ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2019

ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019
(Continued)

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rocklin Unified School District
Rocklin, 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 Rocklin Unified School District, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Rocklin 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 Rocklin Unified School District, as of June 30, 2019, 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.

(Continued)

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 15 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Contributions - OPEB, the Schedule of Money-Weighted Rate of Return on OPEB Plan Investments, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 56 to 63 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 Rocklin 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of Rocklin 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 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 Rocklin Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 11, 2019

FINANCIAL REPORTS

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

California K-12 education finance is in the sixth year of the new funding model "Local Control Funding Formula" (LCFF). The State adopted the 2018-19 budget on time. It included an increase of $3.99 billion in new Proposition 98 funding, of which $3.7 billion was for implementation of the LCFF.

Net position of the District increased by $7.9 million over the previous fiscal year (see Tables I and II), mostly due to proceeds and premium from issuance of Certificates of Participation (COPs) of $7.9 million.

The net pension liability as of June 30, 2019 was $121.2 million. The net pension liability increased by $6.2 million primarily due to lower investment returns compared to projected earnings on pension plan investments during the measurement period of the Net Pension Liability (June 30, 2018). Refer to Notes 7 and 8 for further disclosures related to the net pension liability.

The District's enrollment increased by 460 students (3.94%) at CBEDS (the California Basic Educational Data System) over the last two years and had an increase of 1,766 students (17.04%) from 2008/09-2018/19.

2018-19 was the sixth year of operation of the District's dependent charter school – Rocklin Independent Charter Academy. The P-2 ADA was 114 with an CBEDS enrollment of 130. It was accounted for in a separate special revenue fund, had revenues of $1.25 million, deficit spent by $120k, and ended with a fund balance of $105k.

In 2018-19, the Board of Trustees approved two major construction projects. One was an expansion of Ruhkala Elementary as part of a 40-year long term housing agreement with Rocklin Academy Charter Schools, which will allow the District to accommodate projected growth at Rocklin Elementary. This project is scheduled to be completed in 2020-21 and is budgeted to cost $11.2 million. The second major project is the construction of the District's twelfth elementary school, scheduled to open in 2021-22 and is estimated to cost $41.1 million, including land. The Ruhkala Expansion project will be funded with developer fees, State facilities bond funds, and $525k from Rocklin Academy Charter Schools. The Elementary School #12 project will be funded with Mello-Roos bond proceeds and State facilities bond funds.

The District settled 2017-18, 2018-19, and 2019-20 with all employee groups for 1.95%, 5%, and 6% respectively. In conjunction with the 2018-19 and 2019-20 settlements, the Board approved budget reductions of $1.1 million in 2018-19 and an additional $1.9 million in 2019-20. Based on existing budget assumptions in the 2019-20 adopted budget, additional reductions will be needed in 2020-21 of approximately $1.8 million.

In 2018-19 the District contributed $248k to the Deferred Maintenance Fund. With the implementation of the LCFF, the State no longer provides a specific stream of money restricted for the Deferred Maintenance Fund so it is up to district stakeholders to ensure sufficient funds are allocated to maintain the District's campuses. The District budgeted a total of $80 per current year P2 ADA, less a $200k board approved budget reduction, (for a total of $737k) for deferred maintenance of District facilities via a combination of Re-Development Agency funds ($489k) and unrestricted funds ($248k).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and an optional section that presents combining statements for all governmental funds. The basic financial statements include two kinds of statements that present different views of the district.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how basic services, like regular and special education, and capital projects were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our governmental funds.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities and deferred outflows and inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, liabilities, deferred outflows and inflows, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

Major Features of the District-Wide and Fund Financial Statements:

		Fund Statements	
Type of Statements	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• statement of net position	• balance sheet	• statement of fiduciary net position
	• statement of activities	• statement of revenues, expenditures & changes in fund balances	• statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow/ liability/deferred inflow information	All assets/deferred outflow and liabilities/deferred inflow, both financial and capital, short-term and long-term	Only assets/deferred outflow expected to be used up and liabilities/deferred inflow that come due during the year or soon thereafter; no capital assets included	All assets/deferred outflow and liabilities/deferred inflow, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds--not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by State law and by bond covenants. (See Note 1 to the financial statements for more information on the District's funds).

NET POSITION

The District's net position increased $7.9 million from the prior year to $45.4 million on June 30, 2019. The increase was due to many factors: increase in cash and equivalents of $9.7 million; increase in receivables of $1.3 million, increase of $2.0 million in deferred outflows of resources mostly relating to pensions; increase of $1.2 million in long-term debt, of which $6.1 million was attributable to the net pension liability increase offset by debt payments of $11.7 million.

Table 1
Rocklin Unified School District
Net Position
(in millions of dollars)

	2017-18	2018-19
Current and other assets	$ 80.5	$ 91.5
Capital assets	222.8	226.3
Advance receivable	12.0	7.9
Total Assets	315.3	325.7
Total Deferred Outflows of Resources	35.4	37.4
Long-term debt outstanding	302.5	303.7
Other liabilities	4.9	7.9
Total Liabilities	307.4	311.6
Total Deferred Inflows of Resources	5.8	6.1
Net position		
Net investment in capital assets	118.2	133.0
Restricted	67.0	64.7
Unrestricted	-147.7	-152.3
Total Net Position	$ 37.5	$ 45.4

CHANGES IN NET POSITION

The district's revenues, expenses and changes in net position for the year are presented in Table 2 below.

Table 2

Changes in Rocklin Unified School District's Net Position
(in millions of dollars)

	2017-18	2018-19	Difference
Revenues			
Program revenues			
Charges for services	$ 7.5	$ 5.8	-1.7
Operating Grants and Contributions	16.1	22.7	6.6
General revenues			
Property Taxes	68.2	71.7	3.5
Federal and State aid not restricted	57.0	62.0	5.0
Other	2.8	2.7	-0.1
Total revenues	151.6	164.9	13.3
Expenses			
Instruction	82.5	96.1	13.6
Instruction-related	13.6	15.7	2.1
Pupil services	11.1	12.0	0.9
General administration	7.2	8.7	1.5
Maintenance and Operations	11.0	12.4	1.4
Interest on long-term debt	9.0	9.0	-
Other	2.2	3.1	0.9
Total expenses	136.6	157.0	20.4
Increase (Decrease) in net position	**15.0**	**7.9**	**-7.1**
Net Position- beginning	22.5	37.5	
Net Position- ending	**$ 37.5**	**$ 45.4**	**7.9**

The District's total net position increased by $7.9 million during 2018-19 and increased by $15.0 million during 2017-18.

Operating grants and contributions increased by $6.6 million primarily due to an increase of $3.8 million to record the District's portion of the State's pension expense; an increase of $.9 million in special education IDEA Basic Local Assistance Entitlement; and $.7 million for the new Low-Performing Students Block Grant.

Property taxes increased by a net $3.5 million. Property tax revenues in debt service funds decreased by $1.0 million. Property taxes for general purposes increased by $4.3 million due to the rise in assessed property values.

Federal and State aid not restricted to specific purposes increased by a net $5 million. Fully-funded LCFF revenue, plus a COLA of 3.70%, along with enrollment growth, contributed to an increase of $4.9 million (excluding property taxes). There was also an increase of $450k for one-time state mandated cost reimbursements (the District received $147 per ADA in 17-18 compared with $184 per ADA in 2018-19).

Expenditures increased by a net of $20.4 million due primarily to a retroactive salary increase of 1.95% for 2017-18 and a salary increase of 5% for 2018-19. Both of these increases were settled in 2018-19. There were also increases in salaries and benefits due to growth in number of employees, primarily in special education, step and column costs, and pension rate increases. Overall, an additional $16 million was spent on salaries and benefits in 2018-19 over the prior year across all functions. An additional $1 million was spent on maintenance and operations materials, supplies and repairs. An additional $1.1 million was spent on instruction: $298k on non-public schools and agencies, $315k on audio-visual projector replacements and $461k in CTE Incentive Grant funds. In summary, there was increase of instruction and instructional-related expenditures of $15.7 million, an increase of $.9 million for pupil services, an increase of $1.5 million in general administration, an increase of $1.4 million in maintenance and operations, and an increase of $.9 million in other expenses.

FINANCIAL INFORMATION OF THE SCHOOL DISTRICT

Financial Statements

The District's General Fund is its primary operating fund. It finances the ordinary operations of the school district. General Fund revenues are derived from such sources as state school fund apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School Districts must adopt a budget on or before July 1 of each year. The budget is then revised on a regular basis to reflect changes in projected income and expenses subsequent to July 1.

State Funding of Education

California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues will significantly affect appropriations made by the Legislature to school districts. Annual State apportionments are primarily computed based on the LCFF. The LCFF creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams. Now fully implemented, every district in California will receive the same base grant amount per ADA by grade span through the LCFF. The LCFF also provides a supplemental grant equal to 20 percent of the adjusted base grant for targeted disadvantaged students, which are English learners, socio-economically disadvantaged or foster youth. In addition, those districts with targeted disadvantaged students exceeding 55 percent of their total enrollment will also receive a concentration grant equal to 50 percent of the adjusted base grant. The District does not qualify to receive any concentration grant funds.

As part of the LCFF, the district is required to develop, adopt, and annually update a three-year Local Control and Accountability Plan (LCAP) using a template adopted by the California State Board of Education.

Other State apportionments are for categorical programs such as Special Education and Child Nutrition.

Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the school district as of the preceding January 1. Property taxes are due in two installments, on November 1 and February 1 of each fiscal year. These monies come to the district through the Placer County Office of Education primarily in December, April, and August. The District is under the Teeter Plan and receives the last 5% of property tax receipts in August of each year. Property within the school district had a net adjusted assessed valuation for fiscal year 2018-19 of $9,493,721,999.

