Rancho Santa Fe School District

County of San Diego
Rancho Santa Fe, California

Audit Report

June 30, 2021

Wilkinson Hadley King & Co. LLP
CPAs and Advisors

Rancho Santa Fe School District
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June 30, 2021

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Brian K. Hadley, CPA
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Kevin A. Sproul, CPA

Independent Auditor's Report

To the Board of Education
Rancho Santa Fe School District
Rancho Santa Fe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Rancho Santa Fe School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinions

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

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of Rancho Santa Fe 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 the 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 the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

RANCHO SANTA FE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(Unaudited)

The discussion and analysis of Rancho Santa Fe School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2019-20 to 2020-21 was $361,472 which represents a 4% increase over the prior year. Increases are attributed to increasing property taxes within the District.

- The general fund expenditures increased by $985,651 or 9% over the previous year amount.

- General Fund revenues exceeded expenditures by $1,162,486.

- The General Fund ended the fiscal year with 16.25% reserves in unrestricted fund balance.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Rancho Santa Fe School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2020-2021?"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Capital Facilities Fund, and the Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was $4.6 million at June 30, 2021. Of this amount, unrestricted net position was ($4.1) million, net investment in capital assets was $2.9 million, and restricted net position was $5.9 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased $2.1 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 69% of total expenses. The administrative activities of the District accounted for just 14% of total costs. The remaining 17% was spent in the areas of plant services and other expenses, including debt service interest. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

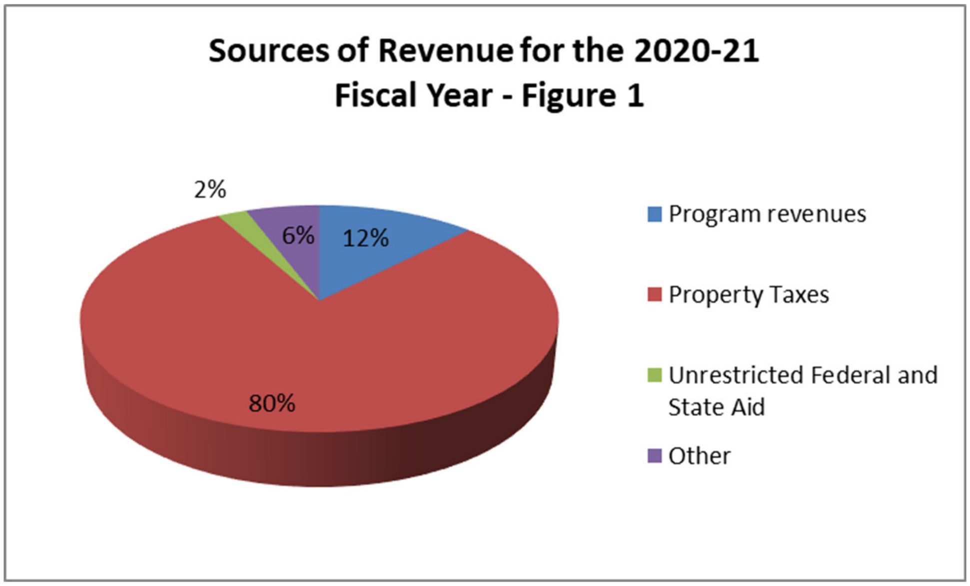
	Governmental Activities	
	June 30, 2021	**June 30, 2020**
Assets		
Cash	$ 12,388,827	$ 10,615,943
Investments	11,096	11,096
Accounts receivable	757,431	354,163
Capital assets, net	38,610,000	38,873,417
Total Assets	$ 51,767,354	$ 49,854,619
Deferred Outflows of Resources		
Deferred outflows of resources - pensions	$ 2,602,885	$ 2,875,946
Deferred outflows of resources - OPEB	249,345	259,693
Deferred outflows of resources - other	2,414,745	2,614,586
Total Deferred Outflows of Resources	$ 5,266,975	$ 5,750,225
Liabilities		
Accounts payable and other current liabilities	1,152,583	643,544
Long-term liabilities	48,429,756	51,285,552
Total Liabilities	49,582,339	51,929,096
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	$ 2,550,729	1,280,730
Deferred inflows of resources - OPEB	282,029	98,125
Total Deferred Inflows of Resources	$ 2,832,758	$ 1,378,855
Net Position		
Net investment in capital assets	2,901,743	2,576,888
Restricted	5,854,995	5,220,967
Unrestricted	(4,137,506)	(5,500,962)
Total Net Position	$ 4,619,232	$ 2,296,893

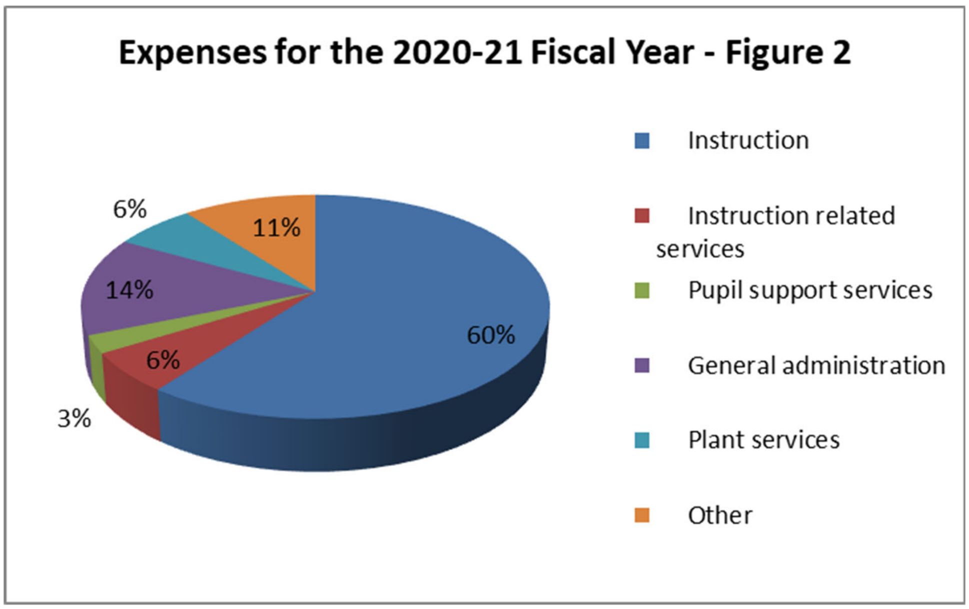
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	Year Ended June 30, 2021	Year Ended June 30, 2020
Revenues		
Program revenues		
Charges for services	$ 209,266	$ 289,684
Operating grants and contributions	1,798,041	653,264
General revenues		
Taxes levied for general purposes	10,130,020	9,763,076
Taxes levied for debt service	2,746,023	2,641,727
Taxes levied for other specific purposes	(579)	-
Federal and state aid not restricted to specific purposes	373,902	430,834
Interest and investment earnings	132,185	134,848
Miscellaneous	805,566	1,010,556
Total Revenues	16,194,424	14,923,989
Expenses		
Instruction	8,483,144	8,574,195
Instruction related services	830,903	745,192
Pupil support services	362,463	269,701
General administration	1,995,325	2,081,069
Plant services	904,717	891,481
Other	1,475,927	1,575,527
Total Expenses	14,052,479	14,137,165
Increase (Decrease) in Net Position	2,141,945	786,824
Net Position - Beginning Balance	2,296,893	1,510,069
Adjustment to Beginning Net Position (See Note S)	180,394	-
Net Position - Ending Balance	$ 4,619,232	$ 2,296,893

