade.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

Component Units are legally separate organizations for which elected officials of the primary government (District) are financially accountable. The District is financially accountable for the Roseville City Schools Public Financing Corporation (the "Corporation") and therefore the Corporation meets the reporting entity definition. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation that satisfy the financial reporting entity criteria:

- The Corporation's Board of Directors was appointed by the District's Board of Education.
- The Corporation has no employees. The District's Superintendent and the Assistant Superintendent - Business Services function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation as the District will always be the sole lessee of all facilities owned by the Corporation.
- All major financing arrangements, contracts, and financial transactions of the Corporation must have the consent of the District.
- Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
- The District's lease payments will be the sole revenue source of the Corporation.
- The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

The Corporation is a nonprofit, public benefit corporation, incorporated under the laws of the State of California and recorded by the Secretary of State in January 1990. The Corporation was formed for the sole purpose of providing financial assistance to the District for construction and acquisition of major capital facilities. When the Corporation's Certificates of Participation have been paid with State reimbursements and the District's developer fees, title to all Corporation property will pass to the District for no additional consideration.

The Corporation's financial activity is blended with the District's financial data and is presented in the Developer Fees Fund. Certificates of Participation issued by the Corporation are reported as a liability in the Statement of Net Position.

Governmental Accounting Standards Board Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if specific criteria are met. The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements:

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

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

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

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

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

The District's funds are organized into major, non-major and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District.

The *Developer Fees Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Non-major Governmental Funds:

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

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

Fiduciary Funds:

Expendable Trust Funds are used to account for assets held by the District as trustee. The District maintains two expendable private-purpose trust funds, collectively the Scholarship Fund, to provide scholarships or financial aid to benefit the students of the District.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the eleven (11) student body accounts. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1.

A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 63.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Concluded)

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

2. Stores Inventory and Prepaid Expenses/Expenditures

Inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventory is valued at average cost and consists of expendable supplies held for consumption.

Prepaid expenses/expenditures represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

Reported inventory and prepaid expense/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost, and capital improvement, acquisition, or construction with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Site and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

4. Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources amount in the Developer Fees Fund represents deferred payments to Developers for reimbursable costs related to the construction of Orchard Ranch Elementary School.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Deferred Outflows/Inflows of Resources (Concluded)

In addition to liabilities, the District will sometimes report 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 and so will not be recognized as an inflow of resources until that time. The deferred inflows of resources amount in the Developer Fees Fund represents fees from mitigation agreements that will be collected in the future in an amount necessary to satisfy the deferred obligation related to Orchard Ranch Elementary School. This revenue is accrued under the accrual basis of accounting, but is deferred until it is available under the modified accrual basis of accounting.

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures. Unearned revenue in the Cafeteria Fund represents the balances of prepaid meal accounts unused at June 30, 2019.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense 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 when the employee retires.

7. Other Post Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

8. 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) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts as well as refunding costs are deferred and amortized over the life of the obligation, when applicable. Liabilities are reported net of applicable premiums, discounts or refunding costs.

In the fund financial statements, governmental funds recognize premiums and discounts as well as issuance and refunding costs, when the debt is issued. The face amount of the debt issued, premiums, discounts, issuance and refunding costs are reported as other financing sources or uses.

10. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The five classifications in governmental fund financial statements are as follows:

Nonspendable Fund Balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts constrained to specific purposes by their providers or by law.

Committed Fund Balance includes amounts constrained to specific purposes by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

Assigned Fund Balance includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. The Board delegates authority to assign funds to the assigned fund balance to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent may further delegate the authority to assign funds at his/her discretion.

Unassigned Fund Balance includes amounts that are available for any purpose.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Fund Balances (Concluded)

The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the District against unforeseen circumstances. If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

The District budget shall include a minimum reserve balance plus an additional two percent for economic uncertainties that is consistent with the percentage or amount specified in 5 CCR 15450. This additional two percent will be budgeted unless waived by the Board as part of the budget adoption guidelines.

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

11. Local Control Funding Formula (LCFF)/Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of state aid and local property taxes.

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks	\$ 200	\$ 306,304
Cash in Revolving Funds	10,000	
County Pool Investments	<u>61,241,711</u>	<u>14,845</u>
Totals	<u>\$ 61,251,911</u>	<u>\$ 321,149</u>

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Funds

Cash in revolving funds consist of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

County Pool Investments

County pool investments consist of District cash held by the Placer County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the following schedule:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization (Concluded)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Placer County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 61,241,711	\$ 61,517,593	897

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 14,845	\$ 14,912	897

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

The District's fair value measurements are as follows at June 30, 2019:

Governmental Activities:

Investment Type	Fair Value	Uncategorized
County Pool Investments	\$ 61,517,593	\$ 61,517,593

Fiduciary Activities:

Investment Type	Fair Value	Uncategorized
County Pool Investments	\$ 14,912	\$ 14,912

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2019 consist of the following:

	General Fund	Developer Fees Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 2,860,239		\$ 719,176	\$ 3,579,415
State Government	1,286,123		49,392	1,335,515
Local Governments	2,421,118			2,421,118
Interest	42,429	\$ 46,453	8,222	97,104
Miscellaneous	422,440	31,180	16,403	470,023
Totals	\$ 7,032,349	\$ 77,633	\$ 793,193	\$ 7,903,175

NOTE 4 - INTERFUND ACTIVITIES

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

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2019 are as follows:

Cafeteria Fund due to General Fund for indirect costs charged
to cafeteria programs \$ 293,901

All interfund receivables and payables are scheduled to be paid within one year.