Employee Relations

Most employees of the District are represented by the following bargaining units: the Rocklin Teachers Professional Association (RTPA) and California School Employees Association (CSEA). Agreements were reached with RTPA and CSEA on employee compensation and benefits for 2017-18 on September 11, 2018 and September 17, 2018 respectively. Upon completion of the negotiations, tentative agreements were subject to formal ratification by the Board and the membership of the bargaining unit, which occurred on October 17, 2018. The 2018-19 year was also settled and was formally ratified on January 16, 2019 for RTPA, and February 6, 2019 for RAPA, CSEA and Deputy and Associates Superintendents. Non-Represented and Confidential settlements for 2018-19 were ratified by the Board in two pieces, on December 12, 2018 and February 6, 2019.

Retirement Employee Benefits

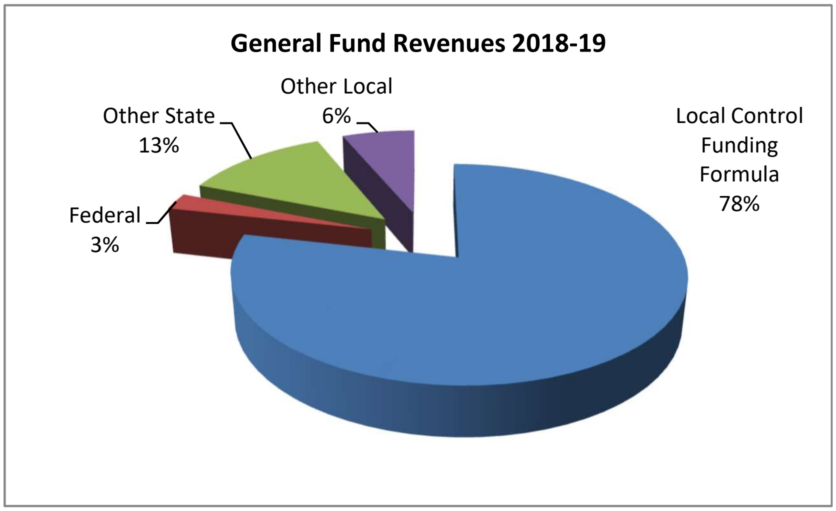
The Retiree Benefit Fund is used to fund employee retirement medical benefit payments. The fund was established in 1997. During fiscal year 1996-97 the district transferred $1,000,000 into the Retiree Benefit Fund to partially fund this liability. The District has made yearly contributions to the Retiree Benefit Fund since 1999, based upon actuarial studies. In June 2006, the district created an Irrevocable Trust for retiree benefits. All funds in the Retiree Benefit Fund were transferred to the Irrevocable Trust.

As of the most recent valuation date, June 30, 2019, the District's net OPEB liability is estimated to be $67,155.

District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State of California requires districts of our size to retain at least a minimum amount equal to 3% of our budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures that are higher than those budgeted. The District's reserve for economic uncertainty at June 30, 2019 is 7.42%. Also included in the net ending balance are carryover balances that originated from sources that can only be used for selected purposes. These revenues, called "restricted," can only be expended for the purposes as determined by the grantor, and the balances in these accounts carry the same restrictions as the originating income. Thus, a net ending balance is reflected with two types of accounts, those that are restricted that can be used for selected purposes only and those that are unrestricted and, thus, can be expended by decisions of the local agency.

General Fund Revenues and Expenditures

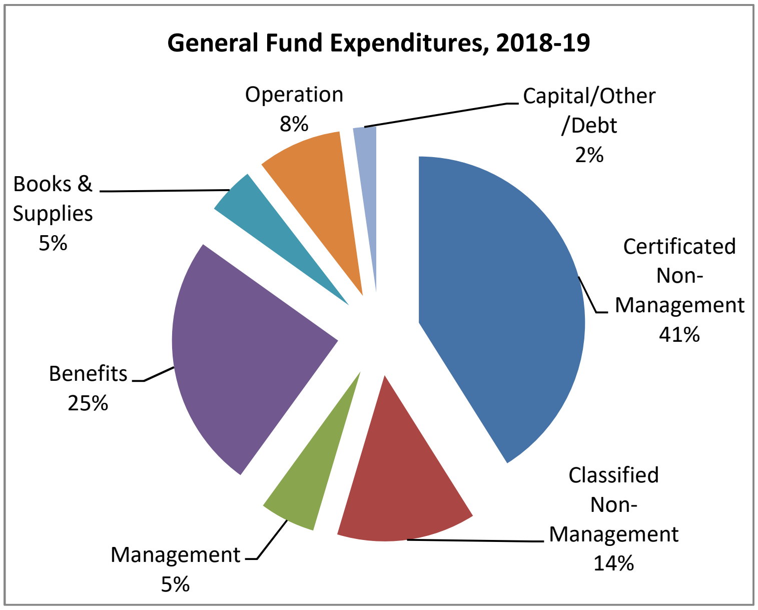


Most of the District's General Fund revenue is generated from the LCFF funding model, which yields funds based on a state-determined formula times the average number of students who are in attendance throughout the school year. Public education, unlike any other public agency, receives most of its revenue based on the population it serves.

The second biggest source of revenue is state categorical income that must be spent for selected State-determined programs. The largest categorical program is funding for a portion of Special Education services. State on Behalf contributions to PERS and STRS of $9.4 million are also reported as Other State Revenue.

All of the Federal income received by the District is restricted since it must be expended for purposes that are determined by the grantor and not the local Board of Trustees.

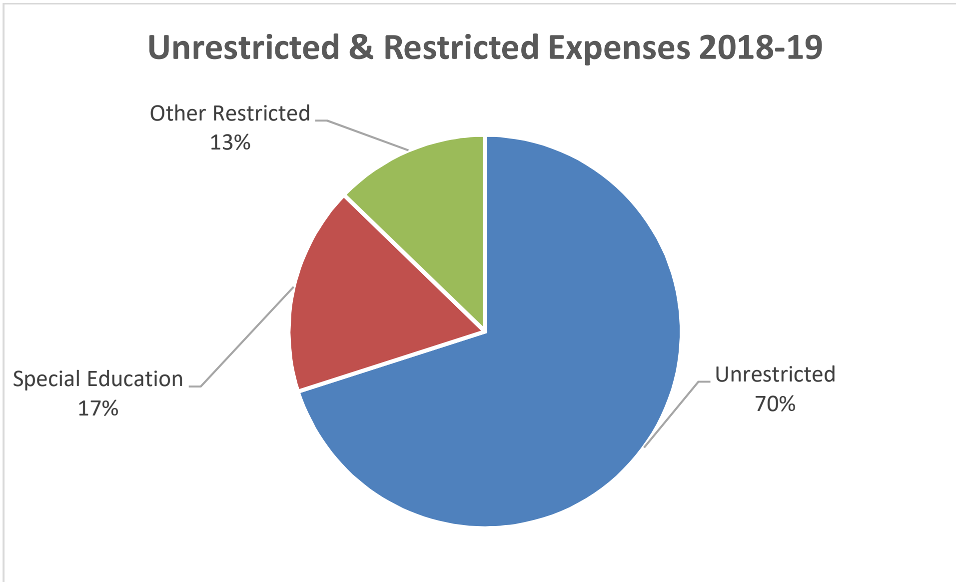
The District's total resources for expenditure in the budget year include a "beginning balance," which reflects a carryover unexpended balance from the prior year. Under the requirement of state law, a portion of the beginning balance must remain as a Reserve for Economic Uncertainties.

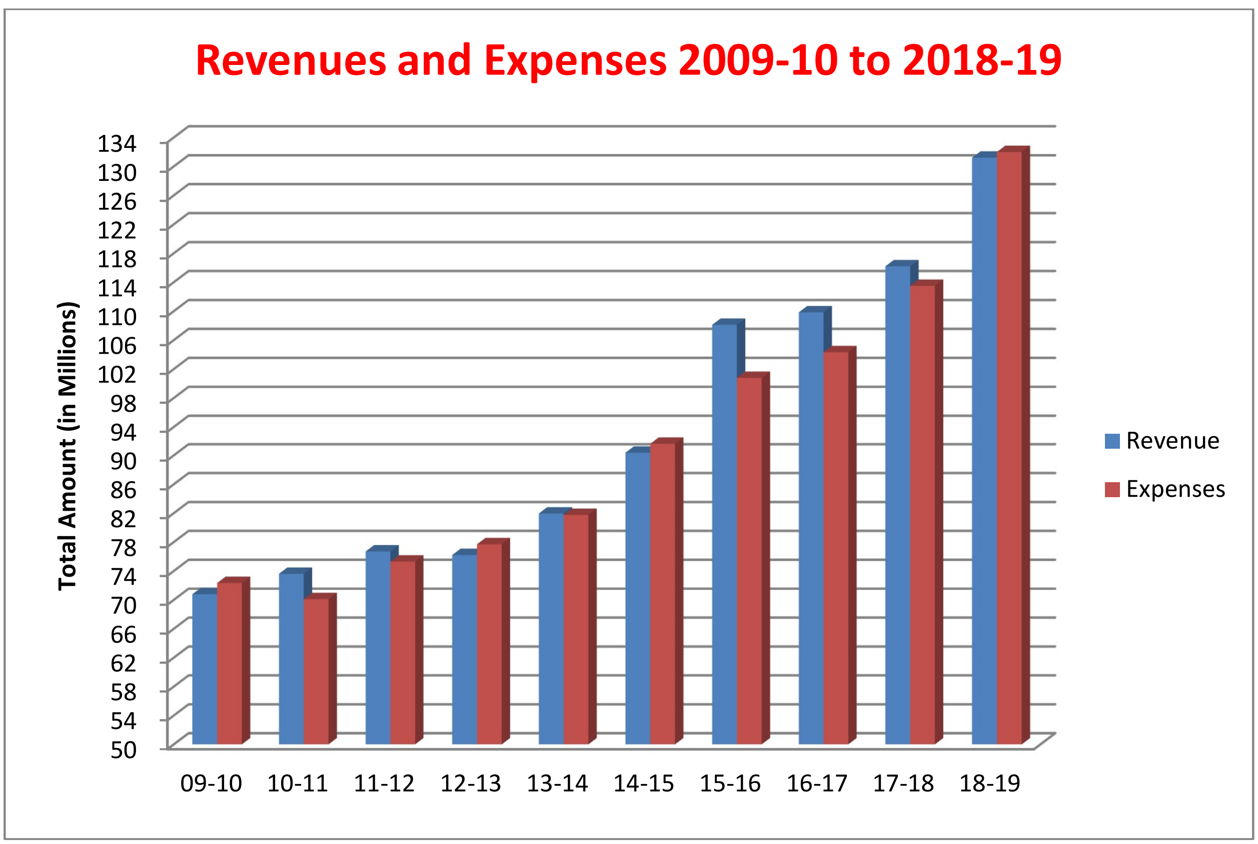


Most of the expenditures of the District were to pay the salaries and benefits of the employees of the District. It takes people to teach people, and in Rocklin Unified School District, 84.9% of the District's General Fund expenditures were for the services of District employees. Salaries represented 60.0% of District expenditures. The health and welfare benefits for District employees were an additional 24.9% of expenditures and included expenses for areas such as retirement, both State and Federal, medical, dental and life insurance plans, and workers' compensation expenses. Included in the retirement expenses is $9.4 million of State on Behalf contributions to PERS and STRS.