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $14.1 million. The amount that our local taxpayers financed for these activities through property taxes was $12.4 million. Federal and State aid not restricted to specific purposes totaled $0.4 million. Operating grants and contributions revenue was $0.7 million. Operating grants and unrestricted federal and state aid and covered 8% of the expenses of the entire District (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $12.5 million, an increase of $1.6 million from the previous fiscal year's combined ending balance of $10.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $396,247.

The District ended the year with a $865,009 increase to the general fund ending balance. The State recommends available reserves of 4% of total general fund expenditures and other financing uses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2021 and 2020

	2021	2020	Net $ Change	Net % Change
Land	$ 2,832,511	$ 2,832,511	$ 0	0.0%
Land Improvements	2,787,334	2,756,993	30,341	1.1%
Buildings & Improvements	43,694,696	43,694,696	0	0.0%
Equipment	3,256,568	3,819,489	(562,921)	-14.7%
Less Accumulated Depreciation for				
Land Improvements	(1,348,204)	(1,284,589)	(63,615)	5.0%
Buildings & Improvements	(10,417,326)	(10,012,096)	(405,230)	4.0%
Equipment	(2,195,579)	(2,933,587)	738,008	-25.2%
Total	$ 38,610,000	$ 38,873,417	$ (263,417)	-0.7%

Long-Term Debt

At June 30, 2021 the District had $36.3 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2021 and 2020

	2021	2020	Net $ Change	Net % Change
General Obligation Bonds	$ 35,708,257	$ 37,035,490	$ (1,327,233)	-3.6%
Total Long-Term Debt	$ 35,708,257	$ 37,035,490	$ (1,327,233)	-3.6%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturns and surpluses impact the District's future dramatically. The financial well-being of the District is tied in large measure to property taxes. COVID-19 has created uncertainty to the health of property taxes due to an overall downturn in the economy that may affect property tax collections. The District is monitoring local property tax collections closely in light of the pandemic.

Predicting the future requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District currently maximizes restricted funds prior to utilizing unrestricted revenues in the budget development process. The District has an excellent track record in meeting this challenge in what has proven to be a long cycle of lean years for education finances.

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 about this report or need additional financial information, please contact the Business Office, at Rancho Santa Fe School District, 5927 La Granada, PO Box 809, Rancho Santa Fe, CA 92067.

Basic Financial Statements

Rancho Santa Fe School District

Statement of Net Position
June 30, 2021

	Governmental Activities	Discretely Presented Component Unit
Assets		
Cash	$ 12,388,827	$ 664,150
Investments	11,096	6,693,497
Accounts Receivable	757,431	573,545
Capital Assets:		
Land	2,832,511	-
Land Improvements	2,787,334	-
Buildings & Improvements	43,694,696	-
Equipment	3,256,568	-
Less Accumulated Depreciation	(13,961,109)	-
Total Assets	51,767,354	7,931,192
Deferred Outflows of Resources	5,266,975	-
Liabilities		
Accounts Payable and Other Current Liabilities	1,152,583	3,346
Unearned Revenue	-	8,536
Long-Term Liabilities:		
Due Within One Year	1,791,759	-
Due In More Than One Year	46,637,997	-
Total Liabilities	49,582,339	11,882
Deferred Inflows of Resources	2,832,758	-
Net Position		
Net Investment in Capital Assets	2,901,743	-
Restricted For:		
Capital Projects	2,924,029	-
Debt Service	2,458,226	-
Educational Programs	188,984	-
Other Purposes (Expendable)	273,756	-
Other Purposes (Nonexpendable)	10,000	652,268
Unrestricted	(4,137,506)	7,267,042
Total Net Position	$ 4,619,232	$ 7,919,310

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

Rancho Santa Fe School District

Statement of Activities
For the Year Ended June 30, 2021

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Discretely Presented Component Unit
Governmental Activities					
Instruction	$ 8,483,144	$ -	$ 1,238,881	$ (7,244,263)	
Instruction-Related Services:					
Instructional Library, Media and Technology	193,242	-	-	(193,242)	
School Site Administration	637,661	-	15,379	(622,282)	
Pupil Services:					
All Other Pupil Services	362,463	-	164,450	(198,013)	
General Administration:					
Centralized Data Processing	890,493	-	282,240	(608,253)	
All Other General Administration	1,104,832	209,266	60,258	(835,308)	
Plant Services	904,717	-	36,793	(867,924)	
Ancillary Services	22,243	-	40	(22,203)	
Interest on Long-Term Debt	1,453,684	-	-	(1,453,684)	
Total Governmental Activities	$ 14,052,479	$ 209,266	$ 1,798,041	(12,045,172)	
Discretely Presented Component Unit:					
Donations to Rancho Santa Fe School District	$ 700,000	$ -	$ -		(700,000)
Student Support Services	13,297	-	-		(13,297)
Investment Expenses	29,574	-	-		(29,574)
Other Administrative Expenses	42,461	-	-		(42,461)
Total Discretely Presented Component Unit	$ 785,332	$ -	$ -		(785,332)
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				$ 10,130,020	$ -
Property Taxes, Levied for Debt Service				2,746,023	-
Property Taxes, Levied for Other Specific Purposes				(579)	-
Federal and State Aid Not Restricted for Specific Purposes				373,902	-
Interest and Investment Earnings				132,185	1,352,091
Interagency Revenues				-	-
Miscellaneous				805,566	912,060
Total General Revenues				14,187,117	2,264,151
Change in Net Position				2,141,945	1,478,819
Net Position - Beginning of Year, As Restated (See Note S)				2,477,287	6,440,491
Net Position - Ending				$ 4,619,232	$ 7,919,310

