

**RIVER DELTA UNIFIED SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
June 30, 2021

RIVER DELTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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RIVER DELTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021  
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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
River Delta Unified School District  
Rio Vista, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River Delta Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise River Delta Unified School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of River Delta Unified School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning general fund balance totaling \$164,473. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 9, the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Contributions - OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions - Pensions on pages 43 to 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the River Delta Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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(Continued)

**Other Reporting Required by *Government Auditing Standards***

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

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
February 24, 2022

**Management's Discussion and Analysis  
(MD&A)  
River Delta Unified School District  
2020-2021**

Management's Discussion and Analysis Section of the audit report is management's view of the District's financial performance and condition during the fiscal year ending June 30, 2021. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

Management's Discussion and Analysis consists of five sections:

1. **Overview of the Financial Statements:** serves as a guide to reading the financial statements provided in the sections following the Management's Discussion and Analysis.
2. **Financial Analysis of the District as a Whole:** a summary view of the District's Net Position.
3. **Financial Analysis of the District's Funds:** including a subsection on the District's General Fund.
4. **Capital Asset and Debt Administration:** a look at the District's investment in capital assets and its level of debt.
5. **Factors Bearing on the District's Financial Future:** a discussion of issues management sees as relevant to the future financial health of the District.

The District has monitored guidelines and regulations from state and local agencies regarding COVID-19 and will continue to do so.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. Because these statements include all district funds, it should be noted that certain inter-fund and other types of transactions that net to zero have been eliminated so that District-wide revenues and expenditures are presented without artificial inflation.
- The remaining statements are fund financial statements that focus on the major funds of the District. These statements report the District's operations in more detail than the District-wide statements.

These two kinds of statements report the District's net position and changes during the year. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating over time.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. These notes are considered to be an integral part of the financial statements and should be considered in conjunction with them when looking at the District's financial picture.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

In the District-wide financial statements, the District's activities are shown as Governmental activities. We have no funds that are classified as Business-type activities.

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. The District has one type of fund:

**Governmental:** All of the District's basic services are included in governmental funds, the General Fund being the largest fund in this category. Other governmental funds the district operates are Adult Ed Fund, Child Development Fund, Cafeteria Fund, Building Fund, Capital Facilities Fund, County School Facilities Fund, Capital Project Fund for Blended Component Units and the Bond Interest and Redemption Fund.

Revenues for the governmental funds totaled \$28.4 million, with \$25.6 million from the General Fund. Property taxes and state formula aid accounted for 73.3% of the District's General Fund revenue, another 19.8% came from state and federal aid for specific programs, with the remainder from fees charged for services and miscellaneous sources.

Expenditures totaled \$27.1 million, with \$23.8 million from the General Fund. The District's expenses are predominantly related to educating and caring for students, with 77.2% for salaries and benefits from the General Fund.

When utilizing these financial statements to assess the overall health of the District, additional non-financial factors will need to be considered, such as the condition of school buildings and other facilities, and enrollment trends.



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Table 1

<b>Net Position</b>	<b>2019-20</b>	<b>2020-21</b>
Current and Other Assets	\$ 10,647,355	\$ 33,173,850
Capital Assets	26,505,117	24,316,824
<b>Total Assets</b>	<b>37,152,472</b>	<b>57,490,674</b>
Deferred outflows related to pensions and OPEB	6,352,297	5,937,710
Deferred outflows from advance refunding of debt	157,048	129,378
<b>Total Deferred Outflows</b>	<b>6,509,345</b>	<b>6,067,088</b>
Long-Term Liabilities Outstanding	46,250,543	68,139,619
Other Liabilities	1,640,482	2,153,968
<b>Total Liabilities</b>	<b>47,891,025</b>	<b>70,293,587</b>
Deferred inflows related to pensions and OPEB	3,043,613	2,288,681
<b>Total Deferred Inflows</b>	<b>3,043,613</b>	<b>2,288,681</b>
Net Position:		
Net Investment in Capital Assets	14,920,506	13,391,858
Restricted	3,438,211	4,260,692
Unrestricted	(25,631,538)	(26,677,056)
<b>Total Net Position</b>	<b>\$ (7,272,821)</b>	<b>\$ (9,024,506)</b>

Net Position: The District's Total Net Position for the year ending June 30, 2021 is \$ (9,024,506).

It is important to note that land is accounted for at historical cost (purchase value), not market value, and is not depreciated. Many of our school sites have low values for today's market because the District acquired the land decades ago. This valuation of land is consistent with accounting rules set forth by the Governmental Accounting Standards Board.

While land and buildings owned by the District contribute to its net assets, and because of the nature of school operations, the District will be fully utilizing these assets for the foreseeable future, so they are not available as assets that could be liquidated.

## Changes in Net Position

**Table 2**

	<b>2019-20</b>	<b>2020-21</b>
Program Revenues:		
Charges for services	280,212	141,048
Operating and Capital Grants	4,979,995	7,248,188
General Revenues:		
Property Taxes	12,583,817	13,840,656
Federal and State Aid	8,341,704	6,727,535
Other	606,549	624,836
<b>Total Revenues</b>	<b>26,792,277</b>	<b>28,582,241</b>
<b>Program Expenses</b>		
Instruction	17,532,918	16,847,106
Instruction-Related Services	3,314,621	3,219,735
Pupil Services	4,209,879	4,075,817
General Administration	1,696,840	1,490,231
Plant and Ancillary Services	3,090,857	3,319,879
Interest	801,586	809,590
Other	73,655	736,063
<b>Total Expenses</b>	<b>30,720,356</b>	<b>30,498,421</b>
Change in Net Position	(3,928,079)	(1,916,158)
Net Position – Beginning	(3,344,742)	(7,272,821)
Cumulative effect of GASB 84	-	164,473
Net Position – Beginning (restated)	(3,344,742)	(7,108,348)
<b>Net Position – Ending</b>	<b>(7,272,821)</b>	<b>(9,024,506)</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its fund balances. The District maintains a three percent (3%) reserve in the General Fund, which meets the state-required reserve for fiscal uncertainties, and an additional two percent 2% reserve as a matter of adopted Board policy. As the District completed the 2020-21 year, its funds reported a *combined* fund balance of \$31.1 million. This amount includes the legally restricted ending balances and unrestricted site carryover amounts, as well as the proceeds from selling bonds for Measure J and K in the amount of \$20.1 million.

**General Fund Budgetary Highlights.** Over the course of the year, the District revised its annual operating budget numerous times. The adopted budget as of July 1, 2020 was prepared prior to the State of California adopting a final State budget.

Following the adoption of the State budget and after the 2019-20 books were closed, the required First Interim Report was prepared where carryover funds and deferred revenues were incorporated, and the budget revised accordingly.

The District's General Fund ending fund balance is approximately \$8.4 million. Of this amount, \$6,668,270 is unassigned and \$1,731,954 has been assigned by the Board; the remainder is restricted and for State, Federal, and local categorical programs, under provisions of these grants or is nonspendable.

## CAPITAL ASSET AND DEBT ADMINISTRATION

- **Capital Assets.** At the end of fiscal year 2020-21, the District had a total value of \$71,936,568 in capital assets, including land, buildings, building improvements and equipment. Total accumulated depreciation amounted to \$47,619,744.
- **Long-term Debt.** The District ended the year with a total of \$68,139,619 in outstanding financing obligations. The major portions of this amount are for G.O. Bond issuance, as well as net pension liability and net other postemployment benefits (OPEB) liabilities which are required by GASB 68 and GASB 75, respectively. The obligation for G.O. Bonds is \$36,463,266 and the combined net pension and net OPEB liabilities are \$30,725,074, with the remaining obligations relating to capital leases and compensated absences.