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no interfund transfers in fiscal year 2018-19.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, is shown below:

	<u>Balances</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2019</u>
Capital Assets Not Being Depreciated:				
Land	\$ 44,033,576			\$ 44,033,576
Construction-in-Progress	3,036,154	\$ 1,778,646	\$ 3,067,419	1,747,381
Total Capital Assets Not Being Depreciated	<u>47,069,730</u>	<u>1,778,646</u>	<u>3,067,419</u>	<u>45,780,957</u>
Capital Assets Being Depreciated:				
Sites and Improvements	20,079,457			20,079,457
Buildings and Improvements	226,184,627	3,067,420		229,252,047
Furniture and Equipment	3,477,153	525,930	219,259	3,783,824
Total Capital Assets Being Depreciated	<u>249,741,237</u>	<u>3,593,350</u>	<u>219,259</u>	<u>253,115,328</u>
Less Accumulated Depreciation:				
Sites and Improvements	8,576,008	1,003,970		9,579,978
Buildings and Improvements	64,076,800	4,627,508		68,704,308
Furniture and Equipment	2,314,596	209,399	219,259	2,304,736
Total Accumulated Depreciation	<u>74,967,404</u>	<u>5,840,877</u>	<u>219,259</u>	<u>80,589,022</u>
Total Capital Assets Being Depreciated, Net	<u>174,773,833</u>	<u>(2,247,527)</u>	<u>0</u>	<u>172,526,306</u>
Capital Assets, Net	<u>\$ 221,843,563</u>	<u>\$ (468,881)</u>	<u>\$ 3,067,419</u>	<u>\$ 218,307,263</u>

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 5,367,524
Instruction-Related Services	2,317
Pupil Services	198,363
General Administration	232,179
Plant Services	40,494
Total	\$ 5,840,877

NOTE 6 - 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, as \$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 Roseville City School 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 general obligation bonds are secured by the full faith and credit of the District. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Placer County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District. The District's outstanding general obligation debt, excluding \$1,133,664 of unamortized bond premiums, as of June 30, 2019 is as follows:

A. Current Interest Bonds

Year of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2018	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2019
2012	3.00-5.00	8/1/28	\$ 17,075,000	\$ 10,305,000	\$ 0	\$ 625,000	\$ 9,680,000

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30	Principal	Interest	Totals
2020	\$ 675,000	\$ 428,125	\$ 1,103,125
2021	710,000	398,562	1,108,562
2022	775,000	361,437	1,136,437
2023	860,000	320,563	1,180,563
2024	925,000	275,938	1,200,938
2025-2029	5,735,000	674,969	6,409,969
Totals	\$ 9,680,000	\$ 2,459,594	\$ 12,139,594

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds

Year of Issue	Accretion Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2018	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2019
2003	5.11-5.58	8/1/27	<u>\$ 5,258,924</u>	<u>\$ 11,893,689</u>	<u>\$ 594,729</u>	<u>\$ 1,200,000</u>	<u>\$ 11,288,418</u>

The outstanding obligation for the 2002 Series A capital appreciation bonds is as follows:

Year Ended June 30	Accretion Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2020	5.19	\$ 545,860	\$ 713,434	\$ 1,259,294
2021	5.27	539,927	721,597	1,261,524
2022	5.35	531,750	726,579	1,258,329
2023	5.43	525,126	733,425	1,258,551
2024	5.48	519,361	735,311	1,254,672
2025-2029	5.52-5.58	2,045,272	2,950,776	4,996,048
Totals		<u>\$ 4,707,296</u>	<u>\$ 6,581,122</u>	<u>\$ 11,288,418</u>

The annual requirements to amortize the 2002 Series A capital appreciation bonds at June 30, 2019, are as follows:

Year Ended June 30	Principal	Interest	Totals
2020	\$ 545,860	\$ 719,140	\$ 1,265,000
2021	539,927	795,073	1,335,000
2022	531,750	873,250	1,405,000
2023	525,126	959,874	1,485,000
2024	519,361	1,045,639	1,565,000
2025-2029	2,045,272	5,134,728	7,180,000
Totals	<u>\$ 4,707,296</u>	<u>\$ 9,527,704</u>	<u>\$ 14,235,000</u>

NOTE 7 - CERTIFICATES OF PARTICIPATION

On January 25, 2012, the Roseville City School 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.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7 - CERTIFICATES OF PARTICIPATION (CONCLUDED)

At June 30, 2019, the outstanding principal balance for the certificates of participation was \$5,730,000. The certificates of participation mature through fiscal year 2023-24 as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 1,075,000	\$ 171,352	\$ 1,246,352
2021	1,105,000	135,383	1,240,383
2022	1,145,000	98,257	1,243,257
2023	1,185,000	59,813	1,244,813
2024	1,220,000	20,130	1,240,130
Totals	<u>\$ 5,730,000</u>	<u>\$ 484,935</u>	<u>\$ 6,214,935</u>

NOTE 8 - 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.

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

<u>Year Ended June 30</u>	<u>Lease Payments</u>
2020	\$ 175,264
2021	121,787
2022	62,760
Total payments	359,811
Less amounts representing interest	<u>(20,851)</u>
Present value of net minimum lease payments	<u>\$ 338,960</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for the leased computer equipment.

NOTE 9 - EARLY RETIREMENT INCENTIVES

In addition to the pension benefits described in Note 12, 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.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - EARLY RETIREMENT INCENTIVES (CONCLUDED)

The future payments under these early retirement incentive agreements will be made through fiscal year 2024-25 as follows:

Year Ended June 30	STRS Golden Handshakes
2020	\$ 457,750
2021	354,814
2022	333,361
2023	311,910
2024	144,400
2025-2029	58,683
Total payments	1,660,918
Less amount representing interest	(295,175)
Total principal payments	\$ 1,365,743

NOTE 10 - DEFERRED OBLIGATION

The District entered into a School Construction, Dedication and Reimbursement Agreement effective March 17, 2016 with Roseville Schools, LLC (Developers) to construct a fourth school (Orchard Ranch Elementary School) in the West Roseville Specific Plan Area (WRSP), which opened in August 2017. Site acquisition costs, site development costs and construction costs for the School will be funded by a combination of school impact fees and state reimbursement. The District has established a school impact fee specifically for the project.