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

Rancho Santa Fe School District

Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	Total
Assets					
Cash and Cash Equivalents	$ 6,942,189	$ 2,919,534	$ 2,458,226	$ 68,878	$ 12,388,827
Investments	11,096	-	-	-	11,096
Accounts Receivable	752,457	4,974	-	-	757,431
Total Assets	$ 7,705,742	$ 2,924,508	$ 2,458,226	$ 68,878	$ 13,157,354
Liabilities and Fund Balance:					
Liabilities:					
Accounts Payable	$ 628,687	$ 479	$ -	$ -	$ 629,166
Total Liabilities	628,687	479	-	-	629,166
Fund Balance:					
Nonspendable	10,000	-	-	-	10,000
Restricted	393,862	2,924,029	2,458,226	68,878	5,844,995
Assigned	4,635,384	-	-	-	4,635,384
Unassigned	2,037,809	-	-	-	2,037,809
Total Fund Balance	7,077,055	2,924,029	2,458,226	68,878	12,528,188
Total Liabilities and Fund Balances	$ 7,705,742	$ 2,924,508	$ 2,458,226	$ 68,878	$ 13,157,354

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

Rancho Santa Fe School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balances governmental funds:		$ 12,528,188
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
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 relating to governmental activities, at historical cost	52,571,109	
Accumulated depreciation	(13,961,109)	
Net		38,610,000
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 unmatured interest owing at the end of the period was:		(523,417)
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:		
General obligation bonds payable	35,708,257	
Net pension liability	11,429,090	
Total OPEB liability	1,166,020	
Compensated absences	126,389	
Total		(48,429,756)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		2,414,745

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.

Deferred outflows of resources relating to pensions		2,602,885	
Deferred inflows of resources relating to pensions		(2,550,729)	
	Net		52,156

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

Deferred outflows of resources relating to OPEB		249,345	
Deferred inflows of resources relating to OPEB		(282,029)	
	Net		(32,684)

Total net position governmental activities:	$ 4,619,232

Rancho Santa Fe School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	Total
Revenues					
State Apportionment	$ 157,463	$ -	$ -	$ -	$ 157,463
Education Protection Account Funds	107,896	-	-	-	107,896
Property Taxes	10,130,020	-	2,745,444	-	12,875,464
Federal Revenue	666,510	-	-	-	666,510
Other State Revenue	1,096,778	-	-	-	1,096,778
Interest	83,341	32,297	20,017	-	135,655
FMV Adjustment	28,827	12,141	-	-	40,968
Other Local Revenue	1,101,221	209,264	61	-	1,310,546
Total Revenues	$ 13,372,056	$ 253,702	$ 2,765,522	$ -	$ 16,391,280
Expenditures					
Current Expenditures:					
Instruction	8,051,670	-	-	-	8,051,670
Instruction - Related Services	890,313	-	-	-	890,313
Pupil Services	390,590	-	-	-	390,590
Ancillary Services	22,289	-	-	-	22,289
General Administration	1,819,614	2,400	-	-	1,822,014
Plant Services	875,863	-	-	-	875,863
Transfers Between Agencies	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-
Capital Outlay	159,231	-	-	-	159,231
Debt Service:	-	-	-	-	-
Principal	-	-	1,296,157	-	1,296,157
Interest	-	-	1,311,794	-	1,311,794
Total Expenditures	12,209,570	2,400	2,607,951	-	14,819,921
Net Change in Fund Balance	1,162,486	251,302	157,571	-	1,571,359
Fund Balance, Beginning of Year	5,914,569	2,672,727	2,300,655	68,878	10,956,829
Fund Balance, End of Year	$ 7,077,055	$ 2,924,029	$ 2,458,226	$ 68,878	$ 12,528,188

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

Rancho Santa Fe School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Total change in fund balances governmental funds:		$ 1,571,359
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
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 estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	159,231	
Depreciation expense	(1,273,106)	
Net		(1,113,875)
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:		1,296,157
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 that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		(96,499)
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:		(11,583)
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:		378,212

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB 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:	163,564
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 at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use 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. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	(45,390)
Change in net position of governmental activities:	$ 2,141,945

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, capital facilities funds, debt service funds, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The Rancho Santa Fe Education Foundation (the Foundation) has a financial and operational relationship which meets the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Foundation as a component unit of the District. Therefore, the financial activities of the Foundation have been included in the basic financial statements of the District as a discretely presented component unit.

The Rancho Santa Fe Education Foundation (the Foundation), a California non-profit public benefit corporation, has created a permanent endowment fund that is used to support and enrich the educational programs provided to the students in the District. Distributions from the Foundation to the District during the fiscal year ending June 30, 2021, were $700,000 which is equal to 5.2% of the District's general fund revenue.

The following are those aspects of the relationship between the District and the Foundation which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 criteria:

Nature and Significance of Relationship

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

A. The economic resources received or held by the Foundation are entirely for the direct benefit of the District.
B. The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Foundation.
C. The economic resources received or held by the Foundation are significant to the District.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

Bond Interest and Redemption Fund: The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

4. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. 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 or at year end, whichever is sooner.

6. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used 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.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

   a. Deposits and Investments

      Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

      In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

      The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

      Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

   b. Stores Inventories and Prepaid Expenditures

      Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

      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 expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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.

e. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

h. Minimum Fund Balance Policy

The District maintains a minimum reserve, within the general fund, of at least 3%. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

i. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for Other than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. The fund has been combined with the general fund for reporting purposes.

j. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

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

l. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

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

9. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 84, Fiduciary Activities	01/2017
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District established a special revenue fund to account for these activities.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 12,309,949	$ -	$ 12,309,949	$ -
Total investments by fair value level	$ 12,309,949	$ -	$ 12,309,949	$ -
Investments by fair value level				
Certificate of Deposit	$ 11,096	$ 11,096	$ -	$ -
Total investments by fair value level	$ 11,096	$ 11,096	$ -	$ -

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 §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the 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.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2021, the District held the following cash and cash equivalents:

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	Total
Cash in County Treasury	$ 6,903,362	$ 2,907,393	$ 2,458,226	$ -	$ 12,268,981
FMV Adjustment	28,827	12,141	-	-	40,968
Cash in Bank and in Revolving Fund	10,000	-	-	68,878	78,878
Total Cash and Cash Equivalents	$ 6,942,189	$ 2,919,534	$ 2,458,226	$ 68,878	$ 12,388,827

1. <u>Cash in County Treasury</u>

   In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($12,268,981 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $12,309,949. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. <u>Cash on Hand, In Banks, and in Revolving Fund</u>

   Cash balances on hand and in banks ($68,878 as of June 30, 2021) and in revolving fund ($10,000 as of June 30, 2021) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

3. <u>Investments</u>

   The District has invested in a Certificate of Deposit with Mission Federal Credit Union. This investment has an annual percentage yield rate of 0.400% and matures on March 28, 2022. The Certificate of Deposit is valued at $11,096 on June 30, 2021.