## FACTORS BEARING ON THE DISTRICT'S FINANCIAL FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. The District is currently experiencing decline in enrollment in comparison with the 2019-20 figures, with anticipation of a continued decline in enrollment for the next several years. The COVID-19 pandemic continues to be a factor with declining enrollment.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, vendors, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or additional information requests should be directed to the Chief Business Officer, at 445 Montezuma Street, Rio Vista, CA 94571 or at (707) 374-1700.

## **BASIC FINANCIAL STATEMENTS**

RIVER DELTA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 29,812,990
Receivables	3,335,243
Stores inventory	25,617
Non-depreciable capital assets (Note 4)	447,832
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>23,868,992</u>
Total assets	<u>57,490,674</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow of resources - pensions (Notes 7 and 8)	5,401,099
Deferred outflow of resources - OPEB (Note 9)	536,611
Deferred outflow from advance refunding of debt	<u>129,378</u>
Total deferred outflows of resources	<u>6,067,088</u>
<b>LIABILITIES</b>	
Accounts payable	1,456,780
Unearned revenue	697,188
Long-term liabilities (Note 5):	
Due within one year	1,399,323
Due after one year	<u>66,740,296</u>
Total liabilities	<u>70,293,587</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 7 and 8)	1,340,000
Deferred inflows of resources - OPEB (Note 9)	<u>948,681</u>
Total deferred inflows of resources	<u>2,288,681</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,391,858
Restricted:	
Legally restricted programs	1,834,012
Capital projects	1,060,571
Debt service	1,366,109
Unrestricted	<u>(26,677,056)</u>
Total net position	<u>\$ (9,024,506)</u>

See accompanying notes to financial statements.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental activities:					
Instruction	\$ 16,847,106	\$ 35,223	\$ 4,773,257	\$ 22	\$ (12,038,604)
Instruction-related services:					
Supervision of instruction	547,627	2,863	161,668	-	(383,096)
Instructional library, media and technology	260,661	-	-	-	(260,661)
School site administration	2,411,447	575	170,025	-	(2,240,847)
Pupil services:					
Home-to-school transportation	1,065,040	267	50,268	-	(1,014,505)
Food services	1,021,062	4,202	981,098	-	(35,762)
All other pupil services	1,989,715	20,518	351,425	-	(1,617,772)
General administration	1,490,231	1,394	68,575	-	(1,420,262)
Data processing	79,134	-	41,825	-	(37,309)
Plant services	3,224,963	10,893	351,779	-	(2,862,291)
Ancillary services	94,916	-	919	-	(93,997)
Interest on long-term debt	809,590	-	-	-	(809,590)
Other outgo	656,929	65,113	297,327	-	(294,489)
	<u>\$ 30,498,421</u>	<u>\$ 141,048</u>	<u>\$ 7,248,166</u>	<u>\$ 22</u>	<u>(23,109,185)</u>
General revenues:					
Taxes and subventions:					
					12,536,188
					1,265,125
					39,343
					6,727,535
					212,164
					34,462
					378,210
					<u>21,193,027</u>
					(1,916,158)
					<u>(7,272,821)</u>
					164,473
					<u>(7,108,348)</u>
					<u>\$ (9,024,506)</u>

See accompanying notes to financial statements.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments:				
Cash in County Treasury	\$ 6,959,736	\$ 88,628	\$ 2,571,978	\$ 9,620,342
Cash in banks	181,549	-	4,190	185,739
Cash with Fiscal Agent	-	20,006,909	-	20,006,909
Receivables	3,223,169	195	111,879	3,335,243
Due from other funds	2,327	-	75,000	77,327
Stores inventory	-	-	25,617	25,617
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 10,366,781</u>	<u>\$ 20,095,732</u>	<u>\$ 2,788,664</u>	<u>\$ 33,251,177</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,215,071	\$ 4,053	\$ 181,333	\$ 1,400,457
Due to other funds	75,000	-	2,327	77,327
Unearned revenue	676,486	-	20,702	697,188
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,966,557</u>	<u>4,053</u>	<u>204,362</u>	<u>2,174,972</u>
Fund balances:				
Nonspendable	-	-	25,617	25,617
Restricted	1,676,390	20,091,679	2,558,685	24,326,754
Assigned	55,564	-	-	55,564
Unassigned	6,668,270	-	-	6,668,270
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>8,400,224</u>	<u>20,091,679</u>	<u>2,584,302</u>	<u>31,076,205</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 10,366,781</u>	<u>\$ 20,095,732</u>	<u>\$ 2,788,664</u>	<u>\$ 33,251,177</u>

See accompanying notes to financial statements.



RIVER DELTA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021

Total fund balances - Governmental Funds		\$ 31,076,205
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$71,936,568 and the accumulated depreciation is \$47,619,744 (Note 4).		
		24,316,824
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at June 30, 2021 consisted of (Note 5):		
General Obligation Bonds	\$ (29,763,650)	
Accreted interest	(6,021,607)	
Unamortized premiums	(678,009)	
Capitalized lease obligations	(704,364)	
Other postemployment benefits (Note 9)	(6,216,074)	
Net pension liability (Notes 7 and 8)	(24,509,000)	
Compensated absences	<u>(246,915)</u>	
		(68,139,619)
Deferred outflows of resources resulting from defeasance of debt are not recorded in governmental funds. In governmental activities, the difference between the reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources.		
		129,378
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 (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	5,401,099	
Deferred inflows of resources relating to pensions	<u>(1,340,000)</u>	
		4,061,099
In governmental funds, deferred outflows and inflows relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows relating to OPEB are reported.		
Deferred outflows of resources relating to OPEB	536,611	
Deferred inflows of resources relating to OPEB	<u>(948,681)</u>	
		(412,070)
Unmatured interest on long-term debt is not recognized until the period in which it matures and is paid in governmental funds, however, in the statement of net position it is recognized in the period that it is incurred.		
		<u>(56,323)</u>
Total net position - governmental activities		<u>\$ (9,024,506)</u>

See accompanying notes to financial statements.

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

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 8,399,504	\$ -	\$ -	\$ 8,399,504
Local sources	<u>10,418,855</u>	<u>-</u>	<u>-</u>	<u>10,418,855</u>
Total LCFF	<u>18,818,359</u>	<u>-</u>	<u>-</u>	<u>18,818,359</u>
Federal sources	2,011,067	-	926,236	2,937,303
Other state sources	3,083,338	-	393,429	3,476,767
Other local sources	<u>1,748,888</u>	<u>36,592</u>	<u>1,405,353</u>	<u>3,190,833</u>
Total revenues	<u>25,661,652</u>	<u>36,592</u>	<u>2,725,018</u>	<u>28,423,262</u>
Expenditures:				
Current:				
Certificated salaries	9,554,267	-	150,042	9,704,309
Classified salaries	3,708,814	-	266,325	3,975,139
Employee benefits	5,165,261	-	177,520	5,342,781
Books and supplies	1,598,789	-	12,700	1,611,489
Contract services and operating expenditures	3,416,246	569,112	720,298	4,705,656
Other outgo	67,938	-	-	67,938
Capital outlay	366,753	-	56,559	423,312
Debt service:				
Principal retirement	-	-	1,127,962	1,127,962
Interest	<u>-</u>	<u>-</u>	<u>197,132</u>	<u>197,132</u>
Total expenditures	<u>23,878,068</u>	<u>569,112</u>	<u>2,708,538</u>	<u>27,155,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,783,584</u>	<u>(532,520)</u>	<u>16,480</u>	<u>1,267,544</u>
Other financing (uses) sources:				
Transfers in	10,185	-	203,157	213,342
Transfers out	(203,157)	-	(10,185)	(213,342)
Proceeds from sale of bonds	-	20,200,000	-	20,200,000
All other financing sources	<u>-</u>	<u>371,618</u>	<u>-</u>	<u>371,618</u>
Total other financing (uses) sources	<u>(192,972)</u>	<u>20,571,618</u>	<u>192,972</u>	<u>20,571,618</u>
Net change in fund balances	1,590,612	20,039,098	209,452	21,839,162
Fund balances, July 1, 2020	<u>6,645,139</u>	<u>52,581</u>	<u>2,374,850</u>	<u>9,072,570</u>
Cumulative effect of GASB 84 implementation	164,473	-	-	164,473
Fund balance, July 1, 2020, as restated	<u>6,809,612</u>	<u>52,581</u>	<u>2,374,850</u>	<u>9,237,043</u>
Fund balances, June 30, 2021	<u>\$ 8,400,224</u>	<u>\$ 20,091,679</u>	<u>\$ 2,584,302</u>	<u>\$ 31,076,205</u>

