# ROCKLIN UNIFIED SCHOOL DISTRICT

## FINANCIAL STATEMENTS
June 30, 2021

ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended 6/30/2021

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ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021
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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, 2021 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling $1,714,036. Our opinions are not modified with respect to this matter.

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 16 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, 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 58 to 65 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 9, 2021 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 the effectiveness of Rocklin Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocklin Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2021

## 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, 2021. 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 eighth year of the funding model "Local Control Funding Formula" (LCFF). The State adopted the 2020-21 budget on time. It included a decrease of $6.8 billion in new Proposition 98 funding. $11 billion in LCFF apportionment deferrals were required in 2020/21 in order to allow the LCFF funding to remain at 2019-20 levels.

The net pension liability as of June 30, 2021 was $141.9 million. The net pension liability increased by $9.8 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, 2020). Refer to Note 8 for further disclosures related to the net pension liability.

The District's enrollment decreased by 732 students (-6.03%) at CBEDS (the California Basic Educational Data System) over the last two years but had an increase of 558 students (5.15%) from 2010/11-2020/21.

On June 30, 2020, the Rocklin Independent Charter Academy (RICA) was closed. The District formed the Rocklin Alternative Education Center (RAEC) in 2020/21 to provide a "reimagined" District Independent Study Program. The Rocklin Virtual Campus (RVC) was also created in 2020/21 to provide a distance learning alternative due to the COVID-19 pandemic.

The State passed Hold Harmless legislation for districts to be funded at the 2019-20 ADA level due to the decrease in enrollment and attendance that many schools in California experienced in 2020-21 during the COVID-19 pandemic. This legislation also allowed the District to include the 2019-20 ADA (89) of RICA in the General Fund.

In addition, both the Federal government and the State of California provided additional funding to combat learning loss and help offset additional costs experienced by school districts due to COVID-19. The District was allocated $20.1 million in funding during the 2019-20 and 2020-21 years.

In 2020-21, the District continued work on two major construction projects which were approved in 2018-19. 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 was completed in 2020-21 and cost $12.3 million. The second major project is the construction of the District's twelfth elementary school, Quarry Trail, which is estimated to cost $42.1 million, including land. In October 2019, the District issued $25.16 million Mello-Roos bonds for the construction of Quarry Trail. Due to budget constraints, the opening of this school is being delayed until 2022-23. The Ruhkala Expansion project is being funded with developer fees, State facilities bond funds, and $525k from Rocklin Academy Charter Schools. The Quarry Trail Elementary project is being funded with Mello-Roos bond proceeds and State facilities bond funds.

## 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 Trust Funds |
| *Scope* | Entire District, excluding certain fiduciary activities that the District does not have administrative control over | The activities of the District that are not proprietary, such as special education and building maintenance | Instances in which the District administers resources on behalf of someone else through a trust, such the Retiree Benefit Trust Fund |
| *Required financial statements* | • statement of net position | • balance sheet | • statement of fiduciary trust net position |
| | • statement of activities | • statement of revenues, expenditures & changes in fund balances | • statement of changes in fiduciary trust 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 $24.7 million from the prior year to $73.2 million on June 30, 2021. Overall current and other assets increased by $4 million, largely due to the implementation of GASB 84, which requires that certain fiduciary activities now be included in the District's financial statements. Associated Student Body (ASB) funds and Warrant Pass-Through funds were previously reported as Agency Funds. This accounts for an increase in cash of $1.8M and $1.2M, respectively. Capital Assets also increased by $10.3 million, largely attributable to Work-in-Progress on Quarry Trail Elementary School and the completion of the Ruhkala Expansion project. Additional factors attributing to the increase in net position include: increase of $3.6 million in deferred outflows of resources mostly relating to pensions; decrease of $4 million in long-term debt, of which $10.9 million was attributable to debt payments on General Obligation bonds, Mello-Roos bonds and COPs and $3.4 million decrease in accreted interest, offset by $9.8 million of net pension liability increase; and a decrease in deferred inflows of $3.8 million.

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

| | 2019-20 | 2020-21 |
|---|---|---|
| Current and other assets | $ 99.4 | $ 103.4 |
| Capital assets | 247.8 | 258.1 |
| Advance receivable | 7.9 | 7.9 |
| **Total Assets** | 355.1 | 369.4 |
| **Total Deferred Outflows of Resources** | 42.3 | 45.9 |
| Long-term debt outstanding | 330.4 | 326.4 |
| Other liabilities | 12.4 | 11.6 |
| **Total Liabilities** | 342.8 | 338.0 |
| **Total Deferred Inflows of Resources** | 7.9 | 4.1 |
| Net position | | |
| Net investment in capital assets | 142.1 | 159.8 |
| Restricted | 65.1 | 67.4 |
| Unrestricted | -160.5 | -154.0 |
| **Total Net Position** | $ 46.7 | $ 73.2 |

## 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)*

| | 2019-20 | 2020-21 | Difference |
|---|---|---|---|
| **Revenues** | | | |
| *Program revenues* | | | |
| Charges for services | $ 4.8 | $ 6.0 | 1.2 |
| Operating Grants and Contributions | 21.5 | 34.5 | 13.0 |
| Capital Grants and Contributions | 0.0 | 3.6 | 3.6 |
| *General revenues* | | | |
| Property Taxes | 75.0 | 78.7 | 3.7 |
| Federal and State aid not restricted | 60.2 | 56.4 | -3.8 |
| Other | 2.5 | 2.0 | -0.5 |
| **Total revenues** | 164.0 | 181.2 | 17.2 |
| **Expenses** | | | |
| Instruction | 100.1 | 96.5 | -3.6 |
| Instruction-related | 16.5 | 13.8 | -2.7 |
| Pupil services | 12.0 | 12.1 | 0.1 |
| General administration | 9.1 | 9.8 | 0.7 |
| Maintenance and Operations | 13.0 | 12.5 | -0.5 |
| Interest on long-term debt | 9.1 | 8.4 | -0.7 |
| Other | 2.9 | 3.3 | 0.4 |
| **Total expenses** | 162.7 | 156.4 | -6.3 |
| **Increase in net position** | **1.3** | **24.8** | **23.5** |
| **Net Position- beginning** | 45.4 | 46.7 | |
| **Restatement due to implementation of GASB 84** | 0.0 | 1.7 | |
| **Net Position- beginning, as restated** | 45.4 | 48.4 | |
| **Net Position- ending** | $ **46.7** | $ **73.2** | **26.5** |

The District's total net position increased by $26.5 million during 2020-21 and increased by $1.3 million during 2019-20.

$1.7 million of this increase is the result of a change in accounting principles (GASB 84), the addition of the Student Activity Special Revenue Fund. The District received a $3.6 million School Facilities Apportionment for the 2015 Granite Oaks Middle School expansion project. Operating grants and contributions increased by $13 million primarily due to one-time COVID-19 related state and federal funding. The District recognized revenue of $5.4 million in Learning Loss Mitigation (LLM) funding, $1.1 million in Elementary & Secondary School Emergency Relief (ESSER I & II) funding, and $4.6 million in Expanded Learning Opportunities (ELO) grant. Special Education revenue also increased by $1.1 million.

Property taxes increased by a net $3.7 million. Property taxes for general purposes increased by $3.3 million due to the rise in assessed property values.

Federal and State aid not restricted to specific purposes decreased by a net $3.8 million. LCFF revenue remained static, due to the 0% COLA in 2020/21 and the ADA hold harmless provision. State Aid and Education Account Funding decreased by $3.2 million, but was offset by an increase in property taxes. There was a decrease of $.7 million for one-time Special Education Preschool funding that ended in 2019/20.

Expenditures decreased by a net of $6.3 million primarily in instruction & instruction-related expenses. $2.7 million of this decrease was in salaries and benefits. Due to the uncertainties of COVID-19 and its effect on enrollment, the District put a freeze on hiring at the beginning of the 2020/21 school year and several vacant positions were not filled. There was also a $4.1 million decrease in Employer Pension Contributions made subsequent to the measurement date. In summary, there was a decrease of instruction and instructional-related expenditures of $6.3 million, an increase of $.1 million in pupil expenses, an increase of $.7 million in general administration, a decrease of $.5 million in maintenance and operations, a decrease of $.7 million in interest on long-term debt, and an increase of $.4 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 2020-21 of $10,789,754,600.

**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 CSEA, Confidential, Management and Non-Represented on employee compensation and benefits for 2020-21 and formally ratified by the Board on June 9, 2021 for a one-time payment of $2,000 per employee prorated on full time equivalent (FTE). An agreement was not reached with RTPA on employee compensation and benefits for 2020-21 until September 28, 2021 and therefore no settlement costs for those employees were included in these financial statements. Upon completion of the negotiations, the tentative agreement was subject to formal ratification by the Board and the membership of the RTPA bargaining unit, which occurred on October 20, 2021.

**Retirement Employee Benefits**

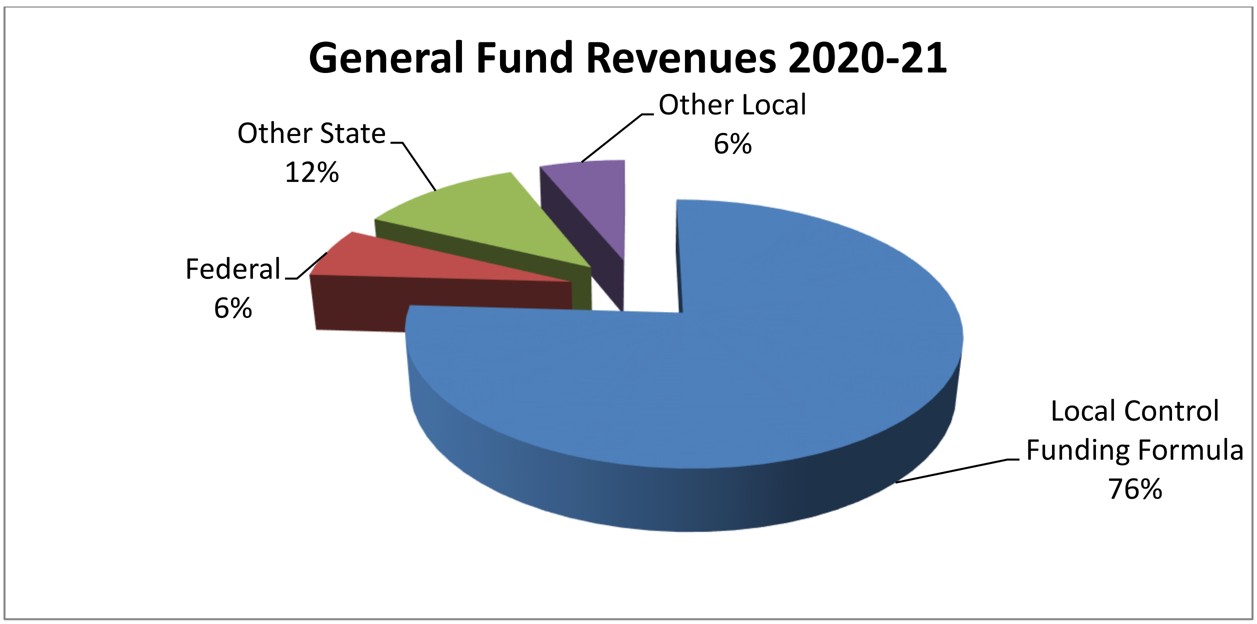
The Retiree Benefit Fund is used to fund employee retirement medical benefit payments. The fund was established in 1997. During fiscal year 1996-97 the District transferred $1,000,000 into the Retiree Benefit Fund to partially fund this liability. The District has made yearly contributions to the Retiree 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, 2021, the District's net OPEB liability is estimated to be $610,319.