4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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%
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 Corporate 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 Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2021, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 12,309,949
Certificate of Deposit	Unrated	Not Applicable	11,096

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2021, the District's bank balances, including revolving cash, did not exceed FDIC insurance limitations and as such were not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the San Diego County Treasury with a fair value of $12,309,949. The average weighted maturity for this pool was 613 days at June 30, 2021.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021, consisted of:

	General Fund	Capital Facilities Fund	Total
Federal Government:			
Title I	90,928	$ -	$ 90,928
ESSER II	253,465	-	253,465
Special Education	98,741	-	98,741
Title II	5,000	-	5,000
State Government:			
Lottery	37,271	-	37,271
Special Education	113,168	-	113,168
State Aid	92,113	-	92,113
Other State	40,097	-	40,097
Local Sources			
Interest	21,269	4,974	26,243
Other Local Sources	405	-	405
Total Accounts Receivable	$ 752,457	$ 4,974	$ 757,431

F. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,832,511	$ -	$ -	$ 2,832,511
Total capital assets not being depreciated	2,832,511	-	-	2,832,511
Capital assets being depreciated:				
Land improvements	2,756,993	30,341	-	2,787,334
Buildings and improvements	43,694,696	-	-	43,694,696
Equipment	3,819,490	128,889	691,811	3,256,568
Total capital assets being depreciated	50,271,179	159,230	691,811	49,738,598
Less accumulated depreciation for:				
Land improvements	(1,208,332)	(139,872)	-	(1,348,204)
Buildings and improvements	(9,518,170)	(899,156)	-	(10,417,326)
Equipment	(2,653,312)	(234,078)	(691,811)	(2,195,579)
Total accumulated depreciation	(13,379,814)	(1,273,106)	(691,811)	(13,961,109)
Total capital assets being depreciated, net	36,891,365	(1,113,876)	-	35,777,489
Governmental activities capital assets, net	$ 39,723,876	$ (1,113,876)	$ -	$ 38,610,000

Depreciation was charged to functions as follows:

Instruction	$ 967,792
Instruction Related	2,440
General Administration	234,455
Plant Services	68,419
	$ 1,273,106

G. Accounts Payable

Accounts payable balances as of June 30, 2021, consisted of:

	General Fund	Nonmajor Governmental Funds	Total
Vendors Payable	$ 450,512	$ 479	$ 450,991
Payroll and Benefits	178,175	-	178,175
Total Accounts Payable	$ 628,687	$ 479	$ 629,166

H. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The District did not issue any short-term debt during the fiscal year ended June 30, 2021.

I. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021, consisted of:

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Associated Student Body Fund	Total
Nonspendable Fund Balance					
Revolving Cash	$ 10,000	$ -	$ -	$ -	$ 10,000
Total Nonspendable Fund Balance	10,000	-	-	-	10,000
Restricted Fund Balance					
Capital Projects	-	2,924,029	-	-	2,924,029
Educational Programs	359,060	-	-	-	359,060
Debt Service	-	-	2,458,226		2,458,226
Mental Health	34,802	-	-	-	34,802
Student Activity Funds			-	68,878	68,878
Total Restricted Fund Balance	393,862	2,924,029	2,458,226	68,878	5,844,995
Assigned Fund Balance					
Cash Flow & Projects	4,635,384	-	-	-	4,635,384
Total Committed Fund Balance	4,635,384	-	-	-	4,635,384
Unassigned Fund Balance					
For Economic Uncertanties	610,479	-	-	-	610,479
Other Unassigned	1,427,330				1,427,330
Total Unassigned Fund Balance	2,037,809	-	-	-	2,037,809
Total Fund Balance	$ 7,077,055	$ 2,924,029	$ 2,458,226	$ 68,878	$ 12,528,188

J. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 37,035,490	$ 142,217	$ 1,469,450	$ 35,708,257	$ 1,665,370
Net Pension Liability*	13,350,362	-	1,921,272	11,429,090	-
Total OPEB Obligation*	1,523,835	-	357,815	1,166,020	-
Compensated Absences*	114,806	11,583	-	126,389	126,389
Total Governmental Activities	$ 52,024,493	$ 153,800	$ 3,748,537	$ 48,429,756	$ 1,791,759

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.
- Payments for compensated absences are made from the general fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 4, 2014, registered voters authorized the issuance of $26,100,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts have been issued.

General obligation bonds at June 30, 2021 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2004 Election, Series A	08/19/04	2.00 - 12.00%	08/01/23	$ 2,836,419
2008 Election, Series A	07/22/08	2.25 - 5.35%	08/01/32	1,959,042
2015 Refunding Bonds	07/28/15	3.00 - 5.00%	08/01/32	33,205,000
Total				$ 38,000,461

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2004 Election, Series A					
Principal	$ 101,419	$ -	$ -	$ 101,419	$ -
Accreted Interest	329,318	43,538		372,856	-
2008 Election, Series A					
Principal	996,812	-	6,156	990,656	5,479
Premium	21,776	-	135	21,641	120
Accreted Interest	833,015	98,679	18,843	912,851	19,521
2015 Refunding Bonds					
Principal	31,040,000	-	1,290,000	29,750,000	1,465,000
Premium	3,713,150	-	154,316	3,558,834	175,250
Total	$ 37,035,490	$ 142,217	$ 1,469,450	$ 35,708,257	$ 1,665,370

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	$ 1,470,479	$ 1,219,575	$ 19,521	$ 2,709,575
2023	1,657,273	1,141,700	17,727	2,816,700
2024	1,654,006	1,061,200	260,994	2,976,200
2025	1,807,595	977,950	312,406	3,097,951
2026	2,119,893	884,950	215,108	3,219,951
2024-2031	14,087,626	2,774,475	1,382,374	18,244,475
2032-2036	8,045,203	287,525	59,797	8,392,525
Total	$ 30,842,075	$ 8,347,375	$ 2,267,927	$ 41,457,377

Accreted Interest

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2021.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2008 Election Series A	2015 Refunding
Total Interest Payments	$ 2,842,556	$ 15,740,712
Less Bond Premium	(532,105)	(3,972,138)
Net Interest Payments	2,310,451	11,768,574
PAR Amount of Bonds	1,959,042	33,205,000
Periods	24	18
Effective Interest Rate	4.91%	1.97%

3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to $126,389. This amount is included as part of long-term liabilities in the government-wide financial statements.