See accompanying notes to financial statements.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds	\$ 21,839,162
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	136,110
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(2,324,403)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	1,127,962
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases in liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium, were (Note 6):	(20,200,000)
Accreted interest on capital appreciation bonds is an expense that is not recorded in governmental funds (Note 5).	(633,455)
In governmental funds, losses on refunding of debt are not recognized. In government wide statements, losses on refunding of debt are deferred and amortized over the life of the debt (Note 5).	(27,670)
In governmental funds if debt is issued at a premium, the premium is recognized as other financing sources in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the related debt (Note 5).	(332,326)
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between OPEB costs and actual employer contributions were (Notes 5 and 9).	(329,748)
In the statement of activities, expenses related to compensated absences is measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount paid during the year (Note 5).	(25,185)
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 (Note 7 and 8).	(1,155,978)
Unmatured interest on long-term debt is recognized in the period that it becomes due in the statement of net position, but is expensed when paid in the governmental funds.	9,373
Change in net position of governmental activities	<u>\$ (1,916,158)</u>

See accompanying notes to financial statements.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting Entity: The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

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

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

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

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

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

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A - Major Funds

*General Fund* - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year end balances of the Special Reserve for Other than Capital Outlay Projects is combined with the General Fund.

*Building Fund* - The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities and equipment, and primarily includes proceeds from the sale of bonds.

B - Other Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This classification includes the Adult Education, Child Development, and Cafeteria Funds.

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Capital Facilities Fund, County School Facilities Fund, and Capital Projects Funds.

The Bond Interest and Redemption Fund is used to account for resources used for the repayment of general obligations bonds issued by the District.

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

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

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

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditure) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. The District has also recognized deferred outflows of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

Other Postemployment Benefits (OPEB): For purpose of measuring the net OPEB liability, information about the fiduciary net position of River Delta Unified School District's Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost.

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 3,827,992	\$ 1,573,107	\$ 5,401,099
Deferred inflows of resources	\$ 1,019,000	\$ 321,000	\$ 1,340,000
Net pension liability	<u>\$ 14,971,000</u>	<u>\$ 9,538,000</u>	<u>\$ 24,509,000</u>
Pension expense	<u>\$ 2,933,377</u>	<u>\$ 1,562,814</u>	<u>\$ 4,496,191</u>

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Stores Inventory: Stores inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

Compensated Absences: Compensated absences in the amount of \$246,915 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the District if all the benefits were to be paid.

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

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

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

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

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

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Position: Net position is displayed in three components:

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

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

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

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

C - Committed Fund Balance - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

D - Assigned Fund Balance - The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. While the Board of Education has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2021 no formal designation of assignment authority has occurred and the Board of Education retains ultimate authority for assigning fund balance.

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(Continued)



RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E - Unassigned Fund Balance - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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

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

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$164,473.

**NOTE 2 - CASH AND INVESTMENTS**

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

	<u>Governmental Activities</u>
Pooled Funds:	
Cash in County Treasury	\$ 9,620,342
Deposits:	
Cash on hand and in banks	185,739
Cash with Fiscal Agent	<u>20,006,909</u>
	<u>\$ 29,812,990</u>

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sacramento County Treasury. The District is considered an involuntary participant in an external investment pool. The fair value of the District's investment pool is reported in the financial statements at amounts based upon the District's pro-rata share of fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for bond project expenditures. The District holds their funds with the Sacramento County Treasury. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$185,739 and the bank balance was \$196,394, all of which was insured.

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

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

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

**NOTE 3 - INTERFUND TRANSACTIONS**

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 2,327	\$ 75,000
Non-Major Funds:		
Adult Education	-	2,327
Child Development	<u>75,000</u>	<u>-</u>
	<u>\$ 77,327</u>	<u>\$ 77,327</u>

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 3 - INTERFUND TRANSACTIONS** (Continued)

Transfers for the 2020-2021 fiscal year were as follows:

Transfer from the General Fund to the Capital Facilities Fund for Shea Homes Loan.	\$ 203,157
Transfer from the Adult Education Fund to the General Fund for indirect costs.	2,327
Transfer from the Child Development Fund to the General Fund for indirect costs.	<u>7,858</u>
	<u>\$ 213,342</u>

**NOTE 4 - CAPITAL ASSETS**

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

	Balance July 1, <u>2020</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 447,832	\$ -	\$ -	\$ 447,832
Work-in-process	539,592	-	539,592	-
Depreciable:				
Buildings	58,873,774	295,807	-	59,169,581
Improvement of sites	7,728,101	39,764	-	7,767,865
Equipment	<u>4,211,159</u>	<u>340,131</u>	-	<u>4,551,290</u>
Totals, at cost	<u>71,800,458</u>	<u>675,702</u>	<u>539,592</u>	<u>71,936,568</u>
Less accumulated depreciation:				
Buildings	(37,322,867)	(1,775,596)	-	(39,098,463)
Improvement of sites	(4,978,797)	(411,344)	-	(5,390,141)
Equipment	<u>(2,993,677)</u>	<u>(137,463)</u>	-	<u>(3,131,140)</u>
Total accumulated depreciation	<u>(45,295,341)</u>	<u>(2,324,403)</u>	-	<u>(47,619,744)</u>
Capital assets, net	<u>\$ 26,505,117</u>	<u>\$ (1,648,701)</u>	<u>\$ 539,592</u>	<u>\$ 24,316,824</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,633,512
School site administration	542,142
Home-to-school transportation	82,114
Food services	6,796
General administration	43,059
Centralized data processing	404
Plant services	<u>16,376</u>
Total depreciation expense	<u>\$ 2,324,403</u>

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES**

General Obligation Bonds: On March 17, 2005, the District issued Series 2005 General Obligation Bonds in the amounts of \$8,249,979 and \$3,999,987 to improve or construct school facilities. The Current Interest Serial Bonds accrue interest up to a maximum of 4.5% and 4.375%, respectively, per annum from the date of issuance and are both payable on February 1 and August 1 of each year through August 1, 2029. The Capital Appreciation Serial Bonds accrue interest from the date of issuance and compound semiannually on February 1 and August 1 of each year through August 1, 2029.

On May 15, 2008, the District issued Series 2008 General Obligation Bonds in the amount of \$3,300,015 to upgrade, renovate, furnish, and equip the school facilities. The Capital Appreciation Serial Bonds have an interest rate of 5.806% with principal payments beginning on August 1, 2032 and continuing through April 1, 2048.

On November 4, 2014, the District issued Series 2014 General Obligation Refunding Bonds in the amount of \$5,550,800 to refund the Election of the 2004, Series 2005 bonds. The Series 2014 Bonds have an interest rate of 5.806% with payments beginning on November 4, 2014 and continuing through August 1, 2025.