The biggest restricted program in the District is Special Education. Local agencies are obligated for this program to expend the income for selected program purposes.

For Special Education, Rocklin Unified School District expended $22.7 million to meet the obligations of the program and the obligations of State and Federal law. State and Federal Special Education income is significantly less than the obligations of the program and the district must use unrestricted or general-purpose income to address the full obligations of Special Education. The difference between the restricted income and the expenditures in Special Education is described as "contribution" in that the unrestricted general purpose revenue must be contributed to the special education program to cover the shortfall of state and federal funding. The contribution to Special Education in 2018-19 was $13.5 million, or 59.4% and $10.7 million, or 53.0%, in 2017-18.


Unrestricted & Restricted Expenses 2018-19
Other Restricted
13%
Special Education
17%
Unrestricted
70%


Revenues and Expenses 2009-10 to 2018-19
Total Amount (in Millions)
134
130
126
122
118
114
110
106
102
98
94
90
86
82
78
74
70
66
62
58
54
50
09-10
10-11
11-12
12-13
13-14
14-15
15-16
16-17
17-18
18-19
Revenue
Expenses

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments primarily fall into six categories:

- Changes made to adjust to the State adopted budget and subsequent State revisions.
- Changes made to adjust to actual enrollment needs once school begins.
- Increases for carryover of categorical funding and greater/less than expected enrollment of students.
- Adjustments in projections of special education funding and bill back charges by the Placer SELPA and County Office of Education.
- Updates to federal and state funding allocations
- Changes in expenditures, including salary and benefit costs due to settlement with employee groups, staffing changes, operational costs, and program costs.

The District's final budget for the general fund reflected a decrease in fund balance of $6.9 million, the projected decrease as presented to the Board on June 24, 2019 was $3.2 million, and the actual net decrease in fund balance was $.8 million.

Revenues estimated in the revised budget were more than revenues in the original budget by $10.1 million as the adopted budget did not include new one time Mandated Cost Reimbursement funding of $2.1 million, an additional $5 million in State PERS and STRS funding that must be recorded by the District, the new Low Performing Student Block Grant of $671k, $201k Title I funding, $441k in lottery revenue, $666k special education funding, and $177k in Medi-Cal funding

Actual revenues were greater than revised budget by $2.1 million, which was mostly due to an increase in revenue in LCFF ($2 million). Original budgeted expenditures were $19.2 million less than revised budget due primarily to the 1.95% compensation increase to employees for the 2017-18 year and 5% increase for the 2018-19 year, budgeting of carryover, including capital projects in progress, and expenditures for new funding listed above for change in revenues. Actual expenditures were $4.1 million less than budgeted, mostly due to program, site and department budgets savings, and capital projects in process that will be carried over to 2019-20 for expenditure.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2019 the District had invested $226.3 million in a broad range of capital assets, including land, school buildings, athletic facilities, administrative buildings, computer and other equipment, and vehicles. This amount represents a net increase of $3.5 million, or 1.54%, in 2018-19 and a decrease of $3.9 million, or 1.72%, in 2017-18. (More detailed information about capital assets can be found in Note 4 to the financial statements).

The following projects were completed during 2018-19: Lighting projects at eight schools, HVAC projects at four schools, roofing at Rocklin Elementary, blacktop project at Sierra Elementary, and phone VOIP replacement at all three high schools.

As of June 30, 2019 the District had construction in progress of $7.4 million, of which $4.8 million was for the new Elementary School #12, $181k for asphalt projects at four schools, $189k for roofing projects at two schools, $122k for the Rocklin High School fire alarm project, $873k the portable projects at Rocklin and Whitney High Schools, $948k for the Ruhkala expansion project and $247k for the camera safety project. Total depreciation expense was $7.4 million in 2018-19 and $7.4 million in 2017-18.

Long-Term Debt

At June 30, 2019, the District had $303.7 million in general obligation bonds, Mello-Roos Bonds, net pension liability and other long-term debt outstanding, an increase of $1.1 million from last year. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

- The District issued $6,750,000 in COPs in June 2019 to partially fund the Ruhkala Elementary expansion project.
- The District continued to pay down its debt, retiring $20.3 million in 2018-19 and $12.6 million in 2017-18.
- $7.4 million of accreted interest accrued in 2018-19.

Bond Rating

In 2017 the District's general obligation bonds and Mello Roos bonds were rated AA- by Fitch. In 2019 the District's general obligation bonds were rated AA-, the Mello-Roos bonds were rated A+ and the Certificates of Participation were rated A+ by Standard & Poor's.

DEBT LIMITATIONS

General Obligation Bonds

The statutory limitation for California school district general obligation bonds in any fiscal year is 2.5% of the District's assessed valuation minus the principal amount of any outstanding general obligation bonds of the District.

Mello-Roos Bonds

The California Government Code requires that the value of real property subject to a Mello-Roos special tax must be least three times the principal amount of the Mello-Roos bonds to be sold and the principal amount of all other outstanding bonds that are secured by a Mello-Roos special tax or a special assessment levied against the same property.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions regarding this report or need additional financial information, contact the District Business Department, Rocklin Unified School District, 2615 Sierra Meadows Drive, Rocklin, CA 95677, (916) 624-2428.

BASIC FINANCIAL STATEMENTS

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 82,191,156
Receivables	7,122,681
Stores inventory	20,598
Prepaid expenses	624,177
Advance receivable (Note 11)	7,894,364
Other current assets	1,611,071
Non-depreciable capital assets (Note 4)	55,067,273
Depreciable capital assets, net of accumulated depreciation (Note 4)	171,196,457
Total assets	325,727,777
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - refunding debt	580,673
Deferred outflow of resources - OPEB (Note 9)	420,858
Deferred outflow of resources - pensions (Notes 7 and 8)	36,390,316
Total deferred outflows	37,391,847
LIABILITIES	
Accounts payable	7,777,429
Unearned revenue	117,923
Long-term liabilities (Notes 5, 7, 8 and 9):	
Due within one year	20,602,769
Due after one year	283,090,202
Total liabilities	311,588,323
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	6,143,000
NET POSITION	
Net investment in capital assets	132,980,042
Restricted:	
Legally restricted programs	9,677,802
Capital projects	28,698,407
Debt service	26,334,341
Unrestricted	(152,302,291)
Total net position	$ 45,388,301

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 96,119,461	$ 215,971	$ 14,842,363	$ -	$ (81,061,127)
Instruction-related services:					
Supervision of instruction	4,569,149	16,049	1,528,132	-	(3,024,968)
Instructional library, media and technology	1,404,400	1,357	145,057	-	(1,257,986)
School site administration	9,668,625	1,049	725,500	-	(8,942,076)
Pupil services:					
Home-to-school transportation	1,625,806	-	52,662	-	(1,573,144)
Food services	2,971,391	1,626,662	1,167,679	-	(177,050)
All other pupil services	7,447,458	16,676	1,692,736	-	(5,738,046)
General administration:					
Data processing	2,553,750	-	70,786	-	(2,482,964)
All other general administration	6,215,697	122,068	736,720	-	(5,356,909)
Plant services	12,420,660	1,151,915	774,287	-	(10,494,458)
Ancillary services	1,323,452	-	51,611	-	(1,271,841)
Community services	178,268	687	2,287	-	(175,294)
Interest on long-term debt	8,927,887	-	-	-	(8,927,887)
Other outgo	1,619,844	2,687,721	870,968	-	1,938,845
Total governmental activities	$ 157,045,848	$ 5,840,155	$ 22,660,788	$ -	(128,544,905)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	47,159,761
Taxes levied for debt service	23,526,540
Taxes levied for other specific purposes	994,842
Federal and state aid not restricted to specific purposes	61,967,944
Interest and investment earnings	424,715
Interagency revenues	518,284
Miscellaneous	1,792,745
Total general revenues and transfers	136,384,831
Change in net position	7,839,926
Net position, July 1, 2018	37,548,375
Net position, June 30, 2019	$ 45,388,301