4. Net Pension Liability

The District's beginning net pension liability was $13,350,362 and decreased by $1,921,272 during the year ended June 30, 2021 for an ending net pension liability of $11,429,090. See Note K for additional information regarding the net pension liability.

5. Total OPEB Liability

The District's beginning total OPEB liability was $1,523,835 and decreased by $357,815 during the year ended June 30, 2021 for an ending total OPEB liability of $1,166,020. See Note L for additional information regarding the total OPEB liability.

K. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Requried State Contribution Rates (2020-21)	10.328%	10.328%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2020-21)	7.000%	7.000%
Requried State Contribution Rates (2020-21)	20.700%	20.700%

*Amounts are limited to 120% of Social Security Wage Base

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	$ 844,994	$ (172,351)
2020	10.328%	513,114	162,201
2021	10.328%	564,518	367,659

CalPERS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	$ 133,068	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional $2.2 Billion to CalSTRS and $904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional $1.1 Billion to CalSTRS during the 2019-20 fiscal year and $297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 949,340	$ 368,740	$ 1,318,080
Contributions - State On Behalf Payments	564,518	-	564,518
Total Governmental Funds	$ 1,513,858	$ 368,740	$ 1,882,598

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 849,560	$ 336,189	$ 1,185,749
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	$ 849,560	$ 336,189	$ 1,185,749

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 7,861,262	$ 3,567,828	$ 11,429,090

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2020	0.0108%	0.0050%	0.0158%	0.0125%
Proportion June 30, 2021	0.0081%	0.0058%	0.0139%	0.0116%
Change in Proportion	-0.0027%	0.0008%	-0.0019%	-0.0009%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (1,855,103)	$ (66,169)	$ (1,921,272)
State On Behalf Pension Expense	367,659	-	367,659
Employer Contributions to Pension Expense	949,340	368,740	1,318,080
Change in Contributions Subsequent to Measurement Date	(99,780)	(32,551)	(132,331)
Change in Other Deferred Outflows/Inflows of Resources	1,250,686	424,705	1,675,391
Total Pension Expense - Governmental	$ 612,802	$ 694,725	$ 1,307,527

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Pension contributions subsequent to measurement date	$ 949,340	$ 368,740	$ 1,318,080
Differences between actual and expected experience	15,166	200,239	215,405
Changes in assumptions	704,707	16,016	720,723
Changes in employer's proportionate share	74,341	97,107	171,448
Net difference between projected and actual earnings	108,333	68,896	177,229
Total Deferred Outflows of Resources	$ 1,851,887	$ 750,998	$ 2,602,885

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Differences between actual and expected experience	$ 214,436	$ -	$ 214,436
Changes in employer's proportionate share	2,017,064	319,229	2,336,293
Total Deferred Inflows of Resources	$ 2,231,500	$ 319,229	$ 2,550,729

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Governmental Activities					
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2022	$ 1,031,558	$ 506,815	$ (624,205)	$ (113,967)	$ 800,201
2023	313,270	115,278	(518,885)	(107,222)	(197,559)
2024	361,174	93,439	(518,855)	(49,021)	(113,263)
2025	122,038	35,466	(518,852)	(49,019)	(410,367)
2026	11,925	-	(39,544)	-	(27,619)
Thereafter	11,922	-	(11,159)	-	763
Total	$ 1,851,887	$ 750,998	$ (2,231,500)	$ (319,229)	$ 52,156

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

In determining the long-term expected rate of return, CalSTRS and 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 returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

*20 year average

CalPERS

Asset Class(1)	Assumed Asset Allocation	Real Return Years 1 - 10(2)	Real Return Years 11+(3)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, 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% is used for this period.
(3) An expected inflation of 2.92% is used for this period

b. <u>Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u>

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 11,877,272	$ 5,129,403
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 7,861,262	$ 3,567,828
1% Increase	8.10%	8.15%
Net Pension Liability	$ 4,545,480	$ 2,271,799

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2020 (Previously Reported)	$ 51,990,605	$ 37,725,847	$ 14,264,758	$ 4,548,393	$ 9,716,365
Changes for the year					
CalSTRS auditor adjustment	(277)	-	(277)	(115)	(162)
Change in proportionate share	(6,304,755)	(4,574,908)	(1,729,847)	659,956	(2,389,803)
Service cost	1,018,697	-	1,018,697	423,276	595,421
Interest	3,238,457	-	3,238,457	1,345,603	1,892,854
Difference between expected and actual experience	(133,652)	-	(133,652)	(55,533)	(78,119)
Change in assumptions	142,812	-	142,812	59,340	83,472
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	843,834	(843,834)	(350,619)	(493,215)
Employee	-	518,375	(518,375)	(215,389)	(302,986)
State on oehalf	-	617,163	(617,163)	(256,436)	(360,727)
Net investment income	-	1,402,176	(1,402,176)	(582,615)	(819,561)
Other income	-	14,076	(14,076)	(5,849)	(8,227)
Benefit payments[1]	(2,224,018)	(2,224,018)	-	-	-
Administrative expenses	-	(30,376)	30,376	12,621	17,755
Borrowing costs	-	(13,142)	13,142	5,460	7,682
Other expenses	-	(880)	880	367	513
Net changes	(4,262,736)	(3,447,700)	(815,036)	1,040,067	(1,855,103)
Balance at June 30, 2021	$ 47,727,869	$ 34,278,147	$ 13,449,722	$ 5,588,460	$ 7,861,262

(1) – Includes refunds of employee contributions

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020 (Previously Reported)	$ 12,132,461	$ 8,498,464	$ 3,633,997
Changes for the year			
Change in proportionate share	(818,301)	(573,198)	(245,103)
Service cost	267,778	-	267,778
Interest	802,878	-	802,878
Difference between expected and actual experience	52,612	-	52,612
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	333,275	(333,275)
Employee	-	121,859	(121,859)
Nonemployer	-	105,117	(105,117)
Net plan to plan resource movement	-	19	(19)
Net investment income	-	395,182	(395,182)
Benefit payments[1]	(543,185)	(543,185)	-
Administrative expenses	-	(11,118)	11,118
Other expenses	-	-	-
Net changes	(238,218)	(172,049)	(66,169)
Balance at June 30, 2021	$ 11,894,243	$ 8,326,415	$ 3,567,828

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

L. Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

Plan administration

The District's defined benefit OPEB plan, Rancho Santa Fe School District Retiree Health Care Plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors.