**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, 2021 is 14.99%. 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.

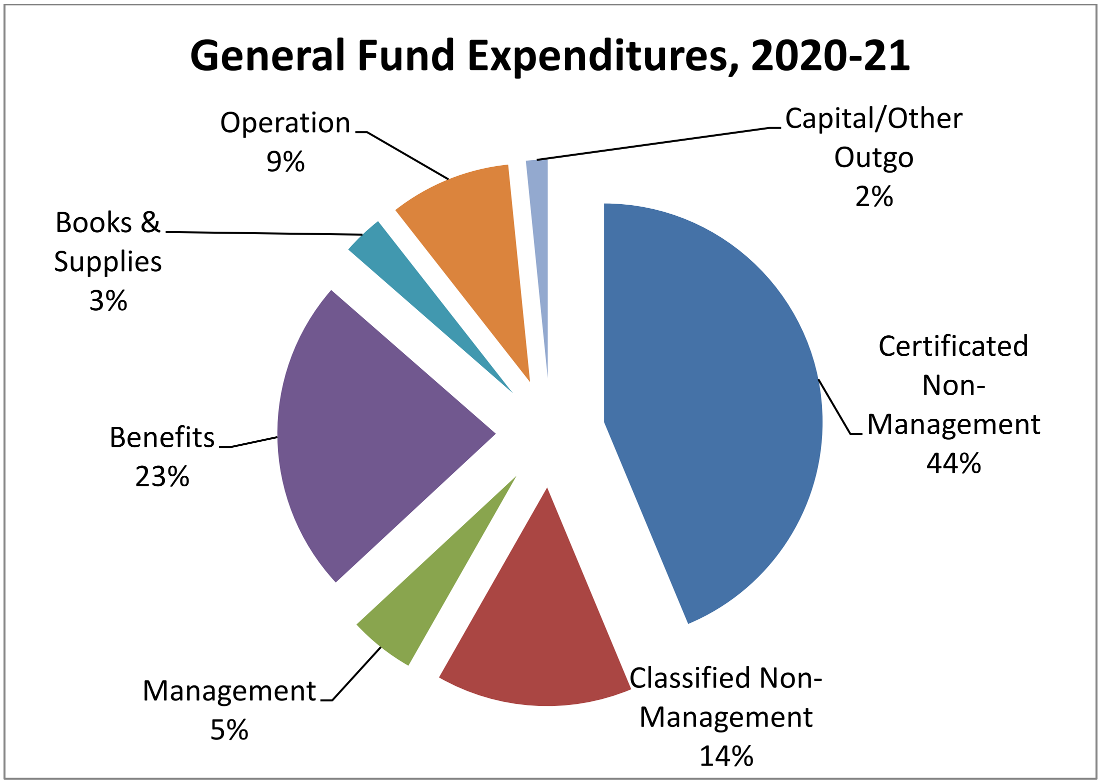
**General Fund Revenues and Expenditures**




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 STRS of $6.6 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.

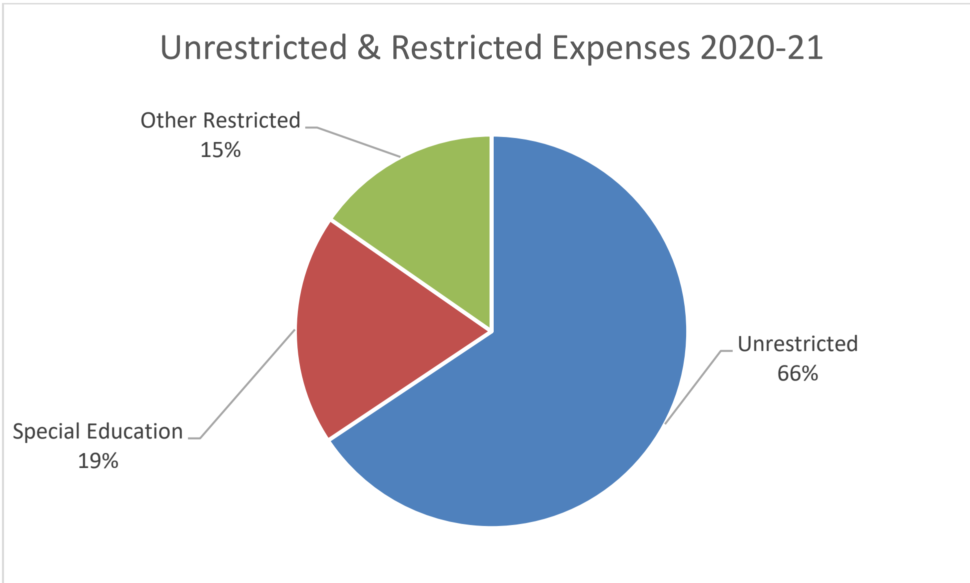
The District's total resources for expenditure in the budget year include a "beginning balance," which reflects a carryover unexpended balance from the prior year. Under the requirement of state law, a portion of the beginning balance must remain as a Reserve for Economic Uncertainties.

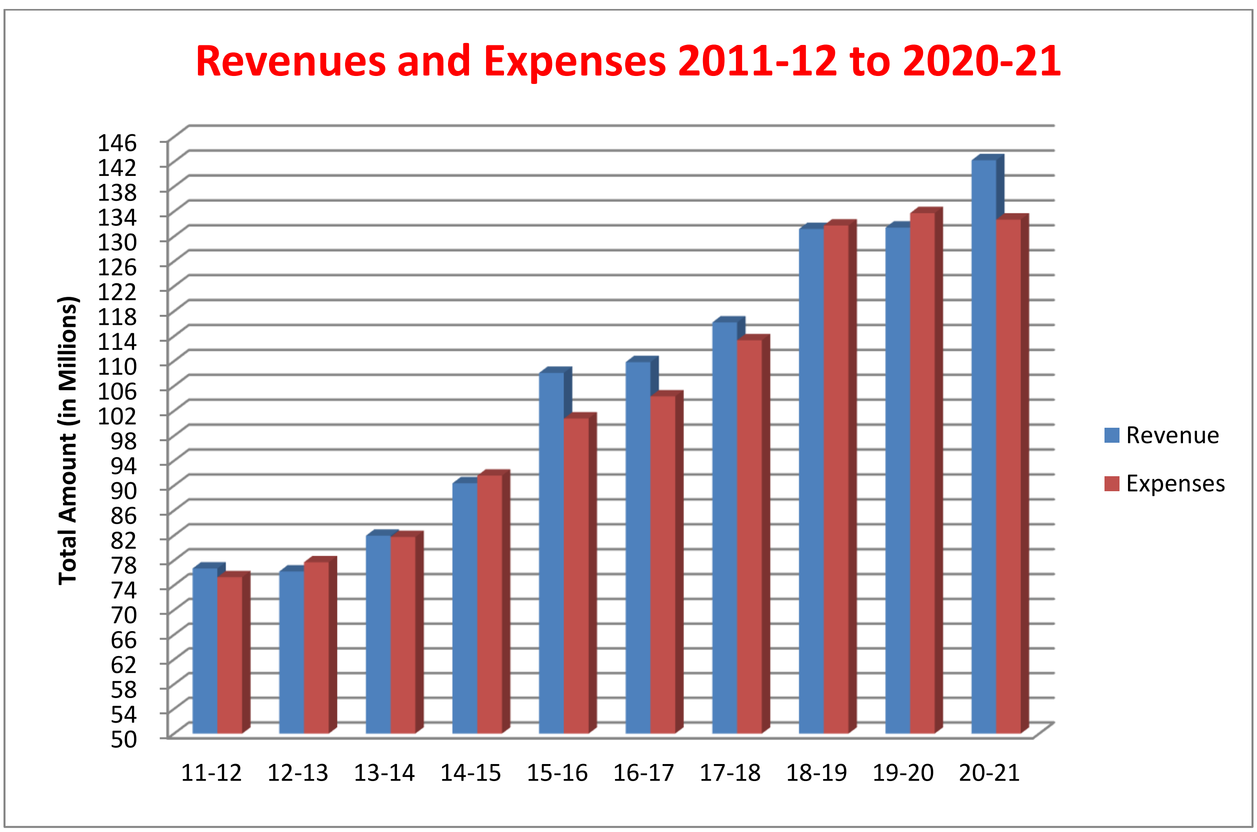



Most of the expenditures of the District were to pay the salaries and benefits of the employees of the District. It takes people to teach people, and in Rocklin Unified School District, 86.4% of the District's General Fund expenditures were for the services of District employees. Salaries represented 63.1% of District expenditures. The health and welfare benefits for District employees were an additional 23.3% 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 $6.6 million of State on Behalf contributions to 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 $25.3 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 a "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 2020-21 was $14.8 million, or 58.4% and $15.5 million, or 61.9%, in 2019-20.


Unrestricted & Restricted Expenses 2020-21
Other Restricted 15%
Unrestricted 66%
Special Education 19%


Revenues and Expenses 2011-12 to 2020-21
Total Amount (in Millions)
146
142
138
134
130
126
122
118
114
110
106
102
98
94
90
86
82
78
74
70
66
62
58
54
50
11-12
12-13
13-14
14-15
15-16
16-17
17-18
18-19
19-20
20-21
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 an increase in fund balance of $5.5 million, the projected decrease as presented to the Board on June 24, 2020 was $10 million, and the actual net increase in fund balance was $9.7 million. The significant swings this year show the volatility in funding by both the state and federal governments due to the pandemic, and the timing of when the funding was made available. And finally, the State changed the accounting treatment of $602k in COVID-19 related funding after the fiscal year had ended.