On February 25, 2015, the District issued Series 2015 General Obligation Refunding Bonds in the amount of \$3,510,000 to refund the Election of the 2004, Series 2006 bonds. The Series 2015 Bonds have an interest rate of 5.806% and mature through August 1, 2024.

On April 13, 2021, the District issued Series 2021 General Obligation Bonds in the amount of \$15,300,000 related to School Facilities Improvement District (SFID) No. 1 and \$4,900,000 related to SFID No.2. The bonds were issued to finance capital improvement projects within the District. The bonds for SFID No.1 have an interest rate ranging from 2.0% to 5.0% and mature through August 1, 2049. The bonds related to SFID No.2 have an interest rate ranging from 2.125% to 5.0% and mature through August 1, 2050.

The Outstanding general obligation Debt of the district as of June 30, 2021 is as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Fiscal Year</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2020</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2021</u>
Series 2005 Bonds	4.50%-4.375%	2029	\$ 8,249,979	\$ 949,965	\$ -	\$ -	\$ 949,965
Series 2005 Bonds	4.50%-4.375%	2030	3,999,987	684,994	-	60,000	624,994
Series 2008 Bonds	5.806%	2048	3,300,015	3,300,015	-	-	3,300,015
Series 2014 Bonds	5.806%	2025	5,550,800	3,353,599	-	529,032	2,824,567
Series 2015 Bonds	5.806%	2024	3,510,000	2,249,384	-	385,275	1,864,109
Series 2021 Bonds	2.0 - 5.0%	2050	15,300,000	-	15,300,000	-	15,300,000
Series 2021 Bonds	2.125 - 5.0%	2051	4,900,000	-	4,900,000	-	4,900,000
<b>Total</b>			<b>\$ 44,810,781</b>	<b>\$ 10,537,957</b>	<b>\$ 20,200,000</b>	<b>\$ 974,307</b>	<b>\$ 29,763,650</b>

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 - LONG-TERM LIABILITIES** (Continued)

The following is a schedule of future payments on the General Obligation Bonds.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 973,023	\$ 561,011	\$ 1,534,034
2023	2,254,566	645,281	2,899,847
2024	3,118,938	534,724	3,653,662
2025	1,200,109	672,338	1,872,447
2026	502,457	1,208,751	1,711,208
2027-2031	1,229,817	7,333,758	8,563,575
2032-2036	998,187	5,460,038	6,458,225
2037-2041	4,040,674	6,283,696	10,324,370
2042-2046	7,729,880	6,750,462	14,480,342
2047-2051	<u>7,715,999</u>	<u>3,659,509</u>	<u>11,375,508</u>
	<u>\$ 29,763,650</u>	<u>\$ 33,109,568</u>	<u>\$ 62,873,218</u>

Capitalized Lease Obligations: The District leases buildings, vehicles and equipment under various capitalized lease agreements, with original cost of \$2,677,746 and accumulated depreciation at June 30, 2021 totaling \$1,599,664.

At June 30, 2021, the District's capitalized lease obligations were as follows:

Year Ending <u>June 30,</u>	<u>Payments</u>
2022	\$ 201,076
2023	201,074
2024	<u>402,150</u>
	804,300
Less amount representing interest	<u>(99,936)</u>
	<u>\$ 704,364</u>

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
<u>Debt:</u>					
General Obligation Bonds	\$ 10,537,957	\$ 20,200,000	\$ 974,307	\$ 29,763,650	\$ 973,023
Accreted interest	5,388,152	633,455	-	6,021,607	-
Unamortized premiums	345,683	371,618	39,292	678,009	17,238
Capital leases	858,019	-	153,655	704,364	162,147
<u>Other long-term liabilities:</u>					
Net OPEB liability (Note 9)	5,732,002	484,072	-	6,216,074	-
Net pension liability (Notes 7 and 8)	23,167,000	1,342,000	-	24,509,000	-
Compensated absences	221,730	25,185	-	246,915	246,915
Totals	<u>\$ 46,250,543</u>	<u>\$ 23,056,330</u>	<u>\$ 1,167,254</u>	<u>\$ 68,139,619</u>	<u>\$ 1,399,323</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the capitalized lease obligations are made from the Capital Facilities Fund. Payments for other postemployment benefits, net pension liability and compensated absences are made from the funds for which the related employee worked.

**NOTE 6 - FUND BALANCES**

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

	General Fund	Building Fund	All Non-Major Funds	Total
<u>Nonspendable:</u>				
Stores inventory	\$ -	\$ -	\$ 25,617	\$ 25,617
<u>Restricted:</u>				
Legally restricted:				
Grants	1,676,390	-	-	1,676,390
Adult education program	-	-	78,830	78,830
Child development	-	-	7,718	7,718
Other restricted balances	-	-	45,457	45,457
Capital projects	-	20,091,679	1,060,571	21,152,250
Debt service	-	-	1,366,109	1,366,109
Subtotal restricted	<u>1,676,390</u>	<u>20,091,679</u>	<u>2,558,685</u>	<u>24,326,754</u>
<u>Assigned:</u>				
Other assignments	<u>55,564</u>	-	-	<u>55,564</u>
<u>Unassigned:</u>				
Undesignated	<u>6,668,270</u>	-	-	<u>6,668,270</u>
Total fund balances	<u>\$ 8,400,224</u>	<u>\$ 20,091,679</u>	<u>\$ 2,584,302</u>	<u>\$ 31,076,205</u>

(Continued)

## NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

### *General Information about the State Teachers' Retirement Plan*

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

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

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

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

#### *CalSTRS 2% at 60*

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

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

#### *CalSTRS 2% at 62*

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

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

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(Continued)

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

**Contributions:** Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

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

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

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

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

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-2021.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-2021. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1percent since the last timethe member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

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(Continued)



RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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

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

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

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Pre-AB 1469 Rate</u>	<u>Increase Per Funding Plan</u>	<u>SB 90 and AB 84 Impact<sup>1</sup></u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

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

The District contributed \$1,417,992 to the plan for the fiscal year ended June 30, 2021.

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

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

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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

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

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding<sup>(1)</sup></u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954. .
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to zero percent.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 14,971,000
State's proportionate share of the net pension liability associated with the District	<u>8,182,000</u>
Total	<u>\$ 23,153,000</u>

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020, the District's proportion was 0.015 percent, which was unchanged from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,933,377 and revenue of \$1,085,113 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,000	\$ 422,000
Changes of assumptions	1,460,000	-
Net differences between projected and actual earnings on investments	356,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	568,000	597,000
Contributions made subsequent to measurement date	<u>1,417,992</u>	<u>-</u>
Total	<u>\$ 3,827,992</u>	<u>\$ 1,019,000</u>

\$1,417,992 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 12,917
2023	\$ 426,917
2024	\$ 618,417
2025	\$ 289,417
2026	\$ 20,166
2027	\$ 23,166

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

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

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

\* 20-year geometric average

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.1 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$ 22,619,000</u>	<u>\$ 14,971,000</u>	<u>\$ 8,657,000</u>

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

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

*General Information about the Public Employer's Retirement Fund B*

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.pdf>

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

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

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

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

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

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

The District contributed \$837,107 to the plan for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* - At June 30, 2021, the District reported a liability of \$9,538,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2020 the District's proportion was 0.031 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2019.

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

For the year ended June 30, 2021 the District recognized pension expense of \$1,562,814. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 473,000	\$ -
Changes of assumptions	35,000	-
Net differences between projected and actual earnings on investments	199,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	29,000	321,000
Contributions made subsequent to measurement date	837,107	-
Total	\$ 1,573,107	\$ 321,000

\$837,107 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 157,333
2023	\$ 86,333
2024	\$ 79,834
2025	\$ 91,500

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

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

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

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

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

\* 10-year geometric average

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

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses .

(Continued)



RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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

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

	1% Decrease <u>(6.15%)</u>	Current Discount <u>Rate (7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$ 13,712,000</u>	<u>\$ 9,538,000</u>	<u>\$ 2,965,000</u>

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

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*General Information about the Other Postemployment Benefits Plan*

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (Plan). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical insurance coverage. The District’s Board of Education has the authority to establish or amend the benefit terms offered by the Plan, and also retains the authority to establish the requirements for paying for the Plan’s benefits as they come due.

The District participates in the California School Boards Association (CSBA) GASB 45 Solutions Program to pre-fund OPEB liabilities. The CSBA GASB 45 Solutions Program is an agent multiple-employer plan consisting of an aggregation of single-employer plans. Public Agency Retirement Services (PARS) was appointed as administrator for the CSBA GASB 45 Solutions Program, and U.S. Bank was appointed as trustee. The CSBA GASB 45 Solutions Program serves as a qualified irrevocable trust for the accumulation of assets of member districts, to ensure that funds are dedicated to service the needs of employees and retirees. The District’s contributions to the irrevocable trust established by the CSBA GASB 45 Solutions Program is included in the Public Agencies Post-Employment Benefits Trust financial statements. Copies of the Public Agencies Post-Employment Benefits Trust independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Ave – Newport Beach, CA 92660.

Benefits Provided: Retirees who retire from the District having worked a minimum of ten years and reached age 55, receive healthcare benefits up to the age 65. The District will pay up to \$300 per month for the purchase of health insurance, dental insurance and life insurance by the eligible retiree. Retiree benefits are prorated based on the average number of hours the employee worked over the total number of employed years.

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District's Board of Education. Contributions to the Plan are calculated at 1% of monthly payroll, and are contributed on a quarterly basis. An ad-hoc payment may be contributed annually, at the discretion of the Board of Education.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2021:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	59
Active employees	<u>251</u>
	<u>310</u>

Contributions to the Plan from the District were \$237,488 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The discount rate of 6.85% was determined using PARS Balanced Investment Policy asset allocation.

*Net OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2020, which was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2019
<u>Measurement Date</u>	June 30, 2020
<u>Actuarial Method</u>	Entry Age actuarial cost method, level percentage of payroll.
<u>Discount Rate</u>	6.85%. Based on PARS Balanced Investment Policy.
<u>Long-Term Investment Rate of Return</u>	The long-term rate of return on investments was determined to be 6.85%. This was computed as Balanced Investment Policy.
<u>Mortality Rates</u>	Mortality rates are taken from the 2014 CalPERS OPEB Assumptions Model (for classified employees) and from the 2012 valuation of CalSTRS (for certificated employees).

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

<u>Health Care Increases</u>	Medical insurance premiums are assumed to increase by 6.80% for Pre-65, decreasing to 5.00% by 2028. Trend rates for Post-65 were assumed at 5.00% for all years.
<u>Turnover/Retirement Rates</u>	Termination and retirement rates were taken from the most recent experience studies for CalPERS (2017) and CalSTRS (2016).
<u>Inflation Rate</u>	2.60% per year
<u>Salary Increases</u>	3.25% per year
<u>Coverage Elections</u>	100% of eligible employees are assumed to elect coverage upon retirement, and to remain covered under the District plans until age 65.
<u>Medicare Coverage</u>	All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Percent Married</u>	30% of plan participants are assumed to be married.

*Changes in Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2020	\$ 6,511,370	\$ 779,368	\$ 5,732,002
Changes for the year:			
Service cost	285,214	-	285,214
Interest	460,311	-	460,311
Employer contributions	-	230,273	(230,273)
Changes in assumptions Differences between expected and actual experience	-	-	-
	(12,684)	-	(12,684)
Net investment income	-	20,511	(20,511)
Administrative expense	-	(2,015)	2,015
Benefit payments	(156,022)	(156,022)	-
Net change	576,819	92,747	484,072
Balance at June 30, 2021	\$ 7,088,189	\$ 872,115	\$ 6,216,074

Fiduciary Net Position as a percent of the Total OPEB Liability, at June 30, 2021: 12.3%

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Changes in assumptions: Changes in assumptions include the healthcare trend rates as of the June 30, 2020 measurement include 6.8% for pre-Medicare plan participants, and 5.0% for post-Medicare participants.

There were no changes between the measurement date and the year ended June 30, 2021, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to changes in the Discount Rate: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net OPEB liability	\$ 7,315,084	\$ 6,216,074	\$ 5,320,535

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.8 - 4.0%)	Healthcare Cost Trend Rates (6.8 - 5.0%)	1% Increase (7.8 - 6.0%)
Net OPEB liability	\$ 5,194,447	\$ 6,216,074	\$ 7,510,059

*OPEB Expense, 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 \$636,468. 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	\$ 34,115	\$ 948,681
Changes in assumptions	221,254	-
Net differences between projected and actual earnings on investments	43,754	-
Contributions after measurement date	237,488	-
Total	\$ 536,611	\$ 948,681

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

\$237,488 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>June 30,</u>		
2022	\$	(55,253)
2023	\$	(55,998)
2024	\$	(57,946)
2025	\$	(61,569)
2026	\$	(68,630)
Thereafter	\$	(350,162)

**NOTE 10 - JOINT POWERS AGREEMENT**

River Delta Unified School District participates in a joint venture under a joint powers agreement with Schools Insurance Authority (SIA). The relationship between River Delta Unified School District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

SIA arranges for and provides property, liability, workers' compensation, dental and vision insurance coverage for its members. The JPA's governing board consist of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district is obligated to pay an amount commensurate with the level of coverage requested and may be subject to assessments. 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 the prior year.

The following is a summary of condensed financial information of Schools Insurance Authority for the year ended June 30, 2021:

Total assets	\$	217,113,543
Deferred outflows of resources	\$	1,855,968
Total liabilities	\$	87,859,871
Total deferred inflows of resources	\$	751,640
Total net position	\$	130,358,000
Total revenues	\$	73,201,625
Total expenses	\$	57,783,763
Change in net position	\$	15,417,862

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(Continued)

**NOTE 11 - CONTINGENCIES**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

RIVER DELTA UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 8,578,233	\$ 7,621,767	\$ 8,399,504	\$ 777,737
Local sources	<u>10,418,855</u>	<u>10,418,855</u>	<u>10,418,855</u>	<u>-</u>
Total LCFF	<u>18,997,088</u>	<u>18,040,622</u>	<u>18,818,359</u>	<u>777,737</u>
Federal sources	881,656	881,656	2,011,067	1,129,411
Other state sources	2,365,147	2,365,147	3,083,338	718,191
Other local sources	<u>1,618,082</u>	<u>1,618,082</u>	<u>1,748,888</u>	<u>130,806</u>
Total revenues	<u>23,861,973</u>	<u>22,905,507</u>	<u>25,661,652</u>	<u>2,756,145</u>
Expenditures:				
Current:				
Certificated salaries	9,729,518	9,729,518	9,554,267	175,251
Classified salaries	4,030,818	4,030,818	3,708,814	322,004
Employee benefits	5,961,364	5,961,364	5,165,261	796,103
Books and supplies	1,022,623	1,022,623	1,598,789	(576,166)
Contract services and operating expenditures	3,335,103	3,335,103	3,416,246	(81,143)
Other outgo	70,000	70,000	67,938	2,062
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>366,753</u>	<u>(356,753)</u>
Total expenditures	<u>24,159,426</u>	<u>24,159,426</u>	<u>23,878,068</u>	<u>281,358</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(297,453)</u>	<u>(1,253,919)</u>	<u>1,783,584</u>	<u>3,037,503</u>
Other financing (uses) sources:				
Transfers in	13,509	13,509	10,185	(3,324)
Transfers out	<u>(300,576)</u>	<u>-</u>	<u>(203,157)</u>	<u>(203,157)</u>
Total other financing (uses) sources	<u>(287,067)</u>	<u>13,509</u>	<u>(192,972)</u>	<u>(206,481)</u>
Net change in fund balance	(584,520)	(1,240,410)	1,590,612	2,831,022
Fund balance, July 1, 2020, restated	<u>6,809,612</u>	<u>6,809,612</u>	<u>6,809,612</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 6,225,092</u>	<u>\$ 5,569,202</u>	<u>\$ 8,400,224</u>	<u>\$ 2,831,022</u>

See accompanying note to required supplementary information.



RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OTHER  
POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2021

Last 10 Fiscal Years\*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 246,741	\$ 246,742	\$ 272,033	\$ 285,214
Interest	405,465	434,186	474,146	460,311
Changes in assumptions	-	-	265,140	-
Differences between expected and actual experience	(27,572)	46,244	(1,101,429)	(12,684)
Benefit payments	<u>(171,079)</u>	<u>(240,742)</u>	<u>(95,068)</u>	<u>(156,022)</u>
Net change in total OPEB liability	453,555	486,430	(185,178)	576,819
Total OPEB liability, beginning of year	<u>5,756,563</u>	<u>6,210,118</u>	<u>6,696,548</u>	<u>6,511,370</u>
Total OPEB liability, end of year (a)	<u>\$ 6,210,118</u>	<u>\$ 6,696,548</u>	<u>\$ 6,511,370</u>	<u>\$ 7,088,189</u>
Plan fiduciary net position				
Employer contributions	\$ 224,914	\$ 548,767	\$ 162,644	\$ 230,273
Net investment income	17,326	24,651	30,871	20,511
Administrative expense	(1,384)	(1,275)	(1,758)	(2,015)
Benefits payment	<u>(171,079)</u>	<u>(240,742)</u>	<u>(95,068)</u>	<u>(156,022)</u>
Change in plan fiduciary net position	69,777	331,401	96,689	92,747
Fiduciary trust net position, beginning of year	<u>281,501</u>	<u>351,278</u>	<u>682,679</u>	<u>779,368</u>
Fiduciary trust net position, end of year (b)	<u>\$ 351,278</u>	<u>\$ 682,679</u>	<u>\$ 779,368</u>	<u>\$ 872,115</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 5,858,840</u>	<u>\$ 6,013,869</u>	<u>\$ 5,732,002</u>	<u>\$ 6,216,074</u>
Covered employee payroll	\$ 11,333,682	\$ 13,991,170	\$ 11,970,542	\$ 12,290,696
Plan fiduciary net position as a percentage of the total OPEB liability	6%	10%	12%	12%
Net OPEB liability as a percentage of covered payroll	52%	43%	48%	51%

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

See accompanying note to required supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - OPEB  
 For the Year Ended June 30, 2021

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Other Post-employment Benefits  
 Last 10 Fiscal Years

	<u>2018*</u>	<u>2019*</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 652,050	\$ 687,880	\$ 746,438	\$ 752,809
Contributions in relation to the actuarially determined contribution	<u>(224,914)</u>	<u>(548,767)</u>	<u>(162,644)</u>	<u>(230,273)</u>
Contribution deficiency (excess)	<u>\$ 427,136</u>	<u>\$ 139,113</u>	<u>\$ 583,794</u>	<u>\$ 522,536</u>
Covered employee payroll	\$ 11,333,682	\$ 13,991,170	\$ 11,970,542	\$ 12,290,696
Contributions as a percentage of covered employee payroll	1.98%	3.92%	1.36%	1.87%

\*The ADC for the District's fiscal years ended June 30, 2019 and 2018 was determined as part of the February 1, 2017 valuation using a 6.85% discount rate. The ADC for the District's fiscal years ended June 30, 2021 and 2020 were determined by the June 30, 2019 valuation.

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

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See accompanying note to required supplementary information.

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

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.017%	0.017%	0.022%	0.014%	0.015%	0.015%	0.015%
District's proportionate share of the net pension liability	\$ 9,808,000	\$ 11,485,000	\$ 18,182,000	\$ 13,317,000	\$ 13,739,000	\$ 13,789,000	\$ 14,971,000
State's proportionate share of the net pension liability associated with the District	<u>5,923,000</u>	<u>6,074,000</u>	<u>10,351,000</u>	<u>7,878,000</u>	<u>7,866,000</u>	<u>7,523,000</u>	<u>8,182,000</u>
Total net pension liability	<u>\$ 15,731,000</u>	<u>\$ 17,559,000</u>	<u>\$ 28,533,000</u>	<u>\$ 21,195,000</u>	<u>\$ 21,605,000</u>	<u>\$ 21,312,000</u>	<u>\$ 23,153,000</u>
District's covered payroll	\$ 7,476,000	\$ 7,918,000	\$ 11,203,000	\$ 7,632,000	\$ 8,101,000	\$ 8,367,000	\$ 8,303,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.19%	145.05%	162.30%	174.49%	169.60%	164.80%	180.31%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.00%	69.46%	70.99%	72.56%	71.82%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

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

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	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.034%	0.033%	0.034%	0.033%	0.033%	0.032%	0.031%
District's proportionate share of the net pension liability	\$ 3,806,000	\$ 4,863,000	\$ 6,637,000	\$ 7,773,000	\$ 8,844,000	\$ 9,378,000	\$ 9,538,000
District's covered payroll	\$ 3,519,000	\$ 3,652,000	\$ 4,032,000	\$ 4,151,000	\$ 4,372,000	\$ 4,467,000	\$ 4,482,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.16%	133.16%	164.61%	187.26%	202.29%	209.94%	212.81%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

The amounts presented for each fiscal year were determined as of the year-end that occurred on year prior.

All years prior to 2015 are not available.

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See accompanying note to required supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSIONS  
 For the Year Ended June 30, 2021

State Teachers' Retirement Plan  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 703,134	\$ 1,202,094	\$ 960,073	\$ 1,169,005	\$ 1,362,119	\$ 1,505,264	\$ 1,417,992
Contributions in relation to the contractually required contribution	<u>(703,134)</u>	<u>(1,202,094)</u>	<u>(960,073)</u>	<u>(1,169,005)</u>	<u>(1,362,119)</u>	<u>(1,505,264)</u>	<u>(1,417,992)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,918,000	\$ 11,203,000	\$ 7,632,000	\$ 8,101,000	\$ 8,367,000	\$ 8,303,000	\$ 7,424,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	19.10% **

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

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

All years prior to 2015 are not available.

(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSIONS  
 For the Year Ended June 30, 2021

Public Employer's Retirement Fund B  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 429,930	\$ 477,630	\$ 576,600	\$ 679,010	\$ 806,909	\$ 883,814	\$ 837,107
Contributions in relation to the contractually required contribution	<u>(429,930)</u>	<u>(477,630)</u>	<u>(576,600)</u>	<u>(679,010)</u>	<u>(806,909)</u>	<u>(883,814)</u>	<u>(837,107)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,652,000	\$ 4,032,000	\$ 4,151,000	\$ 4,372,000	\$ 4,467,000	\$ 4,482,000	\$ 4,044,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

Budgetary Comparison Schedule - The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in The District's Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Net OPEB Liability presents multi-year information which illustrates the changes in the net OPEB liability for each year presented.