Benefits provided

Certificated and Administrative employees who have attained age 55 (but not yet attained age 65), have completed 25 or more years of continuous, full-time service with the District, have a current placement on the Salary Schedule of at least Class V, Step 15, and who elect a service retirement under CalSTRS, are eligible to receive a District contribution of cost of medical/prescription drug subject, to a cap of $850/month, plus dental insurance for the retiree only until age 65. District-paid benefits end at age 65, except as otherwise noted below. Dependent coverage may be added at the retiree's expense. Benefits for future bargaining cycles are explicitly contingent upon renewal of this provision in future Certificated bargaining agreements. We have based this valuation upon the expectation that the current provisions will be extended indefinitely.

Classified retirees are not generally eligible for District-paid benefits. However, three Classified retirees are currently receiving District-paid health or dental benefits to age 65 under a special incentive arrangement that is not expected to be repeated in the future. If further incentive arrangements are offered in the future, it may become necessary to include Classified employees in the actuarial valuations.

One retired Assistant Superintendent is receiving lifetime District-paid medical/prescription drug and dental benefits for retiree and spouse under special arrangements with the District.

Employees Covered by Benefit Terms

At measurement date, June 30, 2020, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	10.00
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	47.00
	57.00

Contributions

The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. During fiscal year 2019-20, the District elected to join the California Employers' Retiree Benefit Trust (CERBT) Fund, a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits.

2. Total OPEB Liability of the Plan

The District's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of that June 30, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1st to June 30th
Measurement Date	June 30, 2020
Funding Policy	Pay-as-you-go
Discount Rate	5.00% per annum
Inflation	3.00% per annum
Salary Increases	3.00% per annum
Investment rate of return	5.00%, net of OPEB plan investment expense
Pre-retirement Turnover	Based on 2017 experience studies for CalPERS and CalSTRS pension plan termination rates
Mortality Rates	Mortality rates for active employees from CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (1997-2015)
Healthcare Cost Trend Rates	5.90% decreasing to 5.0%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	22%	5.5%
U.S. Fixed	49%	1.5%
TIPS	16%	1.2%
Real Estate	8%	3.7%
Commodities	5%	0.6%

Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
6/30/2020	6/30/2019	5.00%	3.13%	3.13%
6/30/2021	6/30/2020	5.00%	2.45%	5.00%

Actuarial Cost Method

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	$ 1,523,835	$ -	$ 1,523,835
Changes for the year:			
Service cost	29,871	-	29,871
Interest	46,728	-	46,728
Experience differences	-	-	-
Changes of assumptions	(234,153)	-	(234,153)
Benefit payments[(1)]	(122,554)	(122,554)	-
Contributions - employer	-	196,259	(196,259)
Net investment income	-	4,011	(4,011)
Trustee fees	-	(4)	4
Administrative expenses	-	(5)	5
Net change	(280,108)	77,707	(357,815)
Balance at June 30, 2021	$ 1,243,727	$ 77,707	$ 1,166,020

(1) Includes implicit subsidy

Sensitivity of the total OPEB liability to changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (4.00%)	Valuation Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	$ 1,284,550	$ 1,166,020	$ 1,051,245

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trends Rate	1% Increase
	4.90% Decreasing to 4.00%	5.90% Decreasing to 5.00%	6.90% Decreasing to 6.00%
Net OPEB Liability	$ 1,041,969	$ 166,020	$ 1,310,053

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

For the year ended June 30, 2021, the District recognized OPEB expense of $38,964. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 33,133
Changes in assumptions or other inputs	78,097	246,082
Contributions subsequent to measurement date	171,248	-
Differences between projected and actual return investments	-	2,814
Total	$ 249,345	$ 282,029

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2022	$ 187,864	$ (53,767)	$ 134,097
2023	16,616	(53,767)	(37,151)
2024	16,616	(53,767)	(37,151)
2025	16,616	(53,765)	(37,149)
2026	11,633	(48,954)	(37,321)
Thereafter	-	(18,009)	(18,009)
Total	$ 249,345	$ (282,029)	$ (32,684)

M. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

N. Participation in Joint Powers Authorities

The District is a member of one joint powers agreements (JPA) entity, the San Diego County Schools Risk Management for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. Audited financial statements are available from the entity.

O. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

   The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2021.

3. Construction Commitments

   As of June 30, 2021, the District did not have any construction commitments with respect to unfinished capital projects.

P. Deferred Outflows of Resources

The 2015 Refunding General Obligation Bonds issued July 2015 resulted in a loss on refunding. Based on the provisions of GASB 65, the loss on refunding is recorded as a deferred outflow of resources and is being amortized over the life of the bonds using the straight line method.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Loss	$ 2,614,586	$ -	$ 199,841	$ 2,414,745
Pension Related				
CalSTRS	1,200,656	1,583,373	932,142	1,851,887
CalPERS	1,020,693	592,266	861,961	750,998
OPEB Related	259,693	-	10,348	249,345
Total Deferred Outflows of Resources	$ 5,095,628	$ 2,175,639	$ 2,004,292	$ 5,266,975

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Loss	Pension Related	OPEB Related	Total
2022	$ 199,841	$ 1,538,373	$ 187,864	$ 1,926,078
2023	199,841	428,548	16,616	645,005
2024	199,841	454,613	16,616	671,070
2025	199,841	157,504	16,616	373,961
2026	199,841	11,925	11,633	223,399
Thereafter	1,415,540	11,922	-	1,427,462
Total	$ 2,414,745	$ 2,602,885	$ 249,345	$ 5,266,975

Q. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 429,363	$ 2,467,922	$ 665,785	$ 2,231,500
CalPERS	196,770	245,103	122,644	319,229
OPEB Related	67,933	214,096	-	282,029
Total Deferred Inflows of Resources	$ 694,066	$ 2,927,121	$ 788,429	$ 2,832,758

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	738,172	53,767	791,939
2023	626,107	53,767	679,874
2024	567,876	53,767	621,643
2025	567,871	53,767	621,638
2026	39,544	48,954	88,498
Thereafter	11,159	18,009	29,168
Total	$ 2,550,729	$ 282,031	$ 2,832,760

R. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021	2021-22
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