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Capital Facilities Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 26,063,885	$ 17,514,072	$ 15,718,929	$ 15,137,023	$ 74,433,909
Cash on hand and in banks	6,635	-	-	129,183	135,818
Cash in revolving fund	10,500	-	-	200	10,700
Cash with Fiscal Agent	-	7,610,729	-	-	7,610,729
Receivables	6,854,300	56,266	-	212,115	7,122,681
Due from other funds	32,869	-	-	80,350	113,219
Stores inventory	-	-	-	20,598	20,598
Prepaid expenditures	624,177	-	-	-	624,177
Advance receivable	-	-	-	7,894,364	7,894,364
Other current assets	-	-	1,611,071	-	1,611,071
Total assets	$ 33,592,366	$ 25,181,067	$ 17,330,000	$ 23,473,833	$ 99,577,266
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 6,348,542	$ 865,691	$ -	$ 199,188	$ 7,413,421
Unearned revenue	117,923	-	-	-	117,923
Due to other funds	106,120	-	-	7,099	113,219
Total liabilities	6,572,585	865,691	-	206,287	7,644,563
Fund balances:					
Nonspendable	634,677	-	-	20,798	655,475
Restricted	7,408,357	24,315,376	17,330,000	23,246,748	72,300,481
Committed	704,900	-	-	-	704,900
Assigned	8,460,514	-	-	-	8,460,514
Unassigned	9,811,333	-	-	-	9,811,333
Total fund balances	27,019,781	24,315,376	17,330,000	23,267,546	91,932,703
Total liabilities and fund balances	$ 33,592,366	$ 25,181,067	$ 17,330,000	$ 23,473,833	$ 99,577,266

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - Governmental Funds		$ 91,932,703
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 $358,728,795 and the accumulated depreciation is $132,465,065 (Note 4).		226,263,730
In governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(364,008)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2019 consisted of (Note 5):		
General obligation and special revenue bonds	$ (79,654,193)	
Accreted interest	(80,481,028)	
Unamortized premiums	(1,190,897)	
Certificates of participation	(20,630,000)	
Net pension liability (Notes 7 and 8)	(121,188,000)	
Net other postemployment benefits (OPEB) liability (Note 9)	(67,155)	
Compensated absences	(481,698)	
		(303,692,971)
In government 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	36,390,316	
Deferred inflows of resources relating to pensions	(6,143,000)	
		30,247,316
In government funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 9).		
Deferred outflows of resources relating to OPEB		420,858

(Continued)

Deferred outflows of resources resulting from defeasance of debt are not recorded in governmental funds. In governmental activities, for advanced refundings resulting in the defeasance of debt reported in the governmental activities, the difference between the reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources.	580,673
Total net position - governmental activities	$ 45,388,301

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Capital Facilities Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 62,313,825	$ -	$ -	$ 991,289	$ 63,305,114
Local sources	40,697,578	-	-	365,359	41,062,937
Total LCFF	103,011,403	-	-	1,356,648	104,368,051
Federal sources	3,341,354	-	-	1,090,662	4,432,016
Other state sources	16,608,982	2,104	100,199	286,746	16,998,031
Other local sources	8,243,095	3,745,747	14,771,085	11,182,758	37,942,685
Total revenues	131,204,834	3,747,851	14,871,284	13,916,814	163,740,783
Expenditures:					
Current:					
Certificated salaries	60,485,483	-	-	709,652	61,195,135
Classified salaries	18,729,546	34,624	-	1,216,047	19,980,217
Employee benefits	32,824,477	14,231	-	620,733	33,459,441
Books and supplies	6,142,698	258,587	-	1,442,100	7,843,385
Contract services and operating expenditures	10,855,586	476,118	-	331,938	11,663,642
Other outgo	979,246	-	-	373,467	1,352,713
Capital outlay	1,952,157	1,838,891	-	7,172,679	10,963,727
Debt service:					
Principal payments	-	-	6,437,858	5,227,717	11,665,575
Interest	-	-	7,259,331	2,045,624	9,304,955
Total expenditures	131,969,193	2,622,451	13,697,189	19,139,957	167,428,790
(Deficiency) excess of revenues (under) over expenditures	(764,359)	1,125,400	1,174,095	(5,223,143)	(3,688,007)
Other financing sources (uses):					
Transfers in	207,437	-	-	2,037,948	2,245,385
Transfers out	(237,948)	-	-	(2,007,437)	(2,245,385)
Proceeds from Certificates of Participation	-	6,750,000	-	-	6,750,000
Premiums from Certificates of Participation	-	1,127,860	-	-	1,127,860
Total other financing sources (uses)	(30,511)	7,877,860	-	30,511	7,877,860
Net change in fund balances	(794,870)	9,003,260	1,174,095	(5,192,632)	4,189,853
Fund balances, July 1, 2018	27,814,651	15,312,116	16,155,905	28,460,178	87,742,850
Fund balances, June 30, 2019	$ 27,019,781	$ 24,315,376	$ 17,330,000	$ 23,267,546	$ 91,932,703

See accompanying notes to financial statements.

ROCKLIN 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, 2019

Net change in fund balances - Total Governmental Funds	$ 4,189,853
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).	10,965,726
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(7,411,013)
If a planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense (Note 4).	(57,037)
In the governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the Statement of Activities, only the resulting gain or loss is reported (Note 4).	(67,946)
Proceeds from debt are recognized as Other financing sources in the governmental funds. In the government-wide statements, proceeds from debt are reported as increases to liabilities (Note 5).	(6,750,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	11,665,575
OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was (Note 9):	799,567
Unmatured interest is an expense that is not recorded in the governmental funds.	(210,868)
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	626,679
In governmental funds, debt issue premiums and loss on refunding are recognized as other financing sources (uses) in the period they are incurred. In the government-wide statements, premiums and losses are amortized over the life of the related debt (Note 5).	(1,166,605)

See accompanying notes to financial statements.

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8):	(4,666,675)
In the statement of activities, expenses related compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(77,330)
Change in net position of governmental activities	$ 7,839,926

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2019

	Trust Fund	Agency Funds	
	Retiree Benefit Trust Fund	Student Body	Warrant Pass-Through Fund
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ 7,394,091	$ -	$ 1,237,251
Cash on hand and in banks	-	1,422,672	-
Receivables	27,553	-	-
Total assets	7,421,644	$ 1,422,672	$ 1,237,251
LIABILITIES			
Due to student groups	-	$ 1,422,672	$ -
Accounts payable	-	-	1,237,251
Unearned contributions	65,558	-	-
Total liabilities	65,558	$ 1,422,672	$ 1,237,251
NET POSITION			
Net position - restricted for retiree benefits	$ 7,356,086		

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2019

	Retiree Benefit Trust Fund
Additions:	
Employer contributions	$ 637,292
Investment income	141,828
Other local income	649,557
Total additions	1,428,677
Deductions:	
Benefits payments	1,342,695
Net increase in fiduciary net position	85,982
Net position, July 1, 2018	7,270,104
Net position, June 30, 2019	$ 7,356,086

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

Mello-Roos Community Facilities Districts: The District and Community Facilities Districts #1, #2 and #3 (the CFDs) have financial and operational relationships which meet the reporting entity definition criteria for inclusion of the CFDs as component units of the District. Accordingly, the financial activities of the CFDs have been included in the financial statements of the District.

The following are aspects of the relationship between the District and the CFDs which satisfy the inclusion criteria:

Accountability

1. The CFDs' Boards of Directors are the same as the District's Board of Trustees. Therefore, the District assumes all duties and responsibilities related to the CFDs. The CFDs have no employees of their own. The District's Superintendent, Associate Superintendent, and Director of Fiscal Services and Purchasing function as agents of the CFDs, but do not receive additional compensation for work performed in this capacity. The District charges the CFDs for certain administrative costs.

2. The District is able to impose its will upon the CFDs, based on the following:

- All major financing arrangements, contracts, and other transactions of the CFDs must have the consent of the District.
- The District exercises significant influence over operations of the CFDs.

3. The CFDs provide specific financial benefits or impose specific financial burdens on the District based upon the following:

- Proceeds of bond issues from the CFDs are used for capital outlay projects of the District.
- The District is responsible for assuring that the taxes collected are used to fund the cost of debt service.

Scope of Public Service

The CFDs were created for the sole purpose of financially assisting the District. The CFDs are community facilities districts created pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended by Chapter 2.5, Part 1, Division 2, Title 5, of the California Government Code established March 30, 1989. The CFDs were formed to provide financing assistance to the District for construction, rehabilitation, and acquisition of major capital facilities to support the student population.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Presentation

For financial presentation purposes, the CFD's financial activity has been blended, or combined, with the financial data of the District. The financial statements present the CFD's financial activity within the District's debt service and capital projects funds. There are no separately issued financial statements. Special tax bonds issued by the CFDs are included in long-term liabilities of the District.

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 display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund:

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

Capital Facilities Fund:

The Capital Facilities Fund is a capital projects fund used to account for financial resources used for the acquisition or construction of capital facilities by the District.

Bond Interest and Redemption Fund:

The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the repayment of General Obligation bonds, interest, and other debt related costs.

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Charter School, Cafeteria and Deferred Maintenance Funds.

Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the County School Facilities, Special Reserve for Capital Outlay and Capital Projects for Blended Component Units Funds.

The Debt Service for Blended Component Units Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest and related costs.

The Retiree Benefits Trust Fund is used to account for amounts held by the District as Trustee, to be used to provide retiree benefits to retirees of the District.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Student Body Fund is used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in the Student Body Fund. The District also has a warrant pass-through fund reported in the agency funds.

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

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2019.

Stores Inventory: Stores inventory is valued using the purchases method in that the expense is recorded at the time of purchase. Inventories are recorded as an expenditure or expense at the time the individual inventory items are transferred from the warehouse to the schools or used in meal production.

Capital Assets: Capital assets purchased or acquired, with an original cost of $15,000 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 - 30 years depending on asset types.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	STRP	PERF B	Total
Non-depreciable:			
Deferred outflows of resources	$ 28,268,929	$ 8,121,387	$ 36,390,316
Deferred inflows of resources	$ 6,143,000	$ -	$ 6,143,000
Net pension liability	$ 92,194,000	$ 28,994,000	$121,188,000
Pension expense	$ 20,912,656	$ 6,838,775	$ 27,751,431

Compensated Absences: Compensated absence benefits in the amount of $481,698 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

Sick Leave Benefits: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain CalSTRS and CalPERS employees, 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.