Revenues estimated in the revised budget were more than revenues in the original budget by $25.3 million, primarily due to COVID-19 funding and increased LCFF funding. The adopted budget did not include COVID-19 funding of $13.8 million and LCFF revenue increased by $8.5 million from the Governor's Revised Budget to the State Adopted Budget. In the Governor's May Revised Budget (what the District's Adopted budget is based on), there was an LCFF Effective Deficit Factor of -7.92% that was removed in the final State Adopted Budget. There was also an increase in lottery funding of $379k, an additional $558k in State STRS on Behalf funding that must be recorded by the District, $676k in Career Technical Education Incentive Grant (CTEIG) funding, $311k in Federal Title programs, and $456k in Placer County Air Pollution Control District funding (for the grant award for 3 buses). Actual revenues were less than revised budget by $4 million, which was mostly due to a decrease in revenue in COVID-19 funding ($2.7 million), in Title funding ($335k) and CTEIG ($601k). Revenue recognition rules for these grants require that unspent revenue is deferred to the following year.

Revised budgeted expenditures were $9.8 million more than original budget primarily due to the addition of the COVID-19 funding, which was not available at the time the original budget was adopted (LLM $5.1 million, ESSER I & II $1.8 million, ELO $3.2 million, and State Proposition 98 $200k). There was also an increase in Routine Restricted Maintenance projects of $967k, budgeting of carryover, and expenditures attributable to non-COVID Federal, State & Local Categorical funding listed above. These increases were partially offset by decreases in the Instructional Materials budget of $616k (purchases had to be delayed to 2021/22), Site Discretionary budget decrease of $407k (due to budget cuts and budget carried over to 2021/22), and a decrease in Transportation expenses of $243k (lower ridership & fewer athletic trips) due to the COVID-19 pandemic. Actual expenditures were $8.2 million less than revised budget, mostly due to program, site and department budget savings and shipping delays due to COVID-19's impact on school operations.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

By the end of 2021 the District had invested $258.1 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 $10.3 million, or 4.17%, in 2020-21 and an increase of $21.5 million, or 9.51%, in 2019-20. (More detailed information about capital assets can be found in Note 4 to the financial statements).

The following projects were completed during 2020-21: Rocklin High school fire alarm project, the data center, the expansion project at Ruhkala Elementary School, the camera safety project, district office generator, and new portables at Rocklin and Whitney High Schools.

As of June 30, 2021, the District had construction in progress of $36 million, of which $35.7 million was for the new Quarry Trail Elementary School, $64k for asphalt projects at three schools, $376 for the Rocklin Elementary School fire alarm project, and $257k for the portable project at the high schools. Total depreciation expense was $7.6 million in 2020-21 and $7.4 million in 2019-20.

### Long-Term Debt

At June 30, 2021, the District had $326.4 million in general obligation bonds, Mello-Roos Bonds, net pension liability and other long-term debt outstanding, an decrease of $4 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 continued to pay down its debt, retiring $20.9 million in 2020-21 and $34.2 million in 2019-20.
- $6.5 million of accreted interest accrued in 2020-21.

*Bond Rating*

In 2021 the District's Mello Roos bonds (CFDs 1 & 2) were rated AA- by Fitch. In 2021 the District's general obligation bonds (2002 & 2003) were rated Aa2 by Moody's. The Mello-Roos bonds (CFDs 1 & 2) were rated A and CFD 3 was 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

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments (Note 2) | $ 78,509,149 |
| Receivables | 24,419,780 |
| Stores inventory | 24,269 |
| Prepaid expenses | 455,797 |
| Advance receivable (Note11) | 7,894,364 |
| Non-depreciable capital assets (Note 4) | 83,694,117 |
| Depreciable capital assets, net of accumulated depreciation (Note 4) | 174,410,759 |
| Total assets | 369,408,235 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflow of resources - refunding debt | 285,656 |
| Deferred outflow of resources - OPEB (Note 9 ) | 672,006 |
| Deferred outflow of resources - pension (Notes 7 and 8) | 44,914,087 |
| Total deferred outflows | 45,871,749 |
| **LIABILITIES** | |
| Accounts payable | 9,695,609 |
| Unearned revenue | 1,876,819 |
| Long-term liabilities (Notes 5,7,8, and 9) | |
| Due within one year | 21,916,686 |
| Due after one year | 304,467,237 |
| Total liabilities | 337,956,351 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows of resources - pensions (Notes 7 and 8) | 4,158,000 |
| **NET POSITION** | |
| Net investment in capital assets | 159,772,222 |
| Restricted: | |
| Legally restricted programs | 15,514,176 |
| Capital projects | 25,763,010 |
| Debt service | 26,141,043 |
| Unrestricted | (154,024,818) |
| Total net position | $ 73,165,633 |

See accompanying notes to financial statements.

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

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Governmental Activities |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Instruction | $ 96,477,724 | $ 49,373 | $ 22,137,979 | $ 3,628,185 | $ (70,662,187) |
| Instruction-related services: | | | | | |
| Supervision and instruction | 3,247,414 | 1,449 | 1,043,290 | - | (2,202,675) |
| Instructional library, media and technolog | 1,049,666 | 174 | 549,615 | - | (499,877) |
| School site administration | 9,506,846 | 521 | 1,157,766 | - | (8,348,559) |
| Pupil services: | | | | | |
| Home-to-school transportation | 1,541,852 | 40,944 | 11,802 | - | (1,489,106) |
| Food services | 3,006,008 | 49,730 | 3,023,408 | - | 67,130 |
| All other pupil services | 7,590,531 | - | 2,265,905 | - | (5,324,626) |
| General administration: | | | | | |
| Data processing | 2,881,674 | - | 388,227 | - | (2,493,447) |
| All other general administration | 6,929,321 | 19,161 | 1,049,606 | - | (5,860,554) |
| Plant services | 12,537,093 | 2,247,046 | 748,833 | - | (9,541,214) |
| Ancillary services | 2,190,866 | - | 1,493,212 | - | (697,654) |
| Community services | 77,632 | 883 | 251 | - | (76,498) |
| Interest on long-term liabilities | 8,434,441 | - | - | - | (8,434,441) |
| Other outgo | 986,257 | 3,544,466 | 610,625 | - | 3,168,834 |
| Total governmental activities | $ 156,457,325 | $ 5,953,747 | $ 34,480,519 | $ 3,628,185 | (112,394,874) |

| | |
|---|---|
| General revenues: | |
| Taxes and subventions: | |
| Taxes levied for general purposes | 54,328,221 |
| Taxes levied for debt service | 23,124,098 |
| Taxes levied for other specific purposes | 1,259,482 |
| Federal and state aid not restricted to specific purposes | 56,411,985 |
| Interest and investment earnings | 83,879 |
| Interagency revenues | 537,556 |
| Miscellaneous | 1,376,515 |
| Total general revenues and transfer | 137,121,736 |
| Change in net position | 24,726,862 |
| Net position, July 1, 2020 | 46,724,735 |
| Restatement due to implementation of GASB 84 | 1,714,036 |
| Net position as restated, July 1, 2020 | 48,438,771 |
| Net position, June 30, 2021 | $ 73,165,633 |

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

| | General Fund | Capital Facilities Fund | Capital Project for Blended Component Unit Fund | Bond Interest and Redemption Fund | All Non-Major Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and investments: | | | | | | |
| Cash in County Treasury | $ 19,572,093 | $ 17,369,105 | $ 10,155,440 | $ 17,507,628 | $ 11,959,053 | $ 76,563,319 |
| Cash on hand and in banks | 152,129 | - | - | - | 1,770,858 | 1,922,987 |
| Cash in revolving fund | 10,500 | - | - | - | 200 | 10,700 |
| Cash with Fiscal Agent | 12,143 | - | - | - | - | 12,143 |
| Receivables | 24,229,492 | 98,438 | 1,616 | - | 90,234 | 24,419,780 |
| Due from other funds | 5,925 | - | 13,369 | - | 813 | 20,107 |
| Stores inventory | - | - | - | - | 24,269 | 24,269 |
| Prepaid expenditures | 455,797 | - | - | - | - | 455,797 |
| Advance receivable | - | - | 7,894,364 | - | - | 7,894,364 |
| Total assets | $ 44,438,079 | $ 17,467,543 | $ 18,064,789 | $ 17,507,628 | $ 13,845,427 | $ 111,323,466 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 8,528,350 | $ 262,753 | $ 110,666 | $ - | $ 54,637 | $ 8,956,406 |
| Unearned revenue | 1,876,819 | - | - | - | - | 1,876,819 |
| Due to grantor governments | 92,251 | - | - | - | - | 92,251 |
| Due to other funds | 14,182 | - | - | - | 5,925 | 20,107 |
| Total liabilities | 10,511,602 | 262,753 | 110,666 | - | 60,562 | 10,945,583 |
| Fund balances: | | | | | | |
| Nonspendable | 466,297 | - | - | - | 24,469 | 490,766 |
| Restricted | 11,146,732 | 17,204,790 | 17,954,123 | 17,507,628 | 13,760,396 | 77,573,669 |
| Committed | 673,461 | - | - | - | - | 673,461 |
| Assigned | 1,751,009 | - | - | - | - | 1,751,009 |
| Unassigned | 19,888,978 | - | - | - | - | 19,888,978 |
| Total fund balances | 33,926,477 | 17,204,790 | 17,954,123 | 17,507,628 | 13,784,865 | 100,377,883 |
| Total liabilities and fund balances | $ 44,438,079 | $ 17,467,543 | $ 18,064,789 | $ 17,507,628 | $ 13,845,427 | $ 111,323,466 |

See accompanying notes to financial statements.

# RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2021

| | | |
|---|---|---|
| Total fund balances - Governmental Funds | | $ 100,377,883 |
| 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 $404,951,999 and the accumulated depreciation is $146,847,123 (Note 4). | | 258,104,876 |
| In government 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 liabilities for unmatured interest owing at the end of the period was: | | (646,952) |
| 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, 2020 consisted of (Note 5): | | |
| General Obligation and Special Reserve bonds | $ (83,728,871) | |
| Accreted interest | (74,396,168) | |
| Unamortized premiums | (4,429,879) | |
| Certificates of participation | (20,615,000) | |
| Net pension liability (Notes 7 and 8) | (141,921,000) | |
| Net other postemployment benefit (OPEB) liability (Note 9) | (610,319) | |
| Compensated absences | (682,686) | |
| | | (326,383,923) |
| 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 | 44,914,087 | |
| Deferred inflows of resources relating to pensions | (4,158,000) | |
| | | 40,756,087 |

(Continued)

| | | |
|---|---|---|
| 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 outflow and inflows of resources relating to OPEB are reported (Note 9). | | |
| Deferred outflow of resources relating to OPEB | $ | 672,006 |
| Deferred outflows of resources resulting from defeasance of debt are not recorded in governmental funds. In governmental activities, for advanced refunding resulting in the defeasance of debt reported in the governmental activities, the differences between the reacquisition price and the net carrying amount of the retired debt are reported as deferred outflow of resources | | 285,656 |
| Total net position - governmental activities | $ | 73,165,633 |