S. Adjustment to Beginning Balance

As a result of the implementation of GASB Statement No. 84 and correction of prior year errors, the District adjusted beginning fund balance/net position as follows:

	Government-Wide Financial Statements	Associated Student Body Fund
Beginning Net Position/Fund Balance as Reported in June 30, 2020 Audit Report	$ 2,296,893	$ -
Adjustments to Beginnign Balance		
Inclusion of Associated Student Body Funds as governmental under GASB 84	68,878	68,878
Corrections to Accumulated Depreciation	850,458	-
Corrections to General Obligation Bonds Payable	(738,942)	-
Beginning Net Position/Fund Balance, as Restated	$ 2,477,287	$ 68,878

T. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Rancho Santa Fe School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The Rancho Santa Fe School District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Required Supplementary Information

Rancho Santa Fe School District

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
LCFF Sources				
State Apportionment	$ 141,717	$ 157,463	$ 157,463	$ -
Education Protection Account	107,000	107,740	107,896	156
Property Taxes	9,747,591	10,068,139	10,130,020	61,881
Federal Revenue	99,328	288,932	666,510	377,578
Other State Revenue	755,185	793,350	1,096,778	303,428
Other Local Revenue	1,025,665	1,148,804	1,146,912	(1,892)
Total Revenues	11,876,486	12,564,428	13,305,579	741,151
Expenditures				
Current Expenditures:				
Certificated Salaries	5,213,857	5,295,491	5,415,288	(119,797)
Classified Salaries	1,857,481	1,902,256	1,814,268	87,988
Employee Benefits	3,065,214	3,079,391	3,062,428	16,963
Books and Supplies	480,683	617,850	829,422	(211,572)
Services and Other Operating	1,101,771	1,221,193	928,933	292,260
Capital Outlay	-	52,000	159,231	(107,231)
Total Expenditures	11,719,006	12,168,181	12,209,570	(41,389)
Excess (Deficiency) of Revenues Over Expenditures	157,480	396,247	1,096,009	(699,762)
Other Financing Sources (Uses)				
Transfers In	-	-	99,000	99,000
Transfers Out	-	-	(330,000)	(330,000)
Net Financing Sources (Uses)	-	-	(231,000)	(231,000)
Net Change in Fund Balance	157,480	396,247	865,009	468,762
Fund Balance - Beginning of Year	1,576,662	1,576,662	1,576,662	-
Fund Balance - End of Year	$ 1,734,142	$ 1,972,909	$ 2,441,671	$ 468,762

The Associated Student Body Fund did not have a budget for the 2020-21 fiscal year since there were no student activities due to the COVID-19 pandemic. The District expects to resume student body activities in the 2021-22 fiscal year.

Rancho Santa Fe School District

Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0081%	0.0108%	0.0108%	0.0106%	0.0112%	0.0118%	0.0116%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 7,861,262	$ 9,716,365	$ 9,883,678	$ 9,764,989	$ 9,066,354	$ 7,912,097	$ 6,782,324	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	5,588,460	4,548,393	5,427,666	5,715,279	5,071,251	4,316,809	3,656,392	N/A	N/A	N/A
Total	$ 13,449,722	$ 14,264,758	$ 15,311,344	$ 15,480,268	$ 14,137,605	$ 12,228,906	$ 10,438,716	N/A	N/A	N/A
District's covered payroll**	4,994,018	5,711,310	5,582,758	5,582,758	5,569,264	5,430,946	5,142,812	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.41%	170.12%	177.04%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Rancho Santa Fe School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 949,340	$ 853,977	$ 941,407	$ 824,142	$ 702,311	$ 597,582	$ 482,268	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(949,340)	(853,977)	(941,407)	(824,142)	(702,311)	(597,582)	(482,268)	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A
District's covered payroll**	$ 5,878,266	$ 4,994,018	$ 5,782,598	$ 5,711,310	$ 5,582,758	$ 5,569,264	$ 5,430,946	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Rancho Santa Fe School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0116%	0.0125%	0.0119%	0.0131%	0.0133%	0.0135%	0.0145%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 3,567,858	$ 3,633,997	$ 3,162,783	$ 3,122,780	$ 2,617,231	$ 1,991,426	$ 1,644,402	N/A	N/A	N/A
District's covered payroll**	$ 1,689,919	$ 1,745,006	$ 1,581,669	$ 1,680,098	$ 1,604,744	$ 1,502,430	$ 1,523,029	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.13%	208.25%	199.96%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Rancho Santa Fe School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 368,740	$ 336,189	$ 315,183	$ 245,649	$ 233,332	$ 190,114	$ 176,851	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(368,740)	(336,189)	(315,183)	(245,649)	(233,332)	(190,114)	(176,851)	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A
District's covered payroll**	$ 1,781,353	$ 1,704,726	$ 1,745,006	$ 1,581,669	$ 1,680,098	$ 1,604,744	$ 1,502,430	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Rancho Santa Fe School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios – RSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	$ 29,871	$ 24,857	$ 36,345	$ 35,286	N/A	N/A	N/A	N/A	N/A	N/A
Interest	46,728	53,837	50,409	51,934	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected					N/A	N/A	N/A	N/A	N/A	N/A
and actual experience	-	(47,231)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(234,153)	111,329	(77,923)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(122,554)	(161,180)	(153,047)	(119,095)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(280,108)	(18,388)	(144,216)	(31,875)	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	1,523,835	1,542,223	1,686,439	1,718,314	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 1,243,727	$ 1,523,835	$ 1,542,223	$ 1,686,439	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position:										
Contributions - employer	$ 196,259	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	4,011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(122,554)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(5)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other expenses	(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	77,707	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	$ 77,707	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability	$ 1,166,020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	6.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$ 4,217,952	$ 5,056,484	$ 8,010,544	$ 7,989,660	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	29.49%	30.14%	19.25%	21.11%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Rancho Santa Fe School District

Schedule of the District's Contributions – RSD Retiree Health Benefit Plan

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions	$ 79,316	$ 77,006	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(122,554)	(161,180)	(153,047)	(119,095)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (43,238)	$ (84,174)	$ (153,047)	$ (119,095)	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll**	4,217,952	5,056,484	8,010,544	7,989,660	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	2.906%	3.188%	1.911%	1.491%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Budgetary Comparison Schedule Reconciliation

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund and is therefore included with the General Fund for reporting purposes. The budgetary comparison schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below represents a reconciliation between the schedules:

General Fund - Basic Financial Statements Ending Fund Balance	$ 7,077,055
Less Fund 17 Fund Balance	(4,635,384)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 2,441,671
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 1,162,486
Less Fund 17 Net Change in Fund Balance	(297,477)
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 865,009

Excess of Expenditures Over Appropriations

As of June 30, 2021, the District's expenditures which exceeded appropriations in the following categories:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Certificated Salaries	$ 119,797	The District underestimated the costs of certificated salaries.
Books and Supplies	211,572	The District underestimated the additional costs of supplies due to COVID-19 pandemic.
Capital Outlay	107,231	The District underestimated the costs of equipment replacement.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019 (released in May 2020). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return(1)	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return(1)	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

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

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

1) Benefit Changes: There were no changes to benefit terms during the current fiscal year.