(Continued)

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 appropriable 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 debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

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

A - Nonspendable Fund Balance:

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

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 and fiduciary trust 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 Trustees. 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 Trustees is required to remove any commitment from any fund balance.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances. In 2011, the Board designated the Superintendent and the Deputy Superintendent, Business, with this authority.

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, 2019, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer 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.

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.

Estimates: The preparation of basic 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.

(Continued)

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019 consisted of the following:

	Governmental Funds	Fiduciary Activities
Pooled funds:		
Cash in County Treasury	$ 74,433,909	$ 8,631,342
Deposits:		
Cash on hand and in banks	135,818	1,422,672
Cash in revolving fund	10,700	-
Total deposits	146,518	1,422,672
Cash with Fiscal Agent	7,610,729	-
Total	$ 82,191,156	$ 10,054,014

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

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. As of June 30, 2019, the carrying amount of the District's accounts were $1,569,190 and bank balances were $1,808,635, of which $703,535 was insured.

Cash with Fiscal Agent: Cash with Fiscal Agent in the Capital Facilities Fund totaling $7,610,729 is the amount held by a fiscal agent to fund capital projects.

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, 2019, 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, 2019, the District had no concentration of credit risk.

(Continued)

NOTE 3 – INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2019 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 32,869	$ 106,120
Non-Major Funds:		
Charter School	36,595	7,075
Cafeteria	-	24
Deferred Maintenance	43,755	-
Totals	$ 113,219	$ 113,219

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

Interfund transfers for the 2018-2019 fiscal year were as follows:

Transfer from the General Fund to the Special Reserve for Capital Outlay Fund for salary set asides for the new elementary school projected for fiscal year 2020-21.	$ 237,487
Transfer from the General Fund to the Cafeteria Fund for bad debt expense.	461
Transfer from the Charter School Fund to the General Fund for indirect costs.	59,657
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	147,780
Transfer from Debt Service for Blended Component Units Fund to the Capital Project for Blended Component Units Fund for future construction projects.	1,800,000
	$ 2,245,385

(Continued)

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Transfers and Additions	Transfers and Deductions	Balance June 30, 2019
Non-depreciable:				
Land	$ 43,939,583	$ 3,740,000	$ -	$ 47,679,583
Work-in-process	2,181,526	7,098,432	1,892,268	7,387,690
Depreciable:				
Improvement of sites	37,134,134	474,388	-	37,608,522
Buildings	256,452,245	103,482	368,591	256,187,136
Equipment	8,481,209	1,384,655	-	9,865,864
Totals, at cost	348,188,697	12,800,957	2,260,859	358,728,795
Less accumulated depreciation:				
Improvement of sites	(23,110,029)	(1,571,582)	-	(24,681,611)
Buildings	(96,574,281)	(5,160,935)	(299,386)	(101,435,830)
Equipment	(5,669,128)	(678,496)	-	(6,347,624)
Total accumulated depreciation	(125,353,438)	(7,411,013)	(299,386)	(132,465,065)
Capital assets, net	$ 222,835,259	$ 5,389,944	$ 1,961,473	$ 226,263,730

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 6,482,267
Instructional library, media and technology	119,516
School site administration	382,572
Home-to-school transportation	92,098
Food services	16,165
All other general administration	119,516
Data processing	198,879
Total depreciation expense	$ 7,411,013

(Continued)

NOTE 5 – LONG-TERM LIABILITIES

Bonded Debt: The outstanding debt of the District as of and during June 30, 2019 was as follows:

	Interest Rate %	Final Maturity Fiscal Year Ending June	Amount of Original Issue*	Outstanding July 1, 2018	Issued (Redeemed) Current Year	Outstanding June 30, 2019
1991 G.O. Bond Series B	5.00%- 6.40%	2020	6,998,803	471,726	(236,903)	234,823
1991 G.O. Bond Series C	5.00%- 6.35%	2021	10,779,334	1,082,239	(366,345)	715,894
2002 G.O. Bond	5.08%- 5.71%	2028	19,998,745	18,079,618	(1,814,738)	16,264,880
2003 G.O. Bond	4.99%- 5.59%	2029	31,998,859	29,423,753	(2,469,872)	26,953,881
2017 G.O. Bond Refunding	1.97%	2024	11,790,000	10,175,000	(1,550,000)	8,625,000
Series 1998 – CFD #1	3.75%- 4.95%	2021	13,781,144	2,131,144	(1,035,000)	1,096,144
Series 2000 – CFD #1	4.75%- 6.10%	2026	16,415,790	1,835,790	-	1,835,790
Series 2001 – CFD #1	2.50%- 5.50%	2024	11,498,773	2,383,754	(455,447)	1,928,307
Series 2007 – CFD #1	4.00%- 5.41%	2039	6,793,381	3,213,381	(430,000)	2,783,381
Series 2007 – CFD #1	4.00%- 5.25%	2021	26,625,000	5,165,000	(2,130,000)	3,035,000
Series 2007 – CFD #2	4.00%- 5.36%	2039	12,309,968	8,123,363	(442,270)	7,681,093
Series 2017 Refunding – CFD #1	2.37%	2030	9,900,000	9,235,000	(735,000)	8,500,000
			$ 178,889,797	$ 91,319,768	$ (11,665,575)	$ 79,654,193

The annual payments required to amortize the general obligation and mello-roos bonds outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 10,475,599	$ 10,170,864	$ 20,646,463
2021	10,609,723	10,205,964	20,815,687
2022	9,583,488	11,458,321	21,041,809
2023	9,162,316	11,315,855	20,478,171
2024	8,073,452	11,192,145	19,265,597
2025-2029	28,104,780	61,427,530	89,532,310
2030-2034	2,334,852	5,227,397	7,562,249
2035-2039	1,309,983	4,555,017	5,865,000
	$ 79,654,193	$ 125,553,093	$ 205,207,286

Refundings: The District issued 2017 General Obligation Refunding Bonds to refund the series 1998 and 1999 general obligation bonds in the amount of $4,259,197. On June 30, 2019, $4,259,197 of bonds outstanding are considered defeased.

The District issued CFD # 1 Special Tax Bonds, Refunding Series 2017 to refund the series 2004 special tax bonds in the amount of $9,340,000. On June 30, 2019, $9,340,000 of special tax bonds outstanding are considered defeased.

(Continued)

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Certificates of Participation: The District issued Certificates of Participation (COPs) in the amount of $19,890,000 during the 2006-07 fiscal year. During the year ended June 30, 2014, the District made a $5,500,000 principal payment, including a $4,970,000 partial redemption approved by the Board. The District issued COPs in the amount of $6,750,000 during the 2018-19 fiscal year.

	Funding Source	Interest Rate %	Final Maturity Fiscal Year Ending June	Amount of Original Issue*	Outstanding July 1, 2018	Issued (Redeemed) Current Year	Outstanding June 30, 2019
Series 2006	Mello-Roos taxes	4.125- 4.5%	2036	19,890,000	13,880,000	-	13,880,000
Series 2019	Developer fees	3.00-5.00%	2045	6,750,000	-	6,750,000	6,750,000
				$ 26,640,000	$ 13,880,000	$ 6,750,000	$ 20,630,000

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2019 are:

Year Ended June 30,	Principal	Interest	Total
2020	$ -	$ 886,451	$ 886,451
2021	145,000	943,494	1,088,494
2022	175,000	937,803	1,112,803
2023	895,000	915,150	1,810,150
2024	935,000	876,006	1,811,006
2025-2029	5,320,000	3,712,850	9,032,850
2030-2034	6,650,000	2,354,500	9,004,500
2035-2039	4,085,000	922,813	5,007,813
2040-2044	355,000	526,375	881,375
2045	2,070,000	51,750	2,121,750
	$ 20,630,000	$ 12,127,192	$ 32,757,192

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 59,232,336	$ -	$ 6,437,858	$ 52,794,478	$ 6,327,721
Mello-Roos Bonds	32,087,432	-	5,227,717	26,859,715	4,147,878
Accreted interest	81,107,707	7,358,005	7,984,684	80,481,028	9,645,472
Unamortized premiums	98,175	1,127,860	35,138	1,190,897	-
Certificates of Participation	13,880,000	6,750,000	-	20,630,000	-
Other Long-Term liabilities:					
Net pension liability (Notes 7 and 8)	115,044,000	6,144,000	-	121,188,000	-
Net OPEB liability (Note 9)	696,049	-	628,894	67,155	-
Compensated absences	404,368	77,330	-	481,698	481,698
	$ 302,550,067	$ 21,457,195	$ 20,314,291	$ 303,692,971	$ 20,602,769

Payments on the General Obligation Bonds are made from the Bond Interest & Redemption Fund. Payments on Mello-Roos Bonds are made from the Debt Service for Blended Component Units Fund. Unamortized bond issuance premiums are amortized over the life of the related debt. Payments on the compensated absences and OPEB liability were made from the fund for which the related employee worked.

(Continued)

NOTE 6 – FUND BALANCES

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 10,500	$ -	$ -	$ 200	$ 10,700
Stores inventory	-	-	-	20,598	20,598
Prepaid expenditures	624,177	-	-	-	624,177
Subtotal nonspendable	634,677	-	-	20,798	655,475
Restricted:					
Legally restricted programs	7,408,357	-	-	2,248,647	9,657,004
Capital projects	-	24,315,376	-	11,993,760	36,309,136
Debt service	-	-	17,330,000	9,004,341	26,334,341
Subtotal restricted	7,408,357	24,315,376	17,330,000	23,246,748	72,300,481
Committed:					
Facility use and repair	427,219	-	-	-	427,219
Cell tower	277,681	-	-	-	277,681
Subtotal assigned	704,900	-	-	-	704,900
Assigned:					
Subsequent year un-restricted deficit	4,984,367	-	-	-	4,984,367
Technology/books	1,215,106	-	-	-	1,215,106
Site discretionary carryover	199,278	-	-	-	199,278
Other site and departmental carryover	1,610,202	-	-	-	1,610,202
Supplemental carryover	428,498	-	-	-	428,498
Other	23,063	-	-	-	23,063
Subtotal assigned	8,460,514	-	-	-	8,460,514
Unassigned:					
Designated for economic uncertainty	9,811,333	-	-	-	9,811,333
Total fund balances	$ 27,019,781	$ 24,315,376	$ 17,330,000	$ 23,267,546	$ 91,932,703

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

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

(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 requires 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 is allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-2019. 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 2018-2019.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 16.28 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives 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.