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

| | General Fund | Capital Facilities Fund | Capital Project for Blended Component Unit Fund | Bond Interest and Redemption Fund | All Non-Major Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Local Control Funding Formula (LCFF): | | | | | | |
| State apportionment | $ 60,769,726 | $ - | $ - | $ - | $ 43,611 | $ 60,813,337 |
| Local sources | 47,233,437 | - | - | - | - | 47,233,437 |
| Total LCFF | 108,003,163 | - | - | - | 43,611 | 108,046,774 |
| Federal sources | 8,986,039 | - | - | - | 2,898,323 | 11,884,362 |
| Other state sources | 16,547,421 | - | - | 90,707 | 3,831,588 | 20,469,716 |
| Other local sources | 8,702,886 | 5,856,123 | 465,653 | 14,455,390 | 10,175,654 | 39,655,706 |
| Total revenues | 142,239,509 | 5,856,123 | 465,653 | 14,546,097 | 16,949,176 | 180,056,558 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Certificated salaries | 63,426,476 | - | - | - | 68,721 | 63,495,197 |
| Classified salaries | 20,297,596 | 38,976 | 38,569 | - | 1,245,295 | 21,620,436 |
| Employee benefits | 30,958,179 | 14,212 | 12,014 | - | 332,033 | 31,316,438 |
| Books and supplies | 3,983,082 | 125,889 | 142,180 | - | 2,471,029 | 6,722,180 |
| Contract services and operating expenditures | 11,921,275 | 76,607 | 35,502 | - | 43,321 | 12,076,705 |
| Other outgo | 986,803 | - | - | - | - | 986,803 |
| Capital outlay | 1,212,216 | 4,784,885 | 11,977,730 | - | - | 17,974,831 |
| Debt service: | | | | | | |
| Principal payments | - | 145,000 | 149,000 | 6,443,949 | 4,165,774 | 10,903,723 |
| Interest | - | 330,925 | 263,813 | 7,926,953 | 3,333,261 | 11,854,952 |
| Total expenditures | 132,785,627 | 5,516,494 | 12,618,808 | 14,370,902 | 11,659,434 | 176,951,265 |
| Excess/(deficiency) of revenues over (under) expenditures | 9,453,882 | 339,629 | (12,153,155) | 175,195 | 5,289,742 | 3,105,293 |
| Other financing sources (uses): | | | | | | |
| Transfers in | 241,772 | 3,628,185 | 4,180,448 | - | - | 8,050,405 |
| Transfers out | - | - | - | - | (8,050,405) | (8,050,405) |
| Total other financing sources (uses) | 241,772 | 3,628,185 | 4,180,448 | - | (8,050,405) | - |
| Net change in fund balances | 9,695,654 | 3,967,814 | (7,972,707) | 175,195 | (2,760,663) | 3,105,293 |
| Fund balances, July 1, 2020 | 24,230,823 | 13,236,976 | 25,926,830 | 17,332,433 | 14,831,492 | 95,558,554 |
| Cumulative effect of GASB 84 implementation | - | - | - | - | 1,714,036 | 1,714,036 |
| Fund balances, July 1, 2020, as restated | 24,230,823 | 13,236,976 | 25,926,830 | 17,332,433 | 16,545,528 | 97,272,590 |
| Fund balances, June 30, 2021 | $ 33,926,477 | $ 17,204,790 | $ 17,954,123 | $ 17,507,628 | $ 13,784,865 | $ 100,377,883 |

See accompanying notes to financial statements.

| | |
|---|---|
| Net change in fund balances - Total Governmental Funds | $ 3,105,293 |
| 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). | 17,982,432 |
| Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4). | (7,645,911) |
| 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). | (4,482) |
| 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). | 10,903,723 |
| In governmental funds, OPEB costs are recognized when employer OPEB contributions are made. In the statements of activities, OPEB costs are recognized on the accrual basis. The difference between OPEB costs and actual employer OPEB contributions was (Note 9): | (479,764) |
| Unmatured interest is an expense that is not recorded in the governmental funds. | 1,489 |
| Accreted interest is an expense that is not recorded in the governmental funds (Note 5) | 3,365,095 |
| 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 statement, premiums and losses are amortized over the life of the related debt (Note 5) | 53,927 |
| In governmental funds, Pension cost are recognized when employer contributions are made. In the statement of activities, pension cost are recognized on the accrual basis. This year, the difference between accrual-basis pension cost and actual employer contributions was (Notes 7 and 8): | (2,500,304) |
| 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). | (54,636) |
| Change in net position of governmental activities | $ 24,726,862 |

See accompanying notes to financial statements.

| | Trust Fund<br>Retiree Benefit Trust Fund |
|---|---|
| **ASSETS** | |
| Cash and investments (Note 2): | |
| Cash in County Treasury | $ 6,639,252 |
| Receivables | 4,312 |
| Total assets | 6,643,564 |
| **LIABILITIES** | |
| Accounts payable | 8 |
| Unearned contributions | 10,692 |
| Total liabilities | 10,700 |
| **NET POSITION** | |
| Net position - restricted for retiree benefits | $ 6,632,864 |

# ROCKLIN UNIFIED SCHOOL DISTRICT
## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## TRUST FUND
## June 30, 2021

| | Retiree Benefit Trust Fund |
|---|---|
| Additions | |
| Employer contributions | $ 2,683 |
| Investment income | 29,843 |
| Other local income | 751,479 |
| Total additions | 784,005 |
| Deductions | |
| Benefits payments | 1,335,479 |
| Net decrease in fiduciary net position | (551,474) |
| Net position, July 1, 2020 | 7,184,338 |
| Net Position, June 30, 2021 | $ 6,632,864 |

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).

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, Deputy Superintendent, and Director of Fiscal Services 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.

<u>Basis of Presentation - Financial Statements</u>: 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.

<u>Basis of Presentation - Government-Wide Financial Statements</u>: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole.

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.

<u>Basis of Presentation - Fund Accounting</u>: 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 - <u>Major Funds</u>

*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.

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

*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.

*Capital Projects for Blended Component Units Fund:*

The Capital Projects for Blended Component Units Fund is a capital projects fund used to account for capital projects financed by the Community Facilities Districts #1, #2 and #3 (the CFDs).

*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 Student Activity, 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 and Special Reserve for Capital Outlay 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.

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.

(Continued)

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

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, 2021.

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 - 50 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.

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.

(Continued)

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

| | STRP | PERF B | Total |
|---|---|---|---|
| Deferred outflows of resources | $ 37,464,363 | $ 7,449,724 | $ 44,914,087 |
| Deferred inflows of resources | $ 4,158,000 | $ - | $ 4,158,000 |
| Net pension liability | $ 106,034,000 | $ 35,887,000 | $ 141,921,000 |
| Pension expense | $ 23,352,703 | $ 6,823,057 | $ 30,175,760 |

Compensated Absences: Compensated absence benefits in the amount of $682,686 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.

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.

(Continued)

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

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. 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.

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, 2021, the District has not established a minimum fund balance policy, nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March1. 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.

(Continued)

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

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.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities.* The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of $1,714,036.

**NOTE 2 – CASH AND INVESTMENTS**

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

| | Governmental Funds | Fiduciary Activities |
|---|---|---|
| Pooled funds: | | |
| Cash in County Treasury | $ 76,563,319 | $ 6,639,252 |
| Deposits: | | |
| Cash on hand and in banks | 1,922,987 | - |
| Cash in revolving fund | 10,700 | - |
| Total deposits | 1,933,687 | - |
| Cash with Fiscal Agent | 12,143 | - |
| Total | $ 78,509,149 | $ 6,639,252 |

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.

(Continued)

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

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, 2021, the carrying amount of the District's accounts were $1,933,687 and bank balances were $2,288,687, of which $765,304 was insured.

Cash with Fiscal Agent: Cash with Fiscal Agent in the General Fund totaling $12,143 is the amount held by a fiscal agent for payroll flex funding deposit account.

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

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

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

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund Activity: Transactions between funds of the District 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, 2021 were as follows:

| Fund | Interfund Receivables | Interfund Payables |
|---|---|---|
| Major Funds: | | |
| General | $ 5,925 | $ 14,182 |
| Non-Major Funds: | | |
| Cafeteria | 813 | 5,925 |
| Capital Projects for Blended Component Units Fund | 13,369 | - |
| Totals | $ 20,107 | $ 20,107 |

(Continued)

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

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

| | |
|---|---|
| Transfer from the Cafeteria Fund to the General Fund for indirect costs. | $ 75,445 |
| Transfer from the Special Reserve for Capital Outlay Fund to the General Fund for salaries set aside - New Elememtary | 166,327 |
| Transfer from the Debt Service for Blended Component Units Fund to the Capital Facilities Fund for debt service payments. | 1,600,000 |
| Transfer from the County School Facilities Fund to the Capital Facilities Fund for reimbursements of GOM project expenses. | 3,628,185 |
| Transfer from the County School Facilities Fund to the Capital Project for Blended Component Units Fund for Quarry Trail Elementary Project expenses. | 2,580,448 |
| | $ 8,050,405 |

**NOTE 4 – CAPITAL ASSETS**

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

| | Balance July 1, 2020 | Transfers and Additions | Transfer and Deductions | Balance June 30, 2021 |
|---|---|---|---|---|
| Non-depreciable: | | | | |
| Land | $ 47,679,583 | $ - | $ - | $ 47,679,583 |
| Work-in-process | 33,396,928 | 17,309,569 | 14,691,963 | 36,014,534 |
| Depreciable: | | | | |
| Improvement of sites | 37,903,463 | 37,570 | - | 37,941,033 |
| Buildings | 258,727,252 | 14,610,604 | - | 273,337,856 |
| Equipment | 9,526,489 | 716,652 | 264,148 | 9,978,993 |
| Totals, at cost | 387,233,715 | 32,674,395 | 14,956,111 | 404,951,999 |
| Less accumulated depreciation: | | | | |
| Improvements of sites | (26,229,715) | (1,533,768) | - | (27,763,483) |
| Buildings | (106,946,505) | (5,763,063) | - | (112,709,568) |
| Equipment | (6,284,658) | (349,080) | (259,666) | (6,374,072) |
| Total accumulated depreciation | (139,460,878) | (7,645,911) | (259,666) | (146,847,123) |
| Capital assets, net | $ 247,772,837 | $ 25,028,484 | $ 14,696,445 | $ 258,104,876 |

Depreciation expense was charged to governmental activities as follows:

| | |
|---|---|
| Instruction | $ 6,687,891 |
| Instructional library, media and technology | 123,283 |
| School site administration | 394,630 |
| Home-to-school transportation | 95,001 |
| Food services | 16,675 |
| All other general administration | 123,283 |
| Data processing | 205,148 |
| Total depreciation expense | $ 7,645,911 |

(Continued)