2) Changes in Assumptions: Discount rates have been updated annually to reflect changes in the market as required by GASB 75. Additionally, assumptions have been updated for changes in CalSTRS and CalPERS experience studies in the years those studies are updated.

3) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.13%
2019	3.62%
2020	3.13%
2021	5.00%

Additional information can be obtained by requesting a copy of the OPEB valuation from the District.

Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus amounts as determined by the District based on budget availability through the OPEB Trust administered by CalPERS.

Other Supplementary Information

The Rancho Santa Fe School District was established in 1927. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating one elementary school for kindergarten through grade five and one middle school for grades six through eight.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Kali Kim	President	Four Year Term Expires November 2022
Jee Manghani	Vice President	Four Year Term Expires November 2022
Dr Rose Rohatgi	Clerk	Four Year Term Expires November 2024
Annette Ross	Member	Four Year Term Expires November 2024
General John Tree	Member	Four Year Term Expires November 2024

ADMINISTRATION

Donna Tripi
Superintendent

Allison Oppeltz
Director of Finance

Rancho Santa Fe School District
Schedule of Instructional Time
Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditioal Calendar	J-13A Credited Days	Status
Kindergarten	180	180	N/A	Complied
1st Grade	180	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	230	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
   - To pupils in Kindergarten 36,000 minutes
   - To pupils in grades 1 to 3 50,400 minutes
   - To pupils in grades 4 to 8 54,000 minutes
   - To pupils in grades 9 to 12 64,800 minutes
2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
   - EC §46112:Grades 1 to 3 230 minutes
   - EC §46113: Grades 4 to 8 240 minutes
   - EC §46114: Kindergarten 180 minutes
   - EC §46141: Grades 9 to 12 240 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Rancho Santa Fe School District

Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

General Fund	Budget 2022 (See Note 1)	2021	2020	2019
Revenues and Other Financing Sources	$ 12,996,333	$ 13,404,579	$ 12,249,678	$ 11,650,308
Expenditures and Other Financing Uses	13,092,293	12,539,570	11,654,842	11,922,502
Net Change in Fund Balance	(95,960)	865,009	594,836	(272,194)
Ending Fund Balance	$ 2,345,711	$ 2,441,671	$ 1,576,662	$ 981,826
Available Reserves (See Note 2)	$ 1,634,140	$ 2,037,809	$ 913,008	$ 727,128
Available Reserves as a Percentage of Total Outgo	12.48%	16.25%	7.83%	6.10%
Long Term Debt	$ 34,042,887	$ 35,708,257	$ 36,296,549	$ 37,556,226
Average Daily Attendance at P2	539	N/A	539	567

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.

The general fund balance has increased by $1,459,845 (148.7%) over the past two years. The fiscal year 2021-22 budget projects a decrease of $95,960 (3.90%). For a district of this size, the State recommends available reserves of 4% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by $1,847,969 (4.9%) over the past two years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund and was therefore combined with the General Fund for financial statement reporting. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

Rancho Santa Fe School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

	General Fund (Fund 01)	Special Reserve Fund for Other than Capital Outlay (Fund 17)
June 30, 2021, annual financial and budget report fund balances	$ 2,441,671	$ 4,635,384
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 Fund Presentation	4,635,384	(4,635,384)
Net adjustments and reclassifications	4,635,384	(4,635,384)
June 30, 2021, audited financial statement fund balances	$ 7,077,055	$ -

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

Rancho Santa Fe School District
Schedule of Charter Schools
Year Ended June 30, 2021

As of June 30, 2021, the District is not a sponsoring local educational agency for any charter schools.

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

Other Independent Auditors' Reports

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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*

To the Board of Education
Rancho Santa Fe School District
Rancho Santa Fe, 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 and each major fund of Rancho Santa Fe School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Rancho Santa Fe School District's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

To the Board of Education
Rancho Santa Fe School District
Rancho Santa Fe, California

Report on State Compliance

We have audited the Rancho Santa Fe School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance,* prescribed in Title 5, *California Code of Regulations,* Section 19810. 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 State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, S*ection 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school'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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Y. Independent Study - Course Based	N/A
AA. Attendance	N/A
BB. Mode of Instruction	N/A
CC. Nonclassroom Based Instruction/Independent Study	N/A
DD. Determination of Funding for Nonclassroom Based Instruction	N/A
FF. Charter School Facility Grant Program	N/A

The term N/A is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Rancho Santa Fe School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Auditor’s Results, Findings & Recommendations

Rancho Santa Fe School District

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes	X No
Noncompliance material to financial statements noted?	___ Yes	X No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?*	___ Yes	X No
Type of auditor's report issued on compliance for state programs:	Unmodified	

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* or the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. State Award Findings

None

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2020-001 **Associated Student Body Deposits** In our review of associated student body deposits, we noted that seven out of twenty four deposits tested contained cash but did not include documentation for dual counts of cash. Additionally, collections for yearbook and fieldtrips included checks that were held for several months prior to depositing into the ASB account. Recommendation: Establish cash handling procedures that include dual counts of cash and timely deposits. Provide training to all employees who handle cash as to District policies for cash handling, including dual counts of cash. If employees cannot implement proper internal controls over cash handling, remove cash collection privileges from the employees.	Implemented	
Finding 2020-002 **Instructional Materials** In our review of the public hearing held by the District to determine the sufficiency of textbooks and instructional materials, we noted that the hearing was held at 9:00 AM which is at a time that does not encourage the participation of parents, teachers, members of the community or bargaining unit leaders. Additionally, the District was not able to provide documentation that the notice of public hearing was posted 10 days in advance or in 3 public locations. Recommendation: Implement procedures to ensure the public hearing held to determine the sufficiency of instructional materials is held at a time that encourages the participation of parents, teachers, members of the community, and bargaining unit leaders. In addition, obtain and be able to provide documentation that the notice of public hearing was posted ten days in advance of the meeting and in three specified public places.	Implemented	