(Continued)

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-2019 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $9,845,929 to the plan for the fiscal year ended June 30, 2019.

State - 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

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

The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%	2.50%	9.828%
July 01, 2019	2.017%	5.811%(2)	2.50%	10.328% (3)
July 01, 2020 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 1, 2046 and thereafter	2.017%	(5)	2.50%	4.517%(5)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2019, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019.
(3) This rate does not include the $2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.
(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	$ 92,194,000
State’s proportionate share of the net pension liability associated with the District	52,785,000
Total	$ 144,979,000

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District’s proportion was 0.100 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2017.

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

For the year ended June 30, 2019, the District recognized pension expense of $20,912,656 and revenue of $8,429,079 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 286,000	$ 1,339,000
Changes of assumptions	14,323,000	-
Net differences between projected and actual earnings on investments	-	3,550,000
Changes in proportion and differences between District contributions and proportionate share of contributions	3,814,000	1,254,000
Contributions made subsequent to measurement date	9,845,929	-
Total	$ 28,268,929	$ 6,143,000

$9,845,929 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 3,879,683
2021	$ 2,548,683
2022	$ 128,683
2023	$ 2,084,017
2024	$ 3,231,267
2025	$ 407,667

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, 2018 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.

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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
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 Not applicable for DBS/CBB

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 general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each 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:

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

* 20-year geometric average

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

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate 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.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$135,053,000	$ 92,194,000	$ 56,659,000

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.

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 obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.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.

(Continued)

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-2019.

Employers - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed $2,859,387 to the plan for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of $28,994,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018, the District's proportion was 0.109 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $6,838,775 and revenue of $985,360 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,901,000	$ -
Changes of assumptions	2,895,000	-
Net differences between projected and actual earnings on investments	238,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	228,000	-
Contributions made subsequent to measurement date	2,859,387	-
Total	$ 8,121,387	$ -

(Continued)

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

$2,859,387 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 3,108,250
2021	$ 2,316,250
2022	$ 8,750
2023	$ (171,250)

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, 2018 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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 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.

(Continued)

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

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.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 42,213,000	$ 28,994,000	$ 18,026,000

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

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The Rocklin Unified School District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plan to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. During the year ended June 30, 2006 the District signed an irrevocable trust (the Trust) agreement and began accumulating funds in the Retiree Benefits Fund. The District's superintendent or designee is acting as the Trust administrator, the Rocklin Board of Trustees (the Board) has been designated as the trustee and fiduciary, and the Placer County Treasurer-Tax Collector is serving as the custodial agent.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019:

	Number of Participants
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	133
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	24
	157

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided*:* The District provides post-employment healthcare benefits to all employees who retire at age fifty-five (55) with fifteen years of service under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements. These benefits are paid as the expense is incurred. The following is a description of the current retiree benefit plan:

	Certificated	Classified	Confidential
Eligible Employees	Hired before February 7, 1991	Hired before February 27, 1997	Hired before April 19, 2002
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of benefits	Lifetime	To age 65***	To age 65***
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No*	Yes	No
District Contribution %	100%	100%	100%
District Cap	$490 per month**	$328 per month	$500 per month

*Those retired prior to June 30, 1983 are eligible for spouse coverage
**No cap for those retired prior to October 11, 1996
***Employees hired before December 1, 1993 are eligible for lifetime coverage

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. The contribution requirements of plan members and the District are established and may be amended by the Board and by contractual agreement with employee groups. The District's plan members are not required to contribute to the plan. The June 30, 2019 contributions consist of $637,292 paid from the General Fund to the Retiree Benefits Fund. Additionally, the trustee may amend or modify the benefits if the contributions to the trust and reserves of the trust are insufficient to maintain the benefits of participants and dependents.

OPEB Plan Investments: The District Board of Trustees authorized the District's Chief Fiscal Officer to invest and reinvest surplus funds on behalf of the District and the Plan. The Board recognizes that the District's Chief Fiscal Officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for all investment decisions. As such, he/she shall act with care, skill, prudence and diligence under the prevailing circumstances, including but not limited to the general economic conditions and the anticipated needs of the district. The investment objectives shall be to first safeguard the principal of the funds, then meet the district's liquidity needs and, third, to achieve a return on the funds.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The plan discount rate of 6% was determined using the following asset allocation and assumed rate of return presented as geometric means:

Asset Class	Percentage of Portfolio	Assumed Real Rate of Return
Intermediate-Term Government Bonds	25	4.500%
Long-Term Corporate Bonds	25	5.295%
Long-Term Government Bonds	25	4.500%
Short-Term Government Bonds	25	3.250%

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years. The money-weighted rate of return on plan assets was 1.92% for the year ended June 30, 2019.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

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

Valuation date	June 30, 2019
Census data	The census was provided by the District as of June 30, 2019
Actuarial cost method	Entry age normal
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male
Turnover	For certificated employees the 2009 CalSTRS termination rates were used For classified employees the 2009 CalPERS termination rates for school employees were used
Service requirement	For certificated employees 100% at 15 years of service For classified employees 100% at 15 years of service
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used For classified employees the 2009 CalPERS retirement rates for employees were used

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2018	$ 7,966,153	$ 7,270,104	$ 696,049
Changes for the year:			
Service cost	14,838	-	14,838
Interest on Total OPEB Liability	459,049	-	459,049
Expected investment income	-	434,531	(434,531)
Plan member contributions	-	-	-
Employer contributions	-	637,292	(637,292)
Experience gains/losses	(371,284)	(47,623)	(323,661)
Investment gains/losses	-	(292,703)	292,703
Administrative expense	-	-	-
Benefit payments	(645,515)	(645,515)	-
Net change	(542,912)	85,982	(628,894)
Balance, June 30, 2019	$ 7,423,241	$ 7,356,086	$ 67,155

There are no changes in assumptions.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net Pension Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0):

	Discount Rate 1% Lower (5.0%)	Valuation Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB Liability	$ 666,694	$ 67,155	$ (453,460)

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB Liability	$ (6,774)	$ 67,155	$ 146,428

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

For the year ended June 30, 2019, the District recognized OPEB expense of negative $196,047. At June 30, 2019, 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	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	420,858	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits made subsequent to measurement date	-	-
Total	$ 420,858	$ -

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Years Ended June 30,		
2020	$	120,773
2021	$	120,773
2022	$	120,773
2023	$	58,539

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2019 measurement date.

NOTE 10 – JOINT POWERS AUTHORITIES

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

Condensed financial information for SIG for the year ended June 30, 2019, is as follows:

Total assets	$	104,966,647
Total deferred outflows of resources	$	302,925
Total liabilities	$	38,704,856
Total deferred inflows of resources	$	68,338
Net position	$	66,496,378
Total revenues	$	92,255,000
Total expenses	$	91,961,717
Change in net position	$	293,283

Southern Placer School Transportation Authority: The District is also a member of the Southern Placer School Transportation Authority (SPSTA), a Joint Powers Authority established for the operation of pupil transportation maintenance services and classroom facilities. The District is a member with Eureka Union School District. Each member district has representatives on the Governing Board. Each member of that Board has equal voting rights. The Governing Board has decision-making authority, which includes the power to designate management, and the ability to significantly influence operations. The District has advanced the SPSTA funds to facilitate land banking for future District school site development. The balance at June 30, 2019 was $7,894,364 and it is recorded in the Capital Project Blended Components Units Fund as an advance receivable.

(Continued)

NOTE 10 – JOINT POWERS AUTHORITIES (Continued)

Condensed financial information for SPSTA for the year ended June 30, 2019, is as follows:

Total assets	$	9,856,793
Total liabilities	$	7,894,364
Net position	$	1,962,429
Total revenues	$	55,529
Total expenses	$	10,716
Change in net position	$	44,813

Complete separate financial statements for either JPA may be obtained at the District office at 2615 Sierra Meadows Drive, Rocklin, CA 95677.

NOTE 11 - ADVANCE RECEIVABLE

On November 1, 2006, the District entered into an agreement with Southern Placer Schools Transportation Authority (the "Authority") and issued an advance of $16,010,441 funded by the District's $19,890,000 2006 Certificates of Participation (Property Acquisition Financing), for the purpose of assisting the Authority in the acquisition of school sites. The 2006 Certificates of Participation include a provision for the use of leased property. Payment of this advance will occur at such time(s) that the District determines the need for the school site(s) and title is transferred from the Authority to the District or upon determination by the District not to acquire title and the subsequent disposal of sites upon terms mutually agreeable to the District and the Authority. As of the year ended June 30, 2019, $7,894,364 remains with the Authority.

NOTE 12 – 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 statements or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowance's under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements or results of operations.