Under the terms of the agreement, Roseville Schools, LLC, at its sole cost and expense, subject to its right to reimbursement of the amounts provided in the agreement, constructed and dedicated the School and the District agreed to reimburse Roseville Schools, LLC for costs incurred from available state funding and school impact fees received for the Project. Pursuant to the agreement, in the event available funding for the Project is insufficient to reimburse costs incurred, the unfunded amount shall be treated as an advance to the District and payment deferred until such time as there are sufficient funds in the WRSP account to satisfy the Deferred Obligation.

During fiscal year 2018-19, the District transferred \$6,714,599 to Developers to pay down the Deferred Obligation on Orchard Ranch Elementary School. The remaining \$1,946,244 balance will be transferred to Developers as the District collects mitigation fees in the West Roseville Specific Plan Area.

NOTE 11 - 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.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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, but not beyond age 65
Required Service	15 years	15 years
Minimum Age	55	55
Dependent Coverage	Yes	Yes
District Contribution %	50% at 15 years plus 10% per year to 100% at 20 years	50% at 15 years plus 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.

Employees covered by benefit terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2017 are as follows:

Inactive employees currently receiving benefit payments	50
Inactive employees entitled to but not yet receiving benefit payments *	0
Active employees	<u>754</u>
Total number of participants	<u><u>804</u></u>

* No information was provided about any terminated, vested employees

Total OPEB Liability

The District's total OPEB liability of \$10,455,507 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

Actuarial Assumptions

The total OPEB liability was determined using a financial reporting actuarial valuation as of June 30, 2017, which used the following actuarial methods and assumptions:

Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation	2.75%
Salary Increases	2.75%
Discount Rate	3.8%, net of expenses
Healthcare cost trend rate	4.0% per year with District caps increasing 2.75% per year

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions (Concluded)

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, 2018. The discount rate is based on the Bond Buyer 20 Bond Index.

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% @ 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at Beginning of Year	\$ 9,952,625
Changes for the year:	
Service cost	823,247
Interest on total OPEB liability	385,091
Changes in assumptions or other inputs	(244,899)
Benefit payments ⁽¹⁾	(460,557)
Net change	502,882
Balance at End of Year	\$ 10,455,507

⁽¹⁾ Includes implicit subsidy

There were no changes in benefit terms since the June 30, 2017 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 3.80%, 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 (2.80%) or one percentage point higher (4.80%) than the current rate:

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate (Concluded)

	<u>Discount Rate 1% Decrease</u>	<u>Discount Rate Current Rate</u>	<u>Discount Rate 1% Increase</u>
District's total OPEB liability	\$ 11,204,093	\$ 10,455,507	\$ 9,734,497

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:

	<u>Healthcare Cost Trend Rate 1% Decrease</u>	<u>Healthcare Cost Trend Rate Current Rate</u>	<u>Healthcare Cost Trend Rate 1% Increase</u>
District's total OPEB liability	\$ 9,759,694	\$ 10,455,507	\$ 11,176,373

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$804,876. At June 30, 2019, 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>
District contributions subsequent to the measurement date	\$ 317,179	
Changes of assumptions or other inputs		\$ 228,009
Totals	<u>\$ 317,179</u>	<u>\$ 228,009</u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2020. The amount reported as deferred inflows of resources related to changes of assumptions or other inputs is amortized over the average of expected remaining service lives, which was 14.5 years as of the June 30, 2018 measurement date, and will be recognized in OPEB expense as follows:

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

Year Ended June 30	
2020	\$ (16,890)
2021	(16,890)
2022	(16,890)
2023	(16,890)
2024	(16,890)
Thereafter	(143,559)

NOTE 12 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 90,972,366	\$ 29,161,290	\$ 4,815,128	\$ 21,258,587
CalPERS	27,653,734	8,083,848	0	6,815,565
Totals	<u>\$ 118,626,100</u>	<u>\$ 37,245,138</u>	<u>\$ 4,815,128</u>	<u>\$ 28,074,152</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP.

Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The STRP Defined Benefit Program has two benefit formulas:

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

The Defined Benefit 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 their survivors or beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences 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% of final compensation multiplied by the number of years 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 a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Concluded)

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% of final compensation multiplied by the number of years 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% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: Pursuant to AB 1469, the CalSTRS member contribution rates were as follows: Under CalSTRS 2% at 60, the member contribution rate was 10.25% of applicable member earnings for fiscal year 2018-19. Under CalSTRS 2% at 62, the member contribution rate was 10.205% of applicable member earnings for fiscal year 2018-19.

Employers: Pursuant to AB 1469, the employer contribution rate was 16.28% of applicable member earnings for fiscal year 2018-19. The District contributed \$9,164,379 to the plan for the fiscal year ended June 30, 2019.

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2019 was 5.311%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 9.828% for the fiscal year ended June 30, 2019.

Payable for Benefit Enhancement

The District provides, at their cost, an additional two years of service credit to increase the amount of participating members' monthly retirement benefits. The cost to the District will be paid in installments not to exceed eight years, with interest charged on the unpaid balance at the actuarially assumed rate of return on investments for the Defined Benefit Program. At June 30, 2019, the outstanding balance of these payables to CalSTRS was \$1,365,743 (Note 9).