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

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

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

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

Changes of Assumptions: The changes in assumptions for the total OPEB liability include an update of the healthcare cost trend rates from 5.0% in the prior measurement for all participants, to 6.8% for pre-Medicare plan participants and 5.0% for post-Medicare participants.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

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

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

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**SUPPLEMENTARY INFORMATION**



RIVER DELTA UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR FUNDS  
 June 30, 2021

	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund	Bond Interest and Redemption Fund	Total
<b>ASSETS</b>								
Cash in investments:								
Cash in County Treasury	\$ 81,111	\$ 716	\$ 46,331	\$ 950,199	\$ 3,379	\$ 109,777	\$ 1,380,465	\$ 2,571,978
Cash in banks	-	-	4,190	-	-	-	-	4,190
Receivables	215	271	106,451	1,827	9	264	2,842	111,879
Due from other funds	-	75,000	-	-	-	-	-	75,000
Stores inventory	-	-	25,617	-	-	-	-	25,617
Total assets	<u>\$ 81,326</u>	<u>\$ 75,987</u>	<u>\$ 182,589</u>	<u>\$ 952,026</u>	<u>\$ 3,388</u>	<u>\$ 110,041</u>	<u>\$ 1,383,307</u>	<u>\$ 2,788,664</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 169	\$ 64,765	\$ 111,515	\$ 4,884	\$ -	\$ -	\$ -	\$ 181,333
Due to other funds	2,327	-	-	-	-	-	-	2,327
Unearned revenue	-	3,504	-	-	-	-	17,198	20,702
Total liabilities	<u>2,496</u>	<u>68,269</u>	<u>111,515</u>	<u>4,884</u>	<u>-</u>	<u>-</u>	<u>17,198</u>	<u>204,362</u>
Fund balances:								
Nonspendable	-	-	25,617	-	-	-	-	25,617
Restricted	78,830	7,718	45,457	947,142	3,388	110,041	1,366,109	2,558,685
Total fund balances	<u>78,830</u>	<u>7,718</u>	<u>71,074</u>	<u>947,142</u>	<u>3,388</u>	<u>110,041</u>	<u>1,366,109</u>	<u>2,584,302</u>
Total liabilities and fund balances	<u>\$ 81,326</u>	<u>\$ 75,987</u>	<u>\$ 182,589</u>	<u>\$ 952,026</u>	<u>\$ 3,388</u>	<u>\$ 110,041</u>	<u>\$ 1,383,307</u>	<u>\$ 2,788,664</u>

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

	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund	Bond Interest and Redemption Fund	Total
<b>Revenues:</b>								
Federal sources	\$ -	\$ 7,718	\$ 918,518	\$ -	\$ -	\$ -	\$ -	\$ 926,236
Other state sources	104,997	230,633	51,403	-	-	-	6,396	393,429
Other local sources	467	861	(626)	166,248	22	583	1,237,798	1,405,353
<b>Total revenues</b>	<u>105,464</u>	<u>239,212</u>	<u>969,295</u>	<u>166,248</u>	<u>22</u>	<u>583</u>	<u>1,244,194</u>	<u>2,725,018</u>
<b>Expenditures:</b>								
<b>Current:</b>								
Certificated salaries	13,080	136,962	-	-	-	-	-	150,042
Classified salaries	10,959	20,164	235,202	-	-	-	-	266,325
Employee benefits	7,791	61,790	107,939	-	-	-	-	177,520
Books and supplies	5,831	3,445	2,869	555	-	-	-	12,700
Contract services and operating expenditures	31,392	1,275	590,001	91,476	-	6,154	-	720,298
Capital outlay	-	-	-	56,559	-	-	-	56,559
<b>Debt service:</b>								
Principal retirement	-	-	-	153,655	-	-	974,307	1,127,962
Interest	-	-	-	47,420	-	-	149,712	197,132
<b>Total expenditures</b>	<u>69,053</u>	<u>223,636</u>	<u>936,011</u>	<u>349,665</u>	<u>-</u>	<u>6,154</u>	<u>1,124,019</u>	<u>2,708,538</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>36,411</u>	<u>15,576</u>	<u>33,284</u>	<u>(183,417)</u>	<u>22</u>	<u>(5,571)</u>	<u>120,175</u>	<u>16,480</u>
<b>Other financing (uses) sources:</b>								
Transfers in	-	-	-	203,157	-	-	-	203,157
Transfers out	(2,327)	(7,858)	-	-	-	-	-	(10,185)
<b>Total other financing (uses) sources</b>	<u>(2,327)</u>	<u>(7,858)</u>	<u>-</u>	<u>203,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,972</u>
<b>Net change in fund balances</b>	<u>34,084</u>	<u>7,718</u>	<u>33,284</u>	<u>19,740</u>	<u>22</u>	<u>(5,571)</u>	<u>120,175</u>	<u>209,452</u>
<b>Fund balances, July 1, 2020</b>	<u>44,746</u>	<u>-</u>	<u>37,790</u>	<u>927,402</u>	<u>3,366</u>	<u>115,612</u>	<u>1,245,934</u>	<u>2,374,850</u>
<b>Fund balances, June 30, 2021</b>	<u>\$ 78,830</u>	<u>\$ 7,718</u>	<u>\$ 71,074</u>	<u>\$ 947,142</u>	<u>\$ 3,388</u>	<u>\$ 110,041</u>	<u>\$ 1,366,109</u>	<u>\$ 2,584,302</u>

RIVER DELTA UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2021

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River Delta Unified School District was established on July 1, 1967 and is comprised of an area of approximately 500 square miles in Yolo, Sacramento and Solano Counties. There were no changes in the boundaries of the District during the year. The District currently operates five elementary schools (D.H. White Elementary, Isleton Elementary, Walnut Grove Elementary, Bates Elementary, and Delta Elementary Charter Schools), two middle schools (Riverview Middle and Clarksburg Middle Schools), two high schools (Rio Vista High and Delta High Schools), one continuation high school (Mokelumne High School), one adult school (Wind River School), one independent study school (River Delta High/Elementary School) and one community day school (River Delta-Community Day School).

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jennifer Stone	President	December 2022
Dan Mahoney	Vice President	December 2022
Marilyn Riley	Clerk	December 2024
Rafaela Casillas	Member	December 2022
Marcial Lamera	Member	December 2022
Wanda Apel	Member	December 2024
Randall Jelly	Member	December 2024

ADMINISTRATION

Katherine Wright  
Superintendent

Sharon Silva  
Chief Business Officer

Ken Gaston  
Director of Maintenance Operations and Transportation

Nicole Latimer  
Director of Education Services

Bonnie Kauzlarich  
Director, Personnel Services

Jennifer Gaston  
Executive Assistant to the Superintendent  
and Board of Trustees

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2021

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<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

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See accompanying notes to supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California</u>			
<u>Department of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 326,919
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	13682	-
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	-
84.027A	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	5,000
	Subtotal Special Education Cluster		<u>331,919</u>
84.010	ESEA: Title I Part A, Basic Grants Low-Income and Neglected	14329	247,188
84.365	ESEA: Title III, English Learner Student Program	14346	47,637
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	57,839
10.579	Child Nutrition: NSLP Equipment Assistance Grants		-
93.778	Dept. of Health Care Services(DHCS): Medi-cal Billing Option		-
84.424	ESEA: Title IV Part A, Student Support and Academic Enrichment Grant Program	15391	4,500
	ESF Programs:		
84.425	COVID 19: Elementary and Secondary School Emergency Relief (ESSER I) Fund	15536	15,896
84.425C	COVID 19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	15517	4,942
	Subtotal ESF Programs		<u>20,838</u>
	Total U.S. Department of Education		<u>709,921</u>
<u>U.S. Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: National School Lunch Program	13524	624,255
10.558	Child Nutrition - Child Care Food Program (CCFP)	13393	294,263
	Total U.S. Department of Agriculture		<u>918,518</u>
<u>U.S. Department of Treasury - Passed through California</u>			
<u>Department of Education</u>			
21.019	Coronavirus Relief Fund- COVID-19	25516	1,259,230
	Total U.S. Department of Treasury		<u>1,259,230</u>
	Total Federal Programs		<u>\$ 2,887,669</u>

See accompanying notes to supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021

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There were no adjustments to any funds of the District.