NOTE 13 - SUBSEQUENT EVENT

On October 8, 2019, the Rocklin Unified School District Community Facilities District No. 3 issued Special Tax Bonds, Subordinate Series 2019, totaling $25,160,000 for the purpose of paying the cost of facilities to be owned and operated by the District including costs of land acquisition and construction of a new elementary school within the Community Facilities District and for other legally permissible purposes. The 2019 Special Tax Bonds mature in varying amounts during the succeeding year through September 2049 with interest rates ranging from 3.00% to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKLIN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 64,794,350	$ 62,275,813	$ 62,313,825	$ 38,012
Local sources	36,605,630	38,723,956	40,697,578	1,973,622
Total LCFF	101,399,980	100,999,769	103,011,403	2,011,634
Federal sources	2,909,681	3,773,517	3,341,354	(432,163)
Other state sources	7,999,915	16,465,897	16,608,982	143,085
Other local sources	6,742,383	7,885,190	8,243,095	357,905
Total revenues	119,051,959	129,124,373	131,204,834	2,080,461
Expenditures:				
Current:				
Certificated salaries	55,322,509	60,696,632	60,485,483	211,149
Classified salaries	17,641,425	19,056,146	18,729,546	326,600
Employee benefits	27,010,543	33,198,999	32,824,477	374,522
Books and supplies	5,911,023	7,845,420	6,142,698	1,702,722
Contract services and operating expenditures	9,089,485	11,809,847	10,855,586	954,261
Other outgo	951,809	988,712	979,246	9,466
Capital outlay	856,133	2,432,691	1,952,157	480,534
Total expenditures	116,782,927	136,028,447	131,969,193	4,059,254
Excess (deficiency) of revenues over (under) expenditures	2,269,032	(6,904,074)	(764,359)	6,139,715
Other financing sources (uses):				
Transfers in	191,026	204,237	207,437	3,200
Transfers out	(325,386)	(237,757)	(237,948)	(191)
Other financing sources (uses)	(134,360)	(33,520)	(30,511)	3,009
Net change in fund balance	2,134,672	(6,937,594)	(794,870)	6,142,724
Fund balance, July 1, 2018	27,814,651	27,814,651	27,814,651	-
Fund balance, June 30, 2019	$ 29,949,323	$ 20,877,057	$ 27,019,781	$ 6,142,724

See accompanying note to required supplementary information.

Last 10 Fiscal Years

	2017	2018	2019
TOTAL OPEB LIABILITY			
Service cost	$ 14,055	$ 14,441	$ 14,838
Interest on total OPEB liability	474,272	467,423	459,049
Experience gains/losses	-	-	(371,284)
Benefit payments	(607,938)	(597,764)	(645,515)
Net change in total OPEB liability	(119,611)	(115,900)	(542,912)
Total OPEB liability - beginning of year (a)	8,201,664	8,082,053	7,966,153
Total OPEB liability - end of year (b)	$ 8,082,053	$ 7,966,153	$ 7,423,241
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 635,644	$ 645,384	$ 637,292
Net investment income	96,071	116,620	141,828
Experience gains/losses	-	-	(47,623)
Benefit payments	(653,271)	(597,764)	(645,515)
Change in plan fiduciary net position	78,444	164,240	85,982
Fiduciary trust net position - beginning of year (c)	7,027,420	7,105,864	7,270,104
Fiduciary trust net position - end of year (d)	$ 7,105,864	$ 7,270,104	$ 7,356,086
Net OPEB liability - beginning (a) - (c)	$ 1,174,244	$ 976,189	$ 696,049
Net OPEB liability - ending (b) - (d)	$ 976,189	$ 696,049	$ 67,155
Plan fiduciary net position as a percentage of the total OPEB liability	88%	91%	99%
Covered employee payroll	$ 2,999,690	$ 2,999,690	$ 1,800,288
Net OPEB liability as a percentage of covered employee payroll	33%	23%	4%

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

Other Postemployment Benefits
Last 10 Fiscal Years

	2017	2018	2019
District's Contribution	$ 635,644	$ 645,384	$ 637,292
Contributions in relation to the actuarially determined contribution	(635,644)	(645,384)	(637,292)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 2,999,690	$ 2,999,690	$ 1,800,288
Contributions as a percentage of covered employee payroll	21.19%	21.52%	35.40%

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

Last 10 Fiscal Years

	2017	2018	2019
Money-weighted rate of return on OPEB plan investments	1.35%	1.60%	1.92%

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

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.095%	0.099%	0.098%	0.097%	0.100%
District's proportionate share of the net pension liability	$ 55,515,150	$ 66,650,760	$ 79,470,000	$ 89,321,000	$ 92,194,000
District's proportionate share of the net pension liability associated with the District	33,583,093	35,399,000	45,245,000	52,842,000	52,785,000
Total net pension liability	$ 89,098,243	$102,049,760	$124,715,000	$142,163,000	$144,979,000
District's covered payroll	$ 42,909,664	$ 46,144,000	$ 48,968,000	$ 51,173,000	$ 54,141,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	129.38%	144.44%	162.29%	174.55%	170.28%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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)

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.102%	0.106%	0.107%	0.108%	0.109%
District's proportionate share of the net pension liability	$ 11,534,074	$ 15,668,725	$ 21,162,000	$ 25,723,000	$ 28,994,000
District's covered payroll	$ 10,668,000	$ 11,773,000	$ 12,855,000	$ 13,622,000	$ 14,509,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.12%	133.09%	164.62%	188.83%	199.83%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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.

See accompanying note to required supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 4,097,593	$ 5,254,234	$ 6,437,566	$ 7,812,574	$ 9,845,929
Contributions in relation to the contractually required contribution	(4,097,593)	(5,254,234)	(6,437,566)	(7,812,574)	(9,845,929)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 46,144,000	$ 48,968,000	$ 51,173,000	$ 54,141,000	$ 60,479,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 1,385,625	$ 1,522,927	$ 1,891,806	$ 2,253,417	$ 2,859,387
Contributions in relation to the contractually required contribution	(1,385,625)	(1,522,927)	(1,891,806)	(2,253,417)	(2,859,387)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,773,000	$ 12,855,000	$ 13,622,000	$ 14,509,000	$ 15,831,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in Net OPEB Liability and Related Ratios

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

C - Schedule of the District's Contributions - OPEB

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

D - Schedule of Money-Weighted Rate of Return on OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return (MWRR) on OPEB Plan Investments presents multi-year information for the MWRR associated with the OPEB trust.

E - 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.

F – Schedule of the District's Contributions

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

G – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

(Continued)

NOTE 1 – PURPOSE OF SCHEDULES (Continued)

H - Changes of Assumptions

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

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

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

SUPPLEMENTARY INFORMATION

ROCKLIN UNIFIED SCHOOL DISCTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2019

	Charter School Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Capital Project for Blended Component Units Fund	Debt Service for Blended Component Units Fund	Total
ASSETS								
Cash in County Treasury	$ 171,075	$ 344,951	$ 1,495,220	$ 2,535,538	$ 501,582	$ 1,096,128	$ 8,992,529	$ 15,137,023
Cash on hand and in banks	-	129,183	-	-	-	-	-	129,183
Cash in revolving fund	-	200	-	-	-	-	-	200
Receivables	12,508	173,996	2,093	4,234	454	3,904	14,926	212,115
Due from other funds	36,595	-	43,755	-	-	-	-	80,350
Stores inventory	-	20,598	-	-	-	-	-	20,598
Advance receivable	-	-	-	-	-	7,894,364	-	7,894,364
Total assets	$ 220,178	$ 668,928	$ 1,541,068	$ 2,539,772	$ 502,036	$ 8,994,396	$ 9,007,455	$ 23,473,833
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 107,807	$ 24,632	$ 21,191	$ -	$ -	$ 42,444	$ 3,114	$ 199,188
Due to other funds	7,075	24	-	-	-	-	-	7,099
Total liabilities	114,882	24,656	21,191	-	-	42,444	3,114	206,287
Fund balances:								
Nonspendable	-	20,798	-	-	-	-	-	20,798
Restricted	105,296	623,474	1,519,877	2,539,772	502,036	8,951,952	9,004,341	23,246,748
Fund balances	105,296	644,272	1,519,877	2,539,772	502,036	8,951,952	9,004,341	23,267,546
Total liabilities and fund balances	$ 220,178	$ 668,928	$ 1,541,068	$ 2,539,772	$ 502,036	$ 8,994,396	$ 9,007,455	$ 23,473,833

ROCKLIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2019

	Charter School Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Capital Project for Blended Component Units Fund	Debt Service for Blended Component Units Fund	Total
Revenues:								
Local Control Funding Formula (LCFF):								
State apportionment	$ 699,468	$ -	$ 291,821	$ -	$ -	$ -	$ -	$ 991,289
Local sources	365,359	-	-	-	-	-	-	365,359
Total LCFF	1,064,827	-	291,821	-	-	-	-	1,356,648
Federal sources	-	1,090,662	-	-	-	-	-	1,090,662
Other state sources	175,280	109,140	-	-	-	2,326	-	286,746
Other local sources	8,847	1,740,520	24,954	48,389	5,053	401,218	8,953,777	11,182,758
Total revenues	1,248,954	2,940,322	316,775	48,389	5,053	403,544	8,953,777	13,916,814
Expenditures:								
Current:								
Certificated salaries	709,652	-	-	-	-	-	-	709,652
Classified salaries	70,929	1,106,951	-	-	-	38,167	-	1,216,047
Employee benefits	267,364	337,581	-	-	-	15,788	-	620,733
Books and supplies	86,506	1,329,734	-	-	-	25,860	-	1,442,100
Contract services and operating expenditures	174,607	32,540	93,306	-	-	31,485	-	331,938
Other outgo	-	-	-	-	-	373,467	-	373,467
Capital outlay	-	20,988	52,000	-	-	7,099,691	-	7,172,679
Debt service:								
Principal payments	-	-	-	-	-	-	5,227,717	5,227,717
Interest	-	-	-	-	-	612,569	1,433,055	2,045,624
Total expenditures	1,309,058	2,827,794	145,306	-	-	8,197,027	6,660,772	19,139,957
(Deficiency) excess of revenues (under) over expenditures	(60,104)	112,528	171,469	48,389	5,053	(7,793,483)	2,293,005	(5,223,143)
Other financing sources (uses):								
Transfers in	-	461	-	-	237,487	1,800,000	-	2,037,948
Transfers out	(59,657)	(147,780)	-	-	-	-	(1,800,000)	(2,007,437)
Total other financing sources (uses)	(59,657)	(147,319)	-	-	237,487	1,800,000	(1,800,000)	30,511
Net change in fund balances	(119,761)	(34,791)	171,469	48,389	242,540	(5,993,483)	493,005	(5,192,632)
Fund balances, July 1, 2018	225,057	679,063	1,348,408	2,491,383	259,496	14,945,435	8,511,336	28,460,178
Fund balances, June 30, 2019	$ 105,296	$ 644,272	$ 1,519,877	$ 2,539,772	$ 502,036	$ 8,951,952	$ 9,004,341	$ 23,267,546

Rocklin Unified School District, was established in 1866 and unified in 1987. It is comprised of approximately 13 square miles of Placer County. The District currently operates eleven elementary schools, two middle schools, two high schools, one alternative education school and one independent study charter school. There were no changes in the boundaries of the District during the current year.