## NOTE 5 – LONG-TERM LIABILITIES

Bonded Debt: The outstanding debt of the District as of and during June 30, 2021 was as follows::

| | Interest Rate % | Final Maturity Fiscal Year Ending June | Amount of Original Issue* | Outstanding June 30, 2020 | Issued (Redeemed) Current Year | Outstanding June 30, 2021 |
|---|---|---|---|---|---|---|
| 1991 G.O. Bond Series C | 5.00%-6.35% | 2021 | $ 10,779,334 | $ 355,847 | $ (355,847) | $ - |
| 2002 G.O. Bond | 5.08%-5.71% | 2028 | 19,998,745 | 14,550,305 | (1,788,118) | 12,762,187 |
| 2003 G.O. Bond | 4.99%-5.59% | 2029 | 31,998,859 | 24,585,605 | (2,539,984) | 22,045,621 |
| 2017 G.O. Bond Refunding | 1.97% | 2024 | 11,790,000 | 6,975,000 | (1,760,000) | 5,215,000 |
| Series 1998 - CFD #1 | 3.75%-4.95% | 2021 | 13,781,144 | 485,925 | (485,925) | - |
| 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 | 1,491,289 | (420,055) | 1,071,234 |
| Series 2007 - CFD #1 | 4.00%-5.41% | 2039 | 6,793,381 | 2,343,381 | (450,000) | 1,893,381 |
| Series 2007 - CFD #1 | 4.00%-5.25% | 2021 | 26,625,000 | 1,570,000 | (1,570,000) | - |
| Series 2007 - CFD #2 | 4.00%-5.36% | 2039 | 12,309,968 | 7,260,452 | (419,794) | 6,840,658 |
| Series 2017 Refunding - CFD #1 | 2.37% | 2030 | 9,900,000 | 7,725,000 | (820,000) | 6,905,000 |
| Series 2019 - CFD #3 | 3.00%-5.00% | 2050 | 25,160,000 | 25,160,000 | - | 25,160,000 |
| | | | $ 204,049,797 | $ 94,338,594 | $ (10,609,723) | $ 83,728,871 |

The annual payments required to amortize the general obligation and Mello-Roos bonds outstanding as of June 30, 2021, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 9,668,488 | $ 12,493,646 | $ 22,162,134 |
| 2023 | 9,447,315 | 12,344,205 | 21,791,520 |
| 2024 | 8,598,452 | 12,201,670 | 20,800,122 |
| 2025 | 7,089,675 | 12,271,012 | 19,360,687 |
| 2026 | 6,607,518 | 12,606,384 | 19,213,902 |
| 2027-2031 | 18,784,775 | 45,141,548 | 63,926,323 |
| 2032-2036 | 5,488,306 | 9,150,143 | 14,638,449 |
| 2037-2041 | 7,529,342 | 5,263,357 | 12,792,699 |
| 2042-2046 | 5,850,000 | 1,518,600 | 7,368,600 |
| 2047-2050 | 4,665,000 | 334,700 | 4,999,700 |
| | $ 83,728,871 | $ 123,325,265 | $ 207,054,136 |

(Continued)

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

Certificates of Participation: The District issued Certificates of Participation (COPs) in the amount of $6,750,000 during the 2018-19 fiscal year and COPs in the amount of $14,159,000 to refund the Series 2006 COPs in their entirety during the 2019-20 fiscal year.

| | Funding Source | Interest Rate % | Final Maturity Fiscal Year Ending June | Amount of Original Issue* | Outstanding June 30, 2020 | Issued (Redeemed) Current Year | Outstanding June 30, 2021 |
|---|---|---|---|---|---|---|---|
| Series 2019 | Developer fees | 3.00-5.00% | 2045 | $ 6,750,000 | $ 6,750,000 | $ (145,000) | $ 6,605,000 |
| Series 2020 | Mello-Roos taxes | 3.00-5.00% | 2036 | 14,159,000 | 14,159,000 | (149,000) | 14,010,000 |
| | | | | $ 40,799,000 | $ 20,909,000 | $ (294,000) | $ 20,615,000 |

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2021, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 389,000 | $ 627,174 | $ 1,016,174 |
| 2023 | 1,007,000 | 608,461 | 1,615,461 |
| 2024 | 1,035,000 | 581,778 | 1,616,778 |
| 2025 | 1,061,000 | 554,296 | 1,615,296 |
| 2026 | 1,087,000 | 526,037 | 1,613,037 |
| 2027-2031 | 5,899,000 | 2,173,885 | 8,072,885 |
| 2032-2036 | 6,737,000 | 1,321,783 | 8,058,783 |
| 2037-2041 | 1,330,000 | 654,250 | 1,984,250 |
| 2042-2045 | 2,070,000 | 362,250 | 2,432,250 |
| | $ 20,615,000 | $ 7,409,914 | $ 28,024,914 |

(Continued)

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

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

| | Balance June 1, 2020 | Additions | Deductions | Balance June 30, 2021 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Debt: | | | | | |
| General Obligation Bonds | $ 46,466,757 | $ - | $ 6,443,949 | $ 40,022,808 | $ 6,618,109 |
| Mello-Roos Bonds | 47,871,837 | - | 4,165,774 | 43,706,063 | 3,050,379 |
| Accreted interest | 77,761,263 | - | 3,365,095 | 74,396,168 | 11,176,512 |
| Unamortized premiums | 4,600,536 | - | 170,657 | 4,429,879 | - |
| Certificates of participation | 20,909,000 | - | 294,000 | 20,615,000 | 389,000 |
| Other Long-Term liabilities: | | | | | |
| Net pension liability (Notes 7 and 8) | 132,108,000 | 9,813,000 | - | 141,921,000 | - |
| Net OPEB liability (Note 9) | 6,196 | 604,123 | - | 610,319 | - |
| Compensated absences | 628,050 | 54,636 | - | 682,686 | 682,686 |
| | $ 330,351,639 | $ 10,471,759 | $ 14,439,475 | $ 326,383,923 | $ 21,916,686 |

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on Mello-Roos Bonds are made from the Debt Service for Blended Component Units Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund and Capital Projects for Blended Component Units Fund. Accreted interest and unamortized bond issuance premiums are amortized over the life of the related debt. Payments on the net pension liability, 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, 2021 consisted of the following:

| | General Fund | Capital Facilities Fund | Capital Project for Blended Component Unit Fund | Bond Interest and Redemption Fund | All Non-Major Funds | Total |
|---|---|---|---|---|---|---|
| Nonspendable: | | | | | | |
| Revolving cash fund | $ 10,500 | $ - | $ - | $ - | $ 200 | $ 10,700 |
| Stores inventory | - | - | - | - | 24,269 | 24,269 |
| Prepaid expenditures | 455,797 | - | - | - | - | 455,797 |
| Subtotal nonspendable | 466,297 | - | - | - | 24,469 | 490,766 |
| Restricted: | | | | | | |
| Legally restricted: | | | | | | |
| Grants | 11,146,732 | - | - | - | - | 11,146,732 |
| Student Acitvities | - | - | - | - | 1,768,693 | 1,768,693 |
| Cafeteria operations | - | - | - | - | 1,158,201 | 1,158,201 |
| Deferred Maintenance | - | - | - | - | 1,440,550 | 1,440,550 |
| Capital projects | - | 17,204,790 | 17,954,123 | - | 759,537 | 35,918,450 |
| Debt service | - | - | - | 17,507,628 | 8,633,415 | 26,141,043 |
| Subtotal restricted | 11,146,732 | 17,204,790 | 17,954,123 | 17,507,628 | 13,760,396 | 77,573,669 |
| Committed: | | | | | | |
| Facility use and repair | 673,461 | - | - | - | - | 673,461 |
| Assigned: | | | | | | |
| Supplemental carryover | 500,616 | - | - | - | - | 500,616 |
| Other site/department/program discretionary carryover | 754,159 | - | - | - | - | 754,159 |
| Textbooks & Technology | 374,751 | - | - | - | - | 374,751 |
| Site discretionary carryover | 98,420 | - | - | - | - | 98,420 |
| Charter equipment replacemer | 23,063 | - | - | - | - | 23,063 |
| Subtotal assigned | 1,751,009 | - | - | - | - | 1,751,009 |
| Unassigned: | | | | | | |
| Designated for economic uncertainty | 19,888,978 | - | - | - | - | 19,888,978 |
| Total fund balances | $ 33,926,477 | $ 17,204,790 | $ 17,954,123 | $ 17,507,628 | $ 13,784,865 | $ 100,377,883 |

(Continued)

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

*General Information about the State Teachers' Retirement Plan*

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

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

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

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

*CalSTRS 2% at 60*

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

*CalSTRS 2% at 62*

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

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

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

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

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2021–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

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

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

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

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-21.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-21. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

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

(Continued)

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

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

The CalSTRS employer contribution rate increases effective for fiscal year 2020-21 through fiscal year 2045-46 are summarized in the table below:

| Effective Date | Pre-AB 1469 Rate | Increase per Funding Plan | SB90 and AB84 Impact[1] | Total |
|---|---|---|---|---|
| July 01, 2020 | 8.250% | 10.850% | (2.950%) | 16.150% |
| July 01, 2021 | 8.250% | 10.850% | (2.180%) | 16.920% |
| July 01, 2022 to June 30, 2046 | 8.250% | (1) | N/A | (1) |
| July 01, 2046 | 8.250% | Increase from prior rate ceases in 2046-47 | | |

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.50% total and no lower than 8.250%.

The District contributed $16,558,363 to the plan for the fiscal year ended June 30, 2021.

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

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

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

The CalSTRS state contribution rates effective for fiscal year 2020-2021 and beyond are summarized in the table below.

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

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

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

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

| | |
|---|---|
| District’s proportionate share of the net pension liability | $ 106,034,000 |
| State’s proportionate share of the net pension liability associated with the District | 57,947,000 |
| Total | $ 163,981,000 |

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2020, the District’s proportion was 0.109 percent, which as a decrease of 0.001 percent from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of $23,352,703 and revenue of $7,686,368 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 187,000 | $ 2,990,000 |
| Changes of assumptions | 10,340,000 | - |
| Net differences between projected and actual earnings on investments | 2,519,000 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 7,860,000 | 1,168,000 |
| Contributions made subsequent to measurement date | 16,558,363 | - |
| Total | $ 37,464,363 | $ 4,158,000 |

$16,558,363 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2022 | $ 2,592,167 |
| 2023 | $ 4,762,167 |
| 2024 | $ 5,996,667 |
| 2025 | $ 2,680,667 |
| 2026 | $ 788,167 |
| 2027 | $ (71,835) |

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

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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

* 20-year geometric average

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

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 160,203,000 | $ 106,034,000 | $ 61,310,000 |

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.

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

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

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

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

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

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly. Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

*Members* - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-2021.