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, 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 associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 90,972,366
State's proportionate share of the net pension liability associated with the District	<u>52,085,934</u>
Total net pension liability attributed to District	<u><u>\$ 143,058,300</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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 employers and the State. The District's proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017 was as follows:

Proportion - June 30, 2018	0.0990%
Proportion - June 30, 2017	<u>0.0927%</u>
Change - Increase (Decrease)	<u><u>0.0063%</u></u>

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$21,258,587, which includes \$8,303,261 of support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 9,164,379	
Differences between expected and actual experience	264,140	\$ 1,215,695
Changes of assumptions	13,232,235	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,500,536	
Net differences between projected and actual earnings on plan investments		<u>3,599,433</u>
Totals	<u><u>\$ 29,161,290</u></u>	<u><u>\$ 4,815,128</u></u>

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. 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 Ended June 30	
2020	\$ 4,252,052
2021	3,050,930
2022	863,411
2023	2,702,664
2024	3,613,443
2025	699,283

Differences between expected and actual experience, changes of assumptions, and changes in employer's proportion and differences between the employer's contributions and the employer's 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 June 30, 2018. 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.

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, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return ¹	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

¹ Net of investment expenses, but gross of administrative expenses.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Concluded)

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 of 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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash / Liquidity	2%	-1.00%
Total	<u>100%</u>	

* 20-year average

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expenses 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.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 133,263,871	\$ 90,972,366	\$ 55,908,605

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Plan Description, Benefits Provided, and Employees Covered (Concluded)

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 18.062% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2019 was \$2,651,614.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported a liability of \$27,653,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017 was as follows:

Proportion - June 30, 2018	0.1037%
Proportion - June 30, 2017	<u>0.1009%</u>
Change - Increase (Decrease)	<u><u>0.0028%</u></u>

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$6,815,565, which includes \$937,537 of support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 2,651,614	
Differences between expected and actual experience	1,807,858	
Changes of assumptions	2,695,664	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	815,836	
Net differences between projected and actual earnings on plan investments	112,876	
Totals	\$ 8,083,848	\$ 0

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. 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 Ended June 30	
2020	\$ 3,169,955
2021	2,314,390
2022	111,113
2023	(163,224)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's 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 June 30, 2018. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor
on Purchasing Power applies, 2.50% thereafter

The mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 returns of 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.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate (Concluded)

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.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

¹ In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

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%, 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 one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease <u>6.15%</u>	Discount Rate Current Rate <u>7.15%</u>	Discount Rate 1% Increase <u>8.15%</u>
District's proportionate share of the net pension liability	\$ 40,262,514	\$ 27,653,734	\$ 17,192,946

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Social Security or Alternative Plan

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Accumulation Program for Part-Time and Limited-Service employees (APPLE) as its alternative plan. Contributions made by the District and participating employees vest immediately. The District contributed 3.75% of employees' gross earnings from July 2018 through June 2019.

NOTE 13 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2019, is shown below.

	<u>Balances</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2019</u>	<u>Due within</u> <u>One Year</u>
Long-Term Debt:					
General Obligation Bonds:					
Current Interest	\$ 10,305,000		\$ 625,000	\$ 9,680,000	\$ 675,000
Capital Appreciation	11,893,689	\$ 594,729	1,200,000	11,288,418	1,265,000
Bond Premiums	1,259,662		125,998	1,133,664	125,998
Certificates of Participation	6,770,000		1,040,000	5,730,000	1,075,000
Capital Leases	325,578	235,726	222,344	338,960	163,607
Early Retirement Incentives	1,804,232		438,489	1,365,743	351,871
Other Long-Term Liabilities:					
Compensated Absences	206,186	218,174	206,186	218,174	218,174
Deferred Obligation	8,660,843		6,714,599	1,946,244	
Total OPEB Liability	9,952,625	963,439	460,557	10,455,507	
Net Pension Liabilities	109,799,168	8,826,932		118,626,100	
Totals	<u>\$ 160,976,983</u>	<u>\$ 10,839,000</u>	<u>\$ 11,033,173</u>	<u>\$ 160,782,810</u>	<u>\$ 3,874,650</u>

The general obligation bonds are obligations of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The certificates of participation are financed by developer fees. The capital leases, early retirement incentives, compensated absences, and total OPEB liability, are obligations primarily of the General Fund. The deferred obligation will be financed by WRSP developer fees. The net pension liabilities will be funded by contributions made to the pension plans from the General Fund and Cafeteria Fund.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) for K-12 Education. These payments consist of state general fund contributions of \$8,303,261 to CalSTRS and \$937,537 to CalPERS.

NOTE 15 - FUND BALANCES

The fund balances as of June 30, 2019 are as follows:

	General Fund	Developer Fees Fund	Non-Major Governmental Funds	Totals
Nonspendable:				
Revolving Cash	\$ 10,000			\$ 10,000
Stores Inventory			\$ 53,093	53,093
Prepaid Expenditures	295,060			295,060
Total Nonspendable	<u>305,060</u>		<u>53,093</u>	<u>358,153</u>
Restricted:				
Categorical Programs	4,266,147		2,087,690	6,353,837
Local Programs	408,255			408,255
Capital Projects		\$ 27,400,930		27,400,930
Debt Service			3,482,248	3,482,248
Redevelopment	33,552			33,552
Total Restricted	<u>4,707,954</u>	<u>27,400,930</u>	<u>5,569,938</u>	<u>37,678,822</u>
Committed:				
Curriculum Adoption	4,500,000			4,500,000
New School Start Up	450,000			450,000
Maintenance	441,164			441,164
Other Commitments	1,170,713			1,170,713
Total Committed	<u>6,561,877</u>	<u>0</u>	<u>0</u>	<u>6,561,877</u>
Assigned:				
LCFF Supplemental	592,750			592,750
MAA	497,343			497,343
Maintenance	375,899			375,899
Other Assignments	453,009			453,009
Total Assigned	<u>1,919,001</u>	<u>0</u>	<u>0</u>	<u>1,919,001</u>
Unassigned:				
Economic Uncertainties - Required	3,517,023			3,517,023
Economic Uncertainties - District	2,344,682			2,344,682
Other Unassigned	9,781,626			9,781,626
Total Unassigned	<u>15,643,331</u>	<u>0</u>	<u>0</u>	<u>15,643,331</u>
Total Fund Balances	<u><u>\$ 29,137,223</u></u>	<u><u>\$ 27,400,930</u></u>	<u><u>\$ 5,623,031</u></u>	<u><u>\$ 62,161,184</u></u>