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See accompanying notes to supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 For the Year Ended June 30, 2021  
 (UNAUDITED)

	(Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 28,772,664	\$ 25,671,837	\$ 24,684,626	\$ 2,533,169
Expenditures	27,550,530	23,878,068	24,447,426	24,410,600
Other uses and transfers out	<u>300,576</u>	<u>203,157</u>	<u>302,750</u>	<u>143,901</u>
Total outgo	<u>27,851,106</u>	<u>24,081,225</u>	<u>24,750,176</u>	<u>24,554,501</u>
Change in fund balance	<u>\$ 921,558</u>	<u>\$ 1,590,612</u>	<u>\$ (65,550)</u>	<u>\$ 943,141</u>
Ending fund balance	<u>\$ 9,321,782</u>	<u>\$ 8,400,224</u>	<u>\$ 6,645,139</u>	<u>\$ 6,710,689</u>
Available reserves	<u>\$ 7,614,912</u>	<u>\$ 6,668,270</u>	<u>\$ 3,450,331</u>	<u>\$ 2,082,967</u>
Designated for economic uncertainties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222,073</u>	<u>\$ 1,227,019</u>
Undesignated fund balance	<u>\$ 7,614,912</u>	<u>\$ 6,668,270</u>	<u>\$ 2,228,258</u>	<u>\$ 855,948</u>
Available reserves as percentages of total outgo	<u>27.3%</u>	<u>27.7%</u>	<u>13.9%</u>	<u>8.5%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 66,740,296</u>	<u>\$ 68,139,619</u>	<u>\$ 46,250,543</u>	<u>\$ 47,115,104</u>
Average daily attendance at P-2	<u>1,777</u>	<u>1,856</u>	<u>1,856</u>	<u>1,850</u>

The fund balance of the General Fund has increased by \$2,468,203 over the past three years. The fiscal year 2021-2022 budget projects an increase of \$921,558. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating surplus during the fiscal year 2021-2022.

Total long-term liabilities have increased by \$21,024,515 over the past two years.

Average daily attendance has increased by 6 over the past two years. A decrease of 79 ADA is anticipated during fiscal year 2021-2022.

See accompanying notes to supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2021

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<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
0853 – Delta Elementary Charter School	Separate Report

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See accompanying notes to supplementary information.



RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2021

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	Academic and Support <u>Services</u>
Revenues:	
Other Local sources	\$ 224,138
Expenditures:	
Certificated salaries	33,414
Classified salaries	105,442
Employee benefits	57,162
Books and supplies	16,540
Contract services and operating expenditure	3,854
Indirect costs	<u>7,726</u>
	<u>224,138</u>
Deficiency of revenues under expenditures	<u><u>\$ -</u></u>

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See accompanying notes to supplementary information.

RIVER DELTA UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of River Delta Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

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

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

Schedule of First 5 Revenues and Expenditures: This schedule provides information about the First 5 Sacramento County Program.

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt such a program.

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

Board of Education  
River Delta Unified School District  
Rio Vista, California

**Report on Compliance with State Laws and Regulations**

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

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

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(Continued)

We did not perform any procedures related to Early Retirement Incentive Program, because the District did not offer these programs during the audit year.

The District did not report any attendance hours for Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform any procedures related to the program.

The District is not reported as a District of Choice; therefore, we did not perform any procedures related to the program.

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

We did not perform any procedures related to Charter Schools because the District did not include any charter schools in this report.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Basis for Qualified Opinion with State Laws and Regulations***

As described in Finding 2021-001 in the accompanying Schedule of Audit Findings and Questioned Costs, River Delta Unified School District did not comply with the requirements regarding Classroom Teacher Salaries. Compliance with such requirements is necessary, in our opinion, for River Delta Unified School District to comply with state laws and regulations referred to above.

### ***Qualified Opinion with State Laws and Regulations***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, River Delta Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2021. Further, based on our examination, for items not tested, nothing came to our attention to indicate that River Delta Unified School District had not complied with the state laws and regulations.

### **District Response to Finding**

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

### **Purpose of this Report**

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

  
Crowe LLP

Sacramento, California  
February 24, 2022

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Education  
River Delta Unified School District  
Rio Vista, California

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

#### **Internal Control Over Financial Reporting**

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

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

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

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(Continued)

## Compliance and Other Matters

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

## Purpose of this Report

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

  
Crowe LLP

Sacramento, California  
February 24, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE FIRST 5 SACRAMENTO COUNTY PROGRAM

Board of Education  
River Delta Unified School District  
Rio Vista, California

**Report on Compliance**

We have audited River Delta Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2021.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Sacramento County Program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for River Delta Unified School District's First 5 Sacramento County Program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about River Delta Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of River Delta Unified School District's compliance with those requirements.

***Opinion***

In our opinion, River Delta Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program 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 over compliance and the results of that testing based on the requirements of the First 5 Sacramento County Program. Accordingly, this report is not suitable for any other purpose.

  
Crowe LLP

Sacramento, California  
February 24, 2022



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

Board of Education  
River Delta Unified School District  
Rio Vista, California

**Report on Compliance for Each Major Federal Program**

We have audited River Delta Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of River Delta Unified School District's major federal programs for the year ended June 30, 2021. River Delta Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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(Continued)

## Report on Internal Control Over Compliance

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

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

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

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

  
Crowe LLP

Sacramento, California  
February 24, 2022

## **FINDINGS AND RECOMMENDATIONS**

RIVER DELTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2021

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SECTION I – SUMMARY OF AUDITOR’S RESULTS

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____ No	
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**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X _____ No	
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Identification of major programs tested:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID 19: Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

**STATE AWARDS**

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

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

RIVER DELTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

**2021-001 STATE COMPLIANCE – CLASSROOM TEACHER SALARIES (61000)**

Criteria: The District's expenditures related to classroom teacher salaries during the audit year, are required to meet or exceed 55% of the total current expense of education in the District's General Fund, as required by Education Code section 41372.

Context: We performed the audit procedures enumerated in the State of California *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Condition: The total current expense of education in the General Fund for the audit year was calculated to be \$21,421,074, and the classroom teacher salaries and related benefits totaled \$11,140,851. The ratio of classroom teacher salaries to the current expense of education was calculated to be 52.01%, which is deficient by 3.0% from the requirement of 55% or \$640,740.

Effect: The District was not in compliance with the requirements of Classroom Teacher Salaries, in Education Code section 41372.

Cause: The District incurred additional expense in the General Fund during the audit year to address the health and safety requirements of the COVID-19 pandemic.

Recommendation: The District's management team should implement necessary internal controls to ensure that classroom teacher salaries meet or exceed the minimum required percentage of current expense of education, in the District's General Fund.

Views of Responsible Officials and Planned Corrective Actions: Management concurs that the calculation for Classroom Teacher Salaries as a percentage of total current expense, indicates that the District was out of compliance for the year ended June 30, 2021. The District will endeavor to maintain compliance with this requirement for future years.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**



RIVER DELTA UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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No matters were reported.