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

The District contributed $3,430,724 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of $35,887,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2019, the District's proportion was 0.117 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of $6,823,057. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 1,780,000 | $ - |
| Changes of assumptions | 132,000 | - |
| Net differences between projected and actual earnings on investments | 747,000 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,360,000 | - |
| Contributions made subsequent to measurement date | 3,430,724 | - |
| Total | $ 7,449,724 | $ - |

$3,430,724 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2022 | $ 1,498,833 |
| 2023 | $ 1,295,833 |
| 2024 | $ 880,334 |
| 2025 | $ 344,000 |

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

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

(Continued)

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

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

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

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

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

| 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 Assets | 13 | 3.75 | 4.93 |
| Liquidity | 1 | - | (0.92) |

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

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

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

(Continued)

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

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

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

| | 1% Decrease (6.15%) | Current Discount Rate (7.15%) | 1% Increase (8.15%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 51,594,000 | $ 35,887,000 | $ 22,851,000 |

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.

(Continued)

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

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

| | Number of Participants |
|---|---|
| Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits | 135 |
| Active employees | 14 |
| | 149 |

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, 2021 contributions consist of $2,683 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 5.75% 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 | 4.250% |
| Long-Term Corporate Bonds | 25 | 5.045% |
| Long-Term Government Bonds | 25 | 4.250% |
| Short-Term Government Bonds | 25 | 3.000% |

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 1.71% for the year ended June 30, 2021.

*Total OPEB Liability -* The District's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Valuation date: | June 30, 2021 |
| Census data: | The census was provided by the District as of June 30, 2021 |
| Actuarial cost method: | Entry age normal |
| Amortization methods: | Flat dollar amount allocation with 18 year closed amortization |
| Inflation rate: | 2.50% |
| Investment rate of return: | 5.75% |
| Discount rate: | 5.75% |
| Health care cost trend rate: | 4.00% |
| Payroll increase: | 2.75% |

(Continued)

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

| | |
|---|---|
| Participation rates: | 100% for certificated and classified employees |
| Mortality: | For certificated employees the 2020 CalSTRS mortality tables were used |
| | For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used. |
| 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 2020 CalSTRS retirement rates were used |
| | For classified employees the 2017 CalPERS retirement rates for employees were used |

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

Changes in the Net OPEB Liability

| | Total OPEB Liability (a) | Total Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balance, June 30, 2020 | $ 7,190,534 | $ 7,184,338 | $ 6,196 |
| Changes for the year: | | | |
| Service cost | 6,345 | - | 6,345 |
| Interest on total OPEB liability | 412,141 | - | 412,141 |
| Expected investment income | - | 413,621 | (413,621) |
| Employer contribution | - | 2,683 | (2,683) |
| Experience gains/losses | (265,700) | - | (265,700) |
| Changes in Assumptions | 483,862 | - | 483,862 |
| Investment gains/losses | - | (383,779) | 383,779 |
| Benefit payments | (583,999) | (583,999) | - |
| Net change | 52,649 | (551,474) | 604,123 |
| Balance, June 30, 2021 | $ 7,243,183 | $ 6,632,864 | $ 610,319 |

Changes in Assumptions: The changes in assumptions is due to the discount rate changing from 6.00% in the 2020 valuation report to 5.75% in the 2021 valuation report.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 5.75 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 (4.75 percent) and 1 percent higher (6.75):

| | Discount Rate 1% Lower (4.75%) | Valuation Discount Rate (5.75%) | Discount Rate 1% Higher (6.75%) |
|---|---|---|---|
| Net OPEB liability | $ 1,201,221 | $ 610,319 | $ 96,338 |

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 Rates (4.0%) | Health Care Trend Rate 1% Higher (5.0%) |
|---|---|---|---|
| Net OPEB liability | $ 478,864 | $ 610,319 | $ 753,437 |

(Continued)

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

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

For the year ended June 30, 2021, the District recognized OPEB expense of $482,447. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ - | $ - |
| Changes of assumptions | - | - |
| Net differences between projected and actual earnings on investments | 672,006 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | - |
| Benefits paid subsequent to measurement date | - | - |
| Total | $ 672,006 | $ - |

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

| Year Ending June 30, | |
|---|---|
| 2022 | $ 259,420 |
| 2023 | $ 197,186 |
| 2024 | $ 138,645 |
| 2025 | $ 76,755 |

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2021 measurement date.

(Continued)

**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, 2020 (most recent information available), is as follows:

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

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, 2021 was $7,894,364 and it is recorded in the Capital Project Blended Components Units Fund as an advance receivable.

Condensed financial information for SPSTA for the year ended June 30, 2020 (most recent information available), is as follows:

| | | |
|---|---|---|
| Total assets | $ | 8,405,322 |
| Total liabilities | $ | 7,896,884 |
| Total net position | $ | 508,438 |
| Total revenues | $ | 83,002 |
| Total expenses | $ | 1,536,993 |
| Change in net position | $ | (1,453,991) |

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

(Continued)

**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, 2021, $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 disallowances 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.

# REQUIRED SUPPLEMENTARY INFORMATION

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

| | Budget Original | Budget Final | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues: | | | | |
| LCFF: | | | | |
| State apportionment | $ 56,672,826 | $ 60,769,726 | $ 60,769,726 | $ - |
| Local sources | 42,554,917 | 47,020,071 | 47,233,437 | 213,366 |
| Total LCFF | 99,227,743 | 107,789,797 | 108,003,163 | 213,366 |
| Federal sources | 3,299,081 | 11,429,811 | 8,986,039 | (2,443,772) |
| Other state sources | 9,925,197 | 18,026,092 | 16,547,421 | (1,478,671) |
| Other local sources | 8,401,787 | 8,955,000 | 8,702,886 | (252,114) |
| Total revenues | 120,853,808 | 146,200,700 | 142,239,509 | (3,961,191) |
| Expenditures: | | | | |
| Current: | | | | |
| Certificated salaries | 63,700,414 | 65,069,703 | 63,426,476 | 1,643,227 |
| Classified salaries | 20,265,762 | 20,518,172 | 20,297,596 | 220,576 |
| Employee benefits | 31,175,787 | 31,416,709 | 30,958,179 | 458,530 |
| Books and supplies | 4,294,955 | 7,689,476 | 3,983,082 | 3,706,394 |
| Contract services and operating expenditures | 9,978,088 | 13,274,843 | 11,921,275 | 1,353,568 |
| Other outgo | 999,528 | 1,166,266 | 986,803 | 179,463 |
| Capital outlay | 780,000 | 1,861,922 | 1,212,216 | 649,706 |
| Total expenditures | 131,194,534 | 140,997,091 | 132,785,627 | 8,211,464 |
| (Deficiency) excess of revenues (under) over expenditures | (10,340,726) | 5,203,609 | 9,453,882 | 4,250,273 |
| Other financing sources (uses): | | | | |
| Transfers in | 312,935 | 331,546 | 241,772 | (89,774) |
| Other financing sources (uses) | 312,935 | 331,546 | 241,772 | (89,774) |
| Net change in fund balance | (10,027,791) | 5,535,155 | 9,695,654 | 4,160,499 |
| Fund balance, July 1, 2020 | 24,230,823 | 24,230,823 | 24,230,823 | - |
| Fund balance, June 30, 2021 | $ 14,203,032 | $ 29,765,978 | $ 33,926,477 | $ 4,160,499 |

See accompanying note to required supplementary information.

Last 10 Fiscal Years

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **TOTAL OPEB LIABILITY** | | | | | |
| Service cost | $ 14,055 | $ 14,441 | $ 14,838 | $ 6,175 | $ 6,345 |
| Interest on total OPEB liability | 474,272 | 467,423 | 459,049 | 425,644 | 412,141 |
| Experience gains/losses | - | - | (371,284) | (9,115) | (265,700) |
| Changes in assumptions | - | - | - | - | 483,862 |
| Benefit payments | (607,938) | (597,764) | (645,515) | (655,411) | (583,999) |
| Net change in total OPEB liability | (119,611) | (115,900) | (542,912) | (232,707) | 52,649 |
| Total OPEB liability - beginning of year (a) | 8,201,664 | 8,082,053 | 7,966,153 | 7,423,241 | 7,190,534 |
| Total OPEB liability - end of year (b) | $ 8,082,053 | $ 7,966,153 | $ 7,423,241 | $ 7,190,534 | $ 7,243,183 |
| **PLAN FIDUCIARY NET POSITION** | | | | | |
| Contributions - employer | $ 635,644 | $ 645,384 | $ 637,292 | $ 360,595 | $ 2,683 |
| Net investment income | 96,071 | 116,620 | 141,828 | 432,521 | 29,842 |
| Experience gains/losses | - | - | (47,623) | (309,453) | - |
| Benefit payments | (653,271) | (597,764) | (645,515) | (655,411) | (583,999) |
| Change in plan fiduciary net position | 78,444 | 164,240 | 85,982 | (171,748) | (551,474) |
| Fiduciary trust net position - beginning of the y | 7,027,420 | 7,105,864 | 7,270,104 | 7,356,086 | 7,184,338 |
| Fiduciary trust net position - end of the year (d | $ 7,105,864 | $ 7,270,104 | $ 7,356,086 | $ 7,184,338 | $ 6,632,864 |
| Net OPEB liability - beginning (a) - (c) | $ 1,174,244 | $ 976,189 | $ 696,049 | $ 67,155 | $ 6,196 |
| Net OPEB liability - ending (b) - (d) | $ 976,189 | $ 696,049 | $ 67,155 | $ 6,196 | $ 610,319 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 88% | 91% | 99% | 100% | 92% |
| Covered employee payroll | $ 2,999,690 | $ 2,999,690 | $ 1,800,288 | $ 1,399,000 | $ 1,113,000 |
| Net OPEB liability as a percentage of covered employee payroll | 33% | 23% | 4% | 0% | 55% |

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

See accompanying note to required supplementary information.