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018-19, the District participated in one joint powers authority (JPA) for purposes of pooling risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 17 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements (JPAs); the Schools Insurance Group (SIG) for workers' compensation, property and liability, and health and welfare insurance, and School Project for Utility Rate Reduction (SPURR) for direct purchase of gas, electricity, and other utility services. SPURR also provides advisory services relative to utilities. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in each JPA. The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

C. Construction Commitments

As of June 30, 2019, the District has the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
WB 60 Elementary School - Design & Preconstruction	\$ 1,379,733	2/3/2020

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 18 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

D. School Construction, Dedication, and Reimbursement Agreement

The District entered into a School Construction, Dedication and Reimbursement Agreement effective May 16, 2019 with Roseville Schools, LLC (Developers) to construct a fifth school (Riego Creek Elementary School) in the West Roseville Specific Plan Area (WRSP), which is scheduled to open in August 2020. Site acquisition costs, site development costs and construction costs for the School will be funded by a combination of school impact fees and state reimbursement. The parties intend that, through payment of school impact fees, the Developers shall provide 100% of the District's share of the costs of site acquisition, site development and construction of the school.

Under the terms of the agreement, Roseville Schools, LLC, at its sole cost and expense, subject to its right to reimbursement of the amounts provided in the agreement, shall construct and dedicate the School and the District agrees to reimburse Roseville Schools, LLC for costs incurred from available state funding and school impact fees received for the Project. The District and Developers intend to use the Design-Build project delivery system, with a guaranteed maximum price.

The District has requested that the Developers commence construction of the school prior to the District's receipt of state reimbursement funds and prior to collection of sufficient WRSP revenues to pay all construction costs, therefore, the District agrees to commit up to \$12,500,000 in other proceeds of the District for use by Developers to pay construction costs that exceed the sum of the state reimbursement and WRSP revenues disbursed to Developers for construction costs. Any amount paid by the District to the Developers from other proceeds is considered to be an advance to provide bridge funding until sufficient state funding and WRSP developer fee revenues are received.

In the event available funding for the Project is insufficient to reimburse costs incurred, the unfunded amount shall be treated as an advance to the District and payment deferred until such time as there are sufficient funds in the WRSP account to satisfy the Deferred Obligation. Where two or more Deferred Obligations exist simultaneously, payments shall be made in order incurred, on a first incurred/first paid basis, with payments continuing until all Deferred Obligations are fully satisfied.

NOTE 19 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 13, 2019, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements, except as below.

Capital Lease

On July 1, 2019, the District entered into a capital lease agreement to finance the purchase of \$315,732 of computer equipment. The lease agreement provides for title to pass to the District upon expiration of the lease period. Future minimum lease payments under the agreement require four annual payments of \$84,051 beginning in fiscal year 2019-20.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 19 - SUBSEQUENT EVENTS (CONCLUDED)

Amendment to School Construction, Dedication, and Reimbursement Agreement

On September 12, 2019, the District and Roseville Schools, LLC (Developers) signed the First Amendment to the School Construction, Dedication and Reimbursement Agreement, dated May 16, 2019. The amendment includes additional improvements, including the furnishing of two additional kindergarten classrooms and the completion of building pads for the "Learning Community Three" buildings for an additional cost to the District of \$1,442,500.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 51,237,709	\$ 49,809,469	\$ 49,805,507	\$ (3,962)
Local Sources	40,322,832	44,949,658	45,044,456	94,798
Total LCFF Sources	91,560,541	94,759,127	94,849,963	90,836
Federal Revenue	3,869,838	4,371,331	4,237,833	(133,498)
Other State Revenue	11,275,405	15,993,065	16,016,482	23,417
Other Local Revenue	5,790,805	7,184,892	7,146,636	(38,256)
Total Revenues	112,496,589	122,308,415	122,250,914	(57,501)
<u>Expenditures</u>				
Current:				
Certificated Salaries	55,777,115	57,533,935	57,384,730	149,205
Classified Salaries	13,039,297	13,658,845	13,558,154	100,691
Employee Benefits	23,987,192	29,225,619	28,987,765	237,854
Books and Supplies	3,888,781	5,297,419	4,223,785	1,073,634
Services and Other				
Operating Expenditures	8,515,262	10,107,399	9,198,158	909,241
Capital Outlay	366,660	1,885,301	1,458,186	427,115
Debt Service:				
Principal Retirement	666,010	660,834	660,833	1
Interest and Fiscal Charges	143,052	148,558	148,557	1
Other Expenditures	1,426,663	1,616,942	1,613,923	3,019
Total Expenditures	107,810,032	120,134,852	117,234,091	2,900,761
Excess of Revenues				
Over Expenditures	4,686,557	2,173,563	5,016,823	2,843,260
<u>Other Financing Sources</u>				
Other Sources	235,726	235,726	235,726	
Net Change in Fund Balances	4,922,283	2,409,289	5,252,549	<u>\$ 2,843,260</u>
Fund Balances - July 1, 2018	23,884,674	23,884,674	23,884,674	
Fund Balances - June 30, 2019	<u>\$ 28,806,957</u>	<u>\$ 26,293,963</u>	<u>\$ 29,137,223</u>	