GOVERNING BOARD

Name	Office	Term Expires
Eric Stevens	President	December 2020
Camille Maben	Vice President	December 2020
Susan Halldin	Clerk	December 2022*
Dereck Counter	Member	December 2022
Rick Miller	Member	December 2022

ADMINISTRATION

Roger Stock
Superintendent

Kathleen Pon
Deputy Superintendent, Educational Services

Barbara L. Patterson
Deputy Superintendent, Business & Operations

Tony Limoges
Assistant Superintendent, Human Resources

Craig Rouse
Senior Director, Facilities and Operations

Beth Parrish
Director of Fiscal Services/Purchasing

Bill MacDonald
Director of Elementary Programs

Marty Flowers
Director of Secondary Programs

*Susan Halldin resigned from the Board effective July 2019; the position has been replaced by Rachelle Price through a provisional appointment by the Board of Trustees effective September 18, 2019.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2019

	Second Period Report	Revised* Second Period Report	Annual Report
Certificate Number	D8C6DA50	A1195AEB	337F8AE2
District			
Elementary:			
Kindergarten through Third	3,154	3,154	3,162
Fourth through Sixth	2,500	2,500	2,498
Seventh and Eighth	1,880	1,880	1,879
Special Education	6	6	9
Extended year ADA	14	14	14
Total Elementary	7,554	7,554	7,562
Secondary:			
Ninth through Twelfth	4,036	4,037	4,015
Special education	6	6	7
Extended year ADA	6	6	6
Total Secondary	4,048	4,049	4,028
District ADA Totals	11,602	11,603	11,590

CHARTER - NONCLASSROOM-BASED	Second** Period Report	Annual Report
Rocklin Independent Charter Academy		
Certificate Number	A60C774C	07323E9D
Elementary:		
Kindergarten through Third	11	11
Fourth through Sixth	9	9
Seventh through Eighth	8	8
Total Elementary	28	28
Secondary:		
Ninth through Twelfth	86	89
Charter School ADA Totals	114	117

* Column represents the audited balances. Includes adjustments from the District's internal inspection of attendance documents.
** Column represents the audited balances.

See accompanying notes to supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2019

Grade Level	Statutory Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Status
DISTRICT				
Kindergarten	36,000	57,880	180	In Compliance
Grade 1	50,400	55,340	180	In Compliance
Grade 2	50,400	55,340	180	In Compliance
Grade 3	50,400	55,340	180	In Compliance
Grade 4	54,000	55,340	180	In Compliance
Grade 5	54,000	56,820	180	In Compliance
Grade 6	54,000	56,820	180	In Compliance
Grade 7	54,000	61,291	180	In Compliance
Grade 8	54,000	61,291	180	In Compliance
Grade 9	64,800	65,920	180	In Compliance
Grade 10	64,800	65,920	180	In Compliance
Grade 11	64,800	65,920	180	In Compliance
Grade 12	64,800	65,920	180	In Compliance

See accompanying notes to supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster (IDEA):		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	$ 1,977,126
84.027	IDEA Mental Health, Part B, Sec. 611	14468	19,160
84.173	IDEA Preschool Grants, Part B, Sec. 619	13430	36,637
84.027	IDEA Preschool	13682	9,691
	Subtotal Special Education Cluster		2,042,614
84.010	Title I, Part A, Basic Grants, Low Income and Neglected	14329	703,993
84.388	NCLB: ARRA Title I, School Improvement Grant	15020	857
84.048	Vocational and Applied Technology	14894	45,438
84.367	ESEA: Title II, Part A, Improving Teacher Quality	14341	145,914
84.365	ESEA: Title III, English Learner Student Program	14346	45,965
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396	37,374
	Total U.S. Department of Education		3,022,155
	U.S. Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	Child Nutrition: National School Lunch Program	13391	1,090,662
	U.S. Department of Defense		
12.800	Air Force Defense Research Sciences Program	N/A	51,465
	U.S. Department of Health and Human Services - Passed through Department of Health Services		
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option	10013	166,592
93.778	Medi-Cal Administrative Activities (MAA)	10060	8,523
	Total U.S. Department of Health and Human Services		175,115
	Total Federal Expenditures		$ 4,339,397

**CFDA and pass-through number were not available.

See accompanying notes to supplementary information.

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2019
UNAUDITED

	(Budget) 2020	2019	2018	2017
General Fund				
Revenues and other financing sources	$ 127,887,672	$ 131,412,271	$ 116,391,085	$ 109,969,763
Expenditures	134,599,069	131,969,193	113,531,018	104,447,016
Other uses and transfers out	561,436	237,948	162,693	-
Total outgo	135,160,505	132,207,141	113,693,711	104,447,016
Change in fund balance	$ (7,272,833)	$ (794,870)	$ 2,697,374	$ 5,522,747
Ending fund balance	$ 19,746,948	$ 27,019,781	$ 27,814,651	$ 25,117,277
Available reserves	$ 7,647,300	$ 9,811,333	$ 11,302,229	$ 10,727,972
Designated for economic uncertainties	$ 7,647,300	$ 9,811,333	$ 11,302,229	$ 10,727,972
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	5.66%	7.42%	9.94%	10.27%
All Funds				
Total long-term liabilities	$ 308,250,202	$ 303,692,971	$ 302,550,067	$ 299,034,827
Average daily attendance at P-2	11,751	11,603	11,395	11,118

The General Fund fund balance has increased by $7,425,251 over the past three years. The fiscal year 2019-20 budget projects a decrease of $7,272,833. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2019, the District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates incurring a deficit during the 2019-20 fiscal year.

Total long-term liabilities have increased by $4,658,144 over the past two years.

Average daily attendance has increased by 485 over the past two years. The District anticipates an increase of 148 ADA for the 2019-20 fiscal year.

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0308 - Rocklin Academy	Separate Report
0900 - Rocklin Academy 2	Separate Report
1042 - Maria Montessori Charter Academy	Separate Report
1573 - Rocklin Independent Charter Academy	Included
1071 - Western Sierra Collegiate Academy	Separate Report
1979 - Placer Academy Charter	Separate Report

NOTE 1 – PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. 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.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Rocklin 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 Award*s *(Uniform Guidance).* Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed un the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 4,432,016
Less: Medi-Cal Administrative Activities funds unspent	93.778	(81,357)
Medi-Cal Billing Option funds unspent	93.778	(11,262)
Total Schedule of Expenditure of Federal Awards		$ 4,339,397

D - 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.

(Continued)

NOTE 1 – PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2019-20 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

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

NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2019, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

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

Board of Trustees
Rocklin Unified School District
Rocklin, California

Report on Compliance with State Laws and Regulations

We have audited Rocklin Unified School District's compliance with the types of compliance requirements described in the State of California's *2018-19 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, 2019.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	No (see below)
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
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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
After/Before School Education and Safety Program:	
General requirements	No (see below)
After school	No (see below)
Before school	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No (see below)
Attendance, for charter schools	No (see below)
Mode of Instruction, for charter schools	No (see below)
Determination of Funding , for charter schools	Yes
Nonclassroom-Based Instruction, for charter schools	Yes
Annual Instructional Minutes - Classroom-Based, for charter schools	No (see below)
Charter School Facility Grant Program	No (see below)

(Continued)

We did not perform testing for Independent Study because the District does not offer the program.

We did not perform testing for Continuation Education because the ADA was under the level which required testing.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to this program.

The District does not have any Juvenile Court Schools, Middle or Early College High Schools or Apprenticeship: Related and Supplemental Instruction, therefore, we did not perform any procedures related to Juvenile Court Schools, Middle or Early College High Schools or Apprenticeship: Related and Supplemental Instruction.

The District did not elect to operate as a District of Choice, therefore, we did not perform any procedures related to District of Choice.

The District does not operate an After School Education and Safety program; therefore, we did not perform any procedures related to this program.

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

The District does not have any Classroom-Based Charter Schools; therefore, we did not perform procedures related to Attendance, for charter schools, Mode of Instruction, for charter schools or Annual Instructional Minutes, for charter schools.

The District did not participate in the Charter School Facility Grant Program; therefore we did not perform any procedures related to Charter School Facility Grant Program.

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 Rocklin 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 *2018-19 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 Rocklin Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Rocklin 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 Rocklin Unified School District's compliance.

(Continued)

Opinion with State Laws and Regulations

In our opinion, Rocklin Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2018-19 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
December 11, 2019

Crowe LLP
Independent Member Crowe Global

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

Board of Trustees
Rocklin Unified School District
Rocklin, 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 Rocklin Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rocklin Unified School District’s basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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

Crowe LLP

Sacramento, California
December 11, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Rocklin Unified School District
Rocklin, California

Report on Compliance for Each Major Federal Program

We have audited Rocklin 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 Rocklin Unified School District's major federal program for the year ended June 30, 2019. Rocklin Unified School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, 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 Rocklin Unified School District's major federal 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; 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 Rocklin 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 the major federal program. However, our audit does not provide a legal determination of Rocklin Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Rocklin 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 its major federal program for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

Management of Rocklin 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 Rocklin 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 Rocklin 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 11, 2019

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented

No matters were reported.