Other Postemployment Benefits
Last 10 Fiscal Years

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| District's contribution | $ 635,644 | $ 645,384 | $ 637,292 | $ 360,595 | $ 2,683 |
| Contributions in relation to the actuarially determined contribution | (635,644) | (645,384) | (637,292) | (360,595) | (2,683) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 2,999,000 | $ 2,999,000 | $ 1,800,000 | $ 1,399,000 | $ 1,113,000 |
| Contributions as a percentage of covered employee payroll | 21.20% | 21.52% | 35.41% | 25.78% | 0.24% |

*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 | 2020 | 2021 |
|---|---|---|---|---|---|
| Money-weighted rate of return on OPEB plan investments | 1.35% | 1.60% | 1.92% | 1.71% | 0.45% |

*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 DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2021

State Teachers' Retirement Plan Last 10 Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.095% | 0.099% | 0.098% | 0.097% | 0.100% | 0.110% | 0.109% |
| District's proportionate share of the net pension liability | $55,515,150 | $ 66,650,760 | $ 79,470,000 | $ 89,321,000 | $ 92,194,000 | $ 99,432,000 | $ 106,034,000 |
| 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 | 54,247,000 | 57,947,000 |
| Total net pension liability | $89,098,243 | $ 102,049,760 | $ 124,715,000 | $ 142,163,000 | $ 144,979,000 | $ 153,679,000 | $ 163,981,000 |
| District's covered payroll | $42,909,664 | $ 46,144,000 | $ 48,968,000 | $ 51,173,000 | $ 54,141,000 | $ 60,479,000 | $ 62,715,000 |
| 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% | 168.03% | 169.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.52% | 74.02% | 70.04% | 69.46% | 70.99% | 72.56% | 71.82% |

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

Public Employer's Retirement Fund B Last 10 Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.102% | 0.106% | 0.107% | 0.108% | 0.109% | 0.112% | 0.117% |
| District's proportionate share of the the net pension liability | $11,534,074 | $ 15,668,725 | $ 21,162,000 | $ 25,723,000 | $ 28,994,000 | $ 32,676,000 | $ 35,887,000 |
| District's covered payroll | $10,668,000 | $ 11,773,000 | $ 12,855,000 | $ 13,622,000 | $ 14,509,000 | $ 15,831,000 | $ 16,850,000 |
| 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% | 206.41% | 212.98% |
| Plan fiduciary net position as a percentage of the total pension liability | 83.38% | 79.43% | 73.89% | 71.87% | 70.85% | 70.05% | 70.00% |

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2021

State Teachers' Retirement Plan Last 10 Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 4,097,593 | $ 5,254,234 | $ 6,437,566 | $ 7,812,574 | $ 9,845,929 | $ 10,724,334 | $ 16,558,363 |
| Contributions in relation to the contractually required contribution | (4,097,593) | (5,254,234) | (6,437,566) | (7,812,574) | (9,845,929) | (10,724,334) | (16,558,363) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $46,144,000 | $ 48,968,000 | $ 51,173,000 | $ 54,141,000 | $ 60,479,000 | $ 62,715,000 | $ 86,693,000 |
| Contributions as a percentage of covered payrol | 8.88% | 10.73% | 12.58% | 14.43% | 16.28% | 17.10%* | 16.15%** |

All years prior to 2015 are not available.

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

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

(Continued)

Public Employer's Retirement Fund B Last 10 Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 1,385,625 | $ 1,522,927 | $ 1,891,806 | $ 2,253,417 | $ 2,859,387 | $ 3,323,057 | $ 3,430,724 |
| Contributions in relation to the contractually required contribution | (1,385,625) | (1,522,927) | (1,891,806) | (2,253,417) | (2,859,387) | (3,323,057) | (3,430,724) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 11,773,000 | $ 12,855,000 | $ 13,622,000 | $ 14,509,000 | $ 15,831,000 | $ 16,850,000 | $ 16,574,000 |
| Contributions as a percentage of covered payroll | 11.77% | 11.85% | 13.89% | 15.53% | 18.06% | 19.72% | 20.70% |

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

## 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.

**NOTE 1 – PURPOSE OF SCHEDULES** (Continued)

H - Changes of Assumptions: The discount rate for the OPEB was 6.00, 6.00, 6.00, 6.00, and 5.75 percent in the June 30, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

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

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

| | Measurement Period | | | | | |
|---|---|---|---|---|---|---|
| Assumption | As of June 30, 2020 | As of June 30, 2019 | 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% | 2.75% | 2.75% | 3.00% | 3.00% |
| Investment rate of return | 7.10% | 7.10% | 7.10% | 7.10% | 7.60% | 7.60% |
| Wage growth | 3.50% | 3.50% | 3.50% | 3.50% | 3.75% | 3.75% |

**SUPPLEMENTARY INFORMATION**

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

| | Student Activity Fund | Cafeteria Fund | Deferred Maintenance Fund | County School Facilities Fund | Special Reserve for Capital Outlay Fund | Debt Service for Blended Component Unit Fund | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash in County Treasury | $ - | $ 1,123,014 | $ 1,440,330 | $ 12,928 | $ 746,488 | $ 8,636,293 | $ 11,959,053 |
| Cash on hand and in banks | 1,768,693 | 2,165 | - | - | - | - | 1,770,858 |
| Cash in revolving fund | - | 200 | - | - | - | - | 200 |
| Receivables | - | 88,552 | 220 | 2 | 118 | 1,342 | 90,234 |
| Due from other funds | - | 812 | - | 1 | - | - | 813 |
| Stores inventory | - | 24,269 | - | - | - | - | 24,269 |
| Total assets | $ 1,768,693 | $ 1,239,012 | $ 1,440,550 | $ 12,931 | $ 746,606 | $ 8,637,635 | $ 13,845,427 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | $ - | $ 50,417 | $ - | $ - | $ - | $ 4,220 | $ 54,637 |
| Due to other funds | - | 5,925 | - | - | - | - | 5,925 |
| Total liabilities | - | 56,342 | - | - | - | 4,220 | 60,562 |
| Fund balances: | | | | | | | |
| Nonspendable | - | 24,469 | - | - | - | - | 24,469 |
| Restricted | 1,768,693 | 1,158,201 | 1,440,550 | 12,931 | 746,606 | 8,633,415 | 13,760,396 |
| Fund balance | 1,768,693 | 1,182,670 | 1,440,550 | 12,931 | 746,606 | 8,633,415 | 13,784,865 |
| Total liabilities and fund balances | $ 1,768,693 | $ 1,239,012 | $ 1,440,550 | $ 12,931 | $ 746,606 | $ 8,637,635 | $ 13,845,427 |

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

| | Student Activity Fund | Cafeteria Fund | Deferred Maintenance Fund | County School Facilities Fund | Special Reserve for Capital Outlay Fund | Debt Service for Blended Component Unit Fund | Total |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Local Control Funding Formula (LCFF): | | | | | | | |
| State apportionment | $ - | $ - | $ 43,611 | $ - | $ - | $ - | $ 43,611 |
| Total LCFF | - | - | 43,611 | - | - | - | 43,611 |
| Federal Sources | - | 2,898,323 | - | - | - | - | 2,898,323 |
| Other state sources | - | 203,403 | - | 3,628,185 | - | - | 3,831,588 |
| Other local sources | 1,468,492 | 53,959 | 5,775 | 10,784 | 2,253 | 8,634,391 | 10,175,654 |
| Total revenues | 1,468,492 | 3,155,685 | 49,386 | 3,638,969 | 2,253 | 8,634,391 | 16,949,176 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Certificated salaries | 68,721 | - | - | - | - | - | 68,721 |
| Classified salaries | 132,290 | 1,113,005 | - | - | - | - | 1,245,295 |
| Employee benefits | 23,776 | 308,257 | - | - | - | - | 332,033 |
| Books and supplies | 1,189,048 | 1,281,981 | - | - | - | - | 2,471,029 |
| Contract services and operating expenditures | - | 43,321 | - | - | - | - | 43,321 |
| Debt service: | | | | | | | |
| Principal payments | - | - | - | - | - | 4,165,774 | 4,165,774 |
| Interest | - | - | - | - | - | 3,333,261 | 3,333,261 |
| Total expenditures | 1,413,835 | 2,746,564 | - | - | - | 7,499,035 | 11,659,434 |
| Excess of revenues over expenditures | 54,657 | 409,121 | 49,386 | 3,638,969 | 2,253 | 1,135,356 | 5,289,742 |
| Other financing sources (uses): | | | | | | | |
| Transfers out | - | (75,445) | - | (6,208,633) | (166,327) | (1,600,000) | (8,050,405) |
| Net change in fund balances | 54,657 | 333,676 | 49,386 | (2,569,664) | (164,074) | (464,644) | (2,760,663) |
| Fund balance, July 1, 2020 | - | 848,994 | 1,391,164 | 2,582,595 | 910,680 | 9,098,059 | 14,831,492 |
| Cumulative effect of GASB 84 implementation | 1,714,036 | - | - | - | - | - | 1,714,036 |
| Fund balance, July 1, 2020 | 1,714,036 | 848,994 | 1,391,164 | 2,582,595 | 910,680 | 9,098,059 | 16,545,528 |
| Fund balance, June 30, 2021 | $ 1,768,693 | $ 1,182,670 | $ 1,440,550 | $ 12,931 | $ 746,606 | $ 8,633,415 | $ 13,784,865 |

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 |
|---|---|---|
| Dereck Counter | President | December 2022 |
| Rachelle Price | Vice President | December 2024 |
| Julie Hupp | Clerk | December 2024 |
| Rick Miller | Member | December 2022 |
| Tiffany Saathoff | Member | December 2022 |

## ADMINISTRATION

Roger Stock
Superintendent

Barbara L. Patterson
Deputy Superintendent, Business & Operations

Tony Limoges
Associate Superintendent, Human Resources

Martin Flowers
Associate Superintendent, Secondary Education

Bill MacDonald
Associate Superintendent, Elementary Education

Craig Rouse
Senior Director, Facilities and Operations

Beth Parrish
Director of Fiscal Services

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

| Grade Level | Number of Days Traditional Calender | Status |
| --- | --- | --- |
| DISTRICT | | |
| Kindergarten | 180 | In Compliance |
| Grade 1 | 180 | In Compliance |
| Grade 2 | 180 | In Compliance |
| Grade 3 | 180 | In Compliance |
| Grade 4 | 180 | In Compliance |
| Grade 5 | 180 | In Compliance |
| Grade 6 | 180 | In Compliance |
| Grade 7 | 180 | In Compliance |
| Grade 8 | 180 | In Compliance |
| Grade 9 | 180 | In Compliance |
| Grade 10 | 180 | In Compliance |
| Grade 11 | 180 | In Compliance |
| Grade 12 | 180 | In Compliance |

See accompanying notes to supplementary information.

| Assistance Listing 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: | | |
| 84.027 | Special Ed: Individuals with Disabilities Act (IDEA) Basic Local Assistance Entitlement, Part B, Sec 611 | 13379 | $ 1,968,926 |
| 84.027 | Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611 | 14468 | 151,793 |
| 84.173 | Special Ed: IDEA Preschool Grants, Part B, Sec 619 | 13430 | 35,897 |
| 84.173A | Special Ed: IDEA Preschool Capacity Building, Part B, Sec 611 | 13839 | 33,196 |
| 84.027 | Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School Individual Service Plans (ISPs) | 10115 | 6,980 |
| | Subtotal Special Education Cluster | | 2,196,792 |
| | Title I Program: | | |
| 84.010 | Every Student Succeeds Act (ESSA): Title I, Part A, Basic Grants Low Income and Neglected | 14329 | 630,426 |
| 84.010 | ESSA: School Improvement (CSI) | 15438 | 145,399 |
| | Subtotal Title I Program | | 775,825 |
| | ESF Programs: | | |
| 84.425D | COVID-19: Elementary and Secondary School Emergency Relief (ESSER I) Fund | 15536 | 519,243 |
| 84.425 | COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 15547 | 552,499 |
| 84.425 | COVID-19: Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement | 15535 | 125,592 |
| 84.425C | COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation | 15517 | 394,665 |
| | Subtotal ESF Programs | | 1,591,999 |
| | Title III Programs | | |
| 84.365 | ESSA: Title III, English Learner Student Program | 14346 | 77,549 |
| 84.365 | ESSA: Title III, Imigrant Education Program | 15146 | 14,835 |
| | Subtotal Title III Programs | | 92,384 |