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 823,247	\$ 801,214
Interest on Total OPEB Liability	385,091	330,139
Changes in Assumptions or Other Inputs	(244,899)	0
Benefit Payments	<u>(460,557)</u>	<u>(394,968)</u>
Net Changes in Total OPEB Liability	502,882	736,385
Total OPEB Liability - Beginning	<u>9,952,625</u>	<u>9,216,240</u>
Total OPEB Liability - Ending	<u><u>\$ 10,455,507</u></u>	<u><u>\$ 9,952,625</u></u>
Covered-employee Payroll	\$ 59,213,388	\$ 58,219,882
District's Total OPEB Liability as		
Percentage of Covered-employee Payroll	17.66%	17.09%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end reporting date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2019

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2019	0.0990%	\$ 90,972,366	\$ 52,085,934	\$ 143,058,300	\$ 52,690,083	172.66%	70.99%
2018	0.0927%	85,711,632	50,706,277	136,417,909	49,120,469	174.49%	69.46%
2017	0.0907%	73,359,609	53,125,003	126,484,612	45,202,656	162.29%	70.04%
2016	0.0906%	60,983,670	42,278,799	103,262,469	42,043,514	145.05%	74.02%
2015	0.0871%	50,898,627	35,819,393	86,718,020	38,808,424	131.15%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2019

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2019	0.1037%	\$ 27,653,734	\$ 13,679,982	202.15%	70.85%
2018	0.1009%	24,087,536	12,866,873	187.21%	71.87%
2017	0.0982%	19,395,236	11,781,497	164.62%	73.90%
2016	0.0931%	13,729,732	10,312,089	133.14%	79.43%
2015	0.0921%	10,455,593	9,663,284	108.20%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - CALSTRS *
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2019	\$ 9,164,379	\$ 9,164,379	\$ -	\$ 56,292,254	16.28%
2018	7,607,673	7,607,673	-	52,721,227	14.43%
2017	6,169,899	6,169,899	-	49,045,302	12.58%
2016	4,893,909	4,893,909	-	45,609,590	10.73%
2015	3,730,036	3,730,036	-	42,004,910	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - CALPERS *
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2019	\$ 2,651,614	\$ 2,651,614	\$ -	\$ 14,680,622	18.062%
2018	2,124,195	2,124,195	-	13,677,130	15.531%
2017	1,787,350	1,787,350	-	12,869,744	13.888%
2016	1,395,858	1,395,858	-	11,782,375	11.847%
2015	1,213,646	1,213,646	-	10,310,475	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. These schedules present the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There was no excess of expenditures over appropriations in the General Fund as of June 30, 2019.

B. Schedule of Changes in Total OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the total OPEB liability, the total OPEB liability, the covered-employee payroll, and the total OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

D. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Trust Assets

The District has no assets accumulated in a trust that meet the criteria of GASB 75 to pay related benefits.

Benefit Terms

There were no changes in benefit terms since the June 30, 2017 valuation.

Changes in Assumptions or Other Inputs

The discount rate changed from 3.50% at June 30, 2017, to 3.80% at June 30, 2018.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

Changes of Assumptions

During fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

As a result of the study, CalPERS changed the following assumption used in determining the NPL as follows:

<u>Assumption</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>
Inflation	2.50%	2.75%

There were no changes in assumptions since the previous valuation for CalSTRS.

SUPPLEMENTARY INFORMATION SECTION

ROSEVILLE CITY SCHOOL DISTRICT
ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ORGANIZATION

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.

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Julie Constant	President	November 2020
Alisa Fong	Clerk	November 2022
Rob Bacquera	Member	November 2022
Gary Miller	Member	November 2020
Valarie Gross	Member	November 2022

ADMINISTRATION

Derk Garcia
Superintendent

Jamey Schrey
Deputy Superintendent - Educational Services

Jerrold Jorgensen
Assistant Superintendent - Personnel Services

Dennis Snelling
Assistant Superintendent - Business Services

**ROSEVILLE CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Cafeteria</u>	<u>Bond Interest and Redemption</u>	<u>Total Non-Major Governmental Funds</u>
<u>Assets</u>			
Deposits and Investments	\$ 1,792,917	\$ 3,476,621	\$ 5,269,538
Receivables	787,566	5,627	793,193
Stores Inventory	53,093		53,093
Total Assets	<u>\$ 2,633,576</u>	<u>\$ 3,482,248</u>	<u>\$ 6,115,824</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 56,902		\$ 56,902
Due to Other Funds	293,901		293,901
Unearned Revenue	141,990		141,990
Total Liabilities	<u>492,793</u>		<u>492,793</u>
Fund Balances:			
Nonspendable	53,093		53,093
Restricted	2,087,690	\$ 3,482,248	5,569,938
Total Fund Balances	<u>2,140,783</u>	<u>3,482,248</u>	<u>5,623,031</u>
Total Liabilities and Fund Balances	<u>\$ 2,633,576</u>	<u>\$ 3,482,248</u>	<u>\$ 6,115,824</u>

**ROSEVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Cafeteria</u>	<u>Bond Interest and Redemption</u>	<u>Total Non-Major Governmental Funds</u>
<u>Revenues</u>			
Federal Revenue	\$ 3,741,089		\$ 3,741,089
State Revenue	338,533	\$ 13,753	352,286
Local Revenue	2,348,762	2,283,470	4,632,232
	<u>6,428,384</u>	<u>2,297,223</u>	<u>8,725,607</u>
<u>Expenditures</u>			
Current:			
Food Services	5,869,748		5,869,748
Other General Administration	293,901		293,901
Plant Services	95,104		95,104
Facilities Acquisition and Construction	69,275		69,275
Debt Service:			
Principal Retirement		1,825,000	1,825,000
Interest and Issuance Costs		450,875	450,875
	<u>6,328,028</u>	<u>2,275,875</u>	<u>8,603,903</u>
Net Change in Fund Balances	100,356	21,348	121,704
Fund Balances - July 1, 2018	<u>2,040,427</u>	<u>3,460,900</u>	<u>5,501,327</u>
Fund Balances - June 30, 2019	<u>\$ 2,140,783</u>	<u>\$ 3,482,248</u>	<u>\$ 5,623,031</u>

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	P-2 Report			Totals
	TK / K - 3	4 - 6	7 - 8	
Regular ADA	5,028.70	3,453.50	2,417.17	10,899.37
Extended Year Special Education	6.57	1.81	0.77	9.15
Special Education - Nonpublic	4.94	4.04	6.81	15.79
Extended Year Special Education - Nonpublic	0.43	0.26	0.57	1.26
Totals	<u><u>5,040.64</u></u>	<u><u>3,459.61</u></u>	<u><u>2,425.32</u></u>	<u><u>10,925.57</u></u>

	Annual Report			Totals
	TK / K - 3	4 - 6	7 - 8	
Regular ADA	5,039.45	3,451.44	2,414.55	10,905.44
Extended Year Special Education	6.57	1.81	0.77	9.15
Special Education - Nonpublic	5.46	4.17	6.73	16.36
Extended Year Special Education - Nonpublic	0.43	0.26	0.57	1.26
Totals	<u><u>5,051.91</u></u>	<u><u>3,457.68</u></u>	<u><u>2,422.62</u></u>	<u><u>10,932.21</u></u>

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	N/A	In Compliance
Grade 1	50,400	54,472	180	N/A	In Compliance
Grade 2	50,400	54,472	180	N/A	In Compliance
Grade 3	50,400	54,472	180	N/A	In Compliance
Grade 4	54,000	54,477	180	N/A	In Compliance
Grade 5	54,000	54,477	180	N/A	In Compliance
Grade 6	54,000	57,384	180	N/A	In Compliance
Grade 7	54,000	57,384	180	N/A	In Compliance
Grade 8	54,000	57,384	180	N/A	In Compliance

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
<i>Child Nutrition Cluster:</i>				
National School Lunch Program	10.555	13524		\$ 2,777,919
School Basic Breakfast Program	10.553	13525		34,553
School Needy Breakfast Program	10.553	13526		441,598
Summer Food Service Program	10.559	13004		55,769
USDA Food Commodities	10.555	*		431,250
Subtotal Child Nutrition Cluster				<u>3,741,089</u>
Total U.S. Department of Agriculture				<u>3,741,089</u>
U.S. Department of Education:				
Passed through CDE:				
Title I Part A Basic Grant Low-Income & Neglected	84.010	14329		824,944
Title II Part A Supporting Effective Instruction	84.367	14341		175,238
Title IV Part A Student Support & Academic Enrichment	84.424	15396		56,511
Title III Programs:				
Immigrant Student Program	84.365	15146		17,703
English Learner Student Program	84.365	14346		97,837
Subtotal Title III Programs				<u>115,540</u>
Passed through Placer County SELPA:				
<i>Special Education Cluster (IDEA):</i>				
IDEA Part B Basic Local Assistance	84.027	13379		2,292,708
IDEA Part B Preschool Grants	84.173	13430		67,913
IDEA Part B Mental Health Allocation Plan	84.027A	15197		141,505
Subtotal Special Education Cluster (IDEA)				<u>2,502,126</u>
Total U.S. Department of Education				<u>3,674,359</u>
U.S. Department of Health and Human Services:				
<i>Medicaid Cluster:</i>				
Passed through California Department of Health Services:				
Medi-Cal Billing Option	93.778	10013		352,963
Passed through Sutter County Office of Education:				
Medi-Cal Administrative Activities	93.778	10060		81,143
Subtotal Medicaid Cluster				<u>434,106</u>
Total U.S. Department of Health and Human Services				<u>434,106</u>
Total Federal Expenditures			<u>\$ 0</u>	<u>\$ 7,849,554</u>

* Pass-Through Entity's Identification Number is not available or not applicable

**ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Auditor's Comments

The audited financial statements of all funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2019.

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND			
	(Budget) 2019-20	2018-19	2017-18	2016-17
Revenues and Other Financial Sources	\$ 118,562,022	\$ 122,486,640	\$ 105,000,849	\$ 100,878,067
Expenditures	123,301,433	117,234,091	103,920,416	99,598,255
Other Uses and Transfers Out	0	0	0	0
Total Outgo	123,301,433	117,234,091	103,920,416	99,598,255
Change in Fund Balance	(4,739,411)	5,252,549	1,080,433	1,279,812
Ending Fund Balance	<u>\$ 24,397,812</u>	<u>\$ 29,137,223</u>	<u>\$ 23,884,674</u>	<u>\$ 22,804,241</u>
Available Reserves	<u>\$ 16,534,954</u>	<u>\$ 15,643,331</u>	<u>\$ 11,578,641</u>	<u>\$ 13,306,309</u>
Reserve for Economic Uncertainties ⁽¹⁾	<u>\$ 6,165,072</u>	<u>\$ 5,861,705</u>	<u>\$ 5,196,022</u>	<u>\$ 5,008,183</u>
Available Reserves as a Percentage of Total Outgo	13.4%	13.3%	11.1%	13.4%
Total Long-Term Liabilities	\$ 156,908,160	\$ 160,782,810	\$ 160,976,983	\$ 142,689,482
Average Daily Attendance at P-2	11,027	10,926	10,449	10,188

⁽¹⁾ Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$6,332,982 over the past two years. The fiscal year 2019-20 budget projects a decrease of \$4,739,411. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the past three years.