(Continued)

| Assistance Listing Number | Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Pass-Through Entity Identifying Number | Federal Expend-itures |
|---|---|---|---|
| 84.367 | ESSA: Title II, Part A, Improving Teacher Quality | 14341 | $ 74,578 |
| 84.424 | ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants | 15396 | 52,499 |
| | Total U.S. Department of Education | | 4,784,077 |
| U.S. Department of Agriculture - Passed through California Department of Education | | | |
| | Child Nutrition Cluster | | |
| 10.555 | Chid Nutrition: National School Lunch Program | 13391 | 2,696,418 |
| U.S. Department of the Treasury - Passed through California Department of Education | | | |
| 21.019 | COVID-19 - Coronavirus Relief Fund (CRF) | 10149 | 3,638,208 |
| U.S. Department of Defense | | | |
| 12.800 | Air Force Defense Research Sciences Program | N/A | 56,981 |
| U.S. Department of Health and Human Services - Passed through Department of Health Services | | | |
| | Medicaid Cluster: | | |
| 93.778 | Medi-Cal Billing Option | 10013 | 56,421 |
| 93.778 | Medi-Cal Administrative Activities (MAA) | 10060 | 14,599 |
| | Subtotal Medicaid Cluster | | 71,020 |
| | Total Federal Expenditures | | $ 11,246,704 |

See accompanying notes to supplementary information.

# RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021
(UNAUDITED)

| | State Adopted (Budget) 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| General Fund | | | | |
| Revenues and other financing sources | $ 144,147,974 | $ 142,481,281 | $ 131,600,567 | $ 131,412,271 |
| Expenditures | 138,758,258 | 132,785,627 | 133,691,019 | 131,969,193 |
| Other uses and transfers out | - | - | 698,506 | 237,948 |
| Total outgo | 138,758,258 | 132,785,627 | 134,389,525 | 132,207,141 |
| Change in fund balance | $ 5,389,716 | $ 9,695,654 | $ (2,788,958) | $ (794,870) |
| Ending fund balance | $ 39,316,193 | $ 33,926,477 | $ 24,230,823 | $ 27,019,781 |
| Available reserves | $ 24,837,036 | $ 19,888,978 | $ 9,768,315 | $ 9,811,333 |
| Designated for economic uncertainties | $ 24,837,036 | $ 19,888,978 | $ 9,768,315 | $ 9,811,333 |
| Undesignated fund balance | $ - | $ - | $ - | $ - |
| Available reserves as percentages of total outgo | 17.90% | 14.98% | 7.27% | 7.42% |
| All Funds | | | | |
| Total long-term liabilities | $ 304,467,237 | $ 326,383,923 | $ 330,351,639 | $ 303,692,971 |
| Average daily attendance at P-2 | 11,228* | 11,705 | 11,616 | 11,603 |

The General Fund balance has increased by $6,111,826 over the past three years. The fiscal year 2021-22 budget projects an increase of $5,389,716. 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, 2021, the District has met this requirement. The District has incurred operating deficits in two of the past three years and anticipates incurring a surplus during the 2021-22 fiscal year.

Total long-term liabilities have increased by $22,690,952 over the past two years.

Average daily attendance has increased by 102 over the past two years. This is due to the fact that in 2019-20, the District's dependent charter school closed, and the district was allowed to roll those ADA into the 2020-21 funded ADA. The District anticipates a decrease of 477 ADA for the 2021-22 fiscal year.

*Due to the declining enrollment experienced since 2019-20, the District's funded ADA will be 11,705 for 2021 -22.

| 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 |
| 1071 - Western Sierra Collegiate Academy | Separate Report |
| 1979 - Placer Academy Charter | Separate Report |

**NOTE 1 – PURPOSE OF SCHEDULES**

A - Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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.

B - 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 Awards (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

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

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 2021-22 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

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, 2021, 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2021.

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

(Continued)

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 offer Apprenticeship - Related and Supplemental Instruction, therefore, we did not perform any procedures related to 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 did not have any California Clean Energy Jobs Act expenditures during the current fiscal year, therefore, we did not perform any procedures related to California Clean Energy Jobs Act.

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 dependent Charter Schools; therefore, we did not perform procedures related to those programs.

***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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on 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)

***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding 2021-001 in the accompanying Schedule of Audit Findings and Questioned Costs, Rocklin Unified School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirement is necessary, in our opinion, for Rocklin Unified School District to comply with the requirements applicable to the state laws and regulations applicable to the state laws and regulations referred to above.

**Qualified Opinion on Compliance with State Laws and Regulations**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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, 2021.

**Other Matter**

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

**Purpose of this Report**

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

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2021

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, 2021, 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 9, 2021.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

## Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2021

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

Board of Education
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 each of Rocklin Unified School District's major federal programs for the year ended June 30, 2021. Rocklin Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

(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 9, 2021

# FINDINGS AND RECOMMENDATIONS

## SECTION I - SUMMARY OF AUDITOR'S RESULTS

### FINANCIAL STATEMENTS

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

### FEDERAL AWARDS

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

Identification of major programs:

| AL Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.425, 84.425C, 84.425D | COVID-19: ESF Programs |
| 21.019 | COVID-19: Coronavirus Relief Fund (CRF): Learning Loss Mitigation |

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

### STATE AWARDS

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

(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

### 2021-001 DEFICIENCY – STATE COMPLIANCE – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Any student who meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP) will be counted as FRPM-eligible. Except for directly certified and foster students identified through a statewide match, LEAs must submit the appropriate student program (SPRG) records to CALPADS in order for the students to be counted as FRPM-eligible. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Condition: At the District, it was noted that 29 students were improperly included in the Free and Reduced Meal Program.

| Unduplicated pupil count based on: | Enrollment | FRPM | ELAS | Both | TOTAL |
|---|---|---|---|---|---|
| As certified on CALPADS | 11,399 | 1,862 | 214 | 242 | 2,318 |
| Audit Adjustments | | (29) | 5 | (5) | (29) |
| Adjusted Counts | | 1,833 | 219 | 237 | 2,289 |

Context: We performed the audit procedures enumerated in the State of California 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting and identified an initial error. The District then identified that a significant number of students were inappropriately included in the CalPADS 1.17 – FRPM/English Learner/Foster Youth – Count report as free or reduced status. The District had appropriately allowed the students to utilize waivers until the applications were gathered and the reporting was updated. However, a number of students did not return applications and therefore, should have been removed from the FRPM count.

The District underwent an extensive process to gather the appropriate data and recreate the CalPADS 1.17 – FRPM/English Learner/Foster Youth – Count report. We then tested the revised report noting no errors.

Effect: The District is out of compliance with state requirements.

Cause: The system used to generate the CalPADS reporting was not properly updated to remove students that were reporting on a waiver up until the extended due date. This caused the unduplicated pupil count to be overstated.

Fiscal Impact: The School District Unduplicated Pupil Percentage for Rocklin Unified School District was originally reported at 20.14% and the revised School District Unduplicated Pupil Percentage is reported at 20.06%; the fiscal impact is a reduction of LCFF revenues of approximately $16,264.

Recommendation: The District should ensure the systems required to generate the unduplicated pupil count reporting are updated with the most current information prior to the reporting date to ensure all student counts are properly stated.

(Continued)

**2021-001 DEFICIENCY – STATE COMPLIANCE – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)** (Continued)

Views of Responsible Officials and Planned Corrective Action:

As stated in the report, unless the District is specifically designated or individual students are directly certified, annual certification is required for each student to determine FRPM eligibility. During the 2020-2021 school year, the District utilized the Nutrikids and Aeries systems. Historically, a download would be taken from Nutrikids and uploaded into Aeries after the certification date (approximately October 1st). Subsequently, current fiscal year FRPM certification status would be correct for the current fiscal year and month to month updates would be made for new students. Historically, no student records would need to be removed from Aeries month to month, only additions would be made, since the first download of FRPM eligible students was after Census Day.

In 2020-21, the download of information from Nutrikids was taken in September 2020 in order to utilize the information in support of tracking student engagement and attendance under the revised SB98 COVID-19 attendance-related requirements. Pulling this information early, allowed the District to monitor and report publicly in September 2020 how Socio-economically Disadvantaged students compared to all students and other student groups in terms of attendance and engagement. This initial download was prior to the historical time period for downloading this data and included 34 students who were on a 30-day waiver from the previous year, when they were qualified through the FRPM process. Although subsequent downloads were taken to include the results of the 2020-21 certification process, no student records were removed (as has been the historical practice).

In May 2021, the District recognized this error and began working with CALPADS to rectify the error. After identifying how to resolve the error, the District met with Crowe in July 2021 to determine next steps.

Of the 34 over identified FRPM students, 5 were also English Learner students, resulting in 29 students being over-identified. The revised CalPads report was completed in June 2021 and measures were put in place to mitigate this issue from occurring in future years. In future years, the District will replace Nutrikids with Titan to directly control the records being included in Aeries. The District will also monitor the timelines and/or extended timelines and ensure that after the timeline has passed, all non-certified records are removed from Aeries. An additional check for accuracy will take place before certification of CalPads Report 1.17 utilizing a comparison from Aeries, Titan, and CalPads Report 1.17.

Covid-19 has brought unprecedented challenges to education, including multiple legislative changes. Included in the changes has been the governing of free meals. All students, regardless of eligibility for the Free/Reduced Price Meal Program (FRPM), receive free meals. This program has provided a strong benefit to students and families by increasing access to food throughout the State; however, it has had a significant impact on the number of families who complete the income form, which will result in a loss of revenue to District and subsequently high-needs students. Of the 29 overidentified students, all had been qualified in the previous year and likely would have qualified had they completed the application.

## STATUS OF PRIOR YEAR
## FINDINGS AND RECOMMENDATIONS

**2020-001 STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)**

**Condition**: Every year, the District is required to assess eight attributes of each school site regarding the condition of the site facilities on the Facility Inspection Tool (FIT). These attributes include Systems, Interior, Cleanliness, Electrical, Restrooms/Fountains, Safety, Structural and External. A ranking of Good, Fair or Poor is assigned to the eight different attributes. These rankings are then transferred and posted on each school site's School Accountability Report Card. At the following sites, Breen Elementary, Rocklin Elementary, Springview Middle, and Whitney High School, one or more attribute on the school accountability report card (SARC) was not consistent with the information on the Facility Inspection Tool (FIT) for the site.

**Recommendation**: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

**Current Status**:

Implemented.

**District Explanation if Not Implemented**:

Not applicable.