Long-term liabilities increased \$18,093,328 over the past two years due primarily to the implementation of GASB 75 and the increase in the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

Average daily attendance (ADA) increased 738 ADA (7.2%) over the past two years. The District anticipates an increase of 101 ADA (0.9%) in fiscal year 2019-20.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

The District participated in the Longer Day incentive funding program for the current fiscal year, but the District did not meet or exceed its LCFF target funding. This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has not elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

ROSEVILLE CITY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

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

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

F. Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Roseville City School District
Roseville, California

Report on State Compliance

We have audited Roseville City School District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state 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 *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide 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 the District's state programs 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. Our audit does not provide a legal determination of Roseville City School District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

Opinion on State Compliance

In our opinion, Roseville City School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

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 *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

**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 the Roseville City School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency, as noted in **Finding 2019-001**.

Compliance and Other Matters

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

We noted other matters involving internal control and its operation that we have communicated to the management of Roseville City School District in a separate letter dated December 13, 2019.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Education
Roseville City School District
Roseville, California

Report on Compliance for Each Major Federal Program

We have audited the 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 each of Roseville City School District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

FINDINGS AND QUESTIONED COSTS SECTION

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified not considered to be material weaknesses?	_____	X	_____	None reported	
Noncompliance material to financial statements noted?	_____	Yes	_____	X	No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	_____	X	None reported

Type of auditor's report issued on compliance for major programs: Special Education Cluster Unmodified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Federal Programs or Clusters</u>
84.027 / 84.027A / 84.173	Special Education Cluster (IDEA)

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

Any audit findings required to be reported in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*? _____ Yes _____ X No

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

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019 - 001 / 30000

SIGNIFICANT DEFICIENCY

CAFETERIA STORES INVENTORY

Criteria: Districts should establish written procedures to ensure that financial statement amounts reported on the general ledger are fairly stated prior to closing the books.

Condition: The year-end "Inventory Value Report" included 30 items with quantities on hand that had no price extension. As a result, the stores inventory balance reported on the general ledger for the Cafeteria Fund at June 30, 2019 was misstated.

Questioned Costs: The stores inventory balance was understated \$21,699.

Context: The understated stores inventory balance did not result in a material misstatement of the financial statements at June 30, 2019.

Effect: The stores inventory balance on the general ledger at June 30, 2019 was misstated.

Cause: The District has been working around programming in the NutriKids inventory system that resets unit costs to zero when certain criteria are met. In prior years, the Food Services Department has had to review the year-end inventory report and make manual corrections to unit costs prior to running the final "Inventory Value Report." However, this control procedure was not documented and when the Food Services Department experienced employee turnover during fiscal year 2018-19, and the new employee did not realize this control procedure needed to be performed prior to running the final "Inventory Value Report."

Recommendation: The District should establish written procedures to ensure that the year-end inventory report is accurate and complete prior to closing the books.

District Response: The District agrees with the finding and will implement the recommendation during the 2019-20 fiscal year.

**ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2019.

**ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2019.

**ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
2018 - 001 / 70000		
<u>INSTRUCTIONAL MATERIALS</u>		
The District should establish appropriate procedures to ensure that they comply with the requirements of Education Code Section 60119(a)(1)(C) when foreign language courses are offered.	Implemented	

MANAGEMENT LETTER

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

MANAGEMENT LETTER

December 13, 2019

Governing Board and Management
Roseville City School District
Roseville, California

In planning and performing our audit of the financial statements of Roseville City School District as of and for the year ended June 30, 2019, on which we have issued our report dated December 13, 2019, 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*, we considered the District's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Roseville City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. This report is based on our knowledge as of the date of our report on the financial statements, obtained in performing our audit thereof, and should be read with that understanding.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control. However, during the audit we noted certain immaterial matters involving internal control and other operating matters that are presented for your consideration. The management points below summarize our comments and recommendations regarding these matters. This letter does not affect our report dated December 13, 2019, on the financial statements of the Roseville City School District.

STUDENT BODY ACTIVITIES

The District should ensure that school personnel responsible for oversight of student body activities have the proper training or resources available to them to ensure that student body activities are conducted consistent with District policies and procedures. We noted several instances where student body personnel, including advisors, were either unaware of or did not follow District policies or procedures. The areas where we noted a breakdown in internal control as a result of our audit at various school sites include the following:

- Reimbursements made to employees for goods delivered to personal residence(s)
- Reimbursement requests not submitted in a timely manner
- Not following District procedures when contracting with independent contractors
- Not consistently documenting that goods or services were received prior to payment
- Payments for goods or services that appear to be a District responsibility
- New clubs began operating under student body umbrella but no club formation documents were submitted and the club activity did not appear to be separately tracked in register
- Student body minutes were incomplete and missing specific approval of purchases
- Student store and dance ticket reconciliations not consistently completed
- No explanation for differences between calculated sales and amounts deposited
- Not properly tagging equipment purchased with student body funds

Governing Board and Management
Roseville City School District
December 13, 2019
Page Two

We recommend the District continue to provide annual in-service training for employees involved with the student body activity accounts. In addition, we recommend the Business Office prepare and distribute student body accounting manuals to all school sites to establish standardized District procedures.

Regarding the status of the management comments made during fiscal year 2017-18, we noted that the District appears to have implemented five of the eleven bullet points related to student body activities.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel. The comments included in this letter are a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified.

This report is intended solely for the information and use of the Governing Board, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants