ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2023

ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023
(Continued)

CONTENTS

ROCKLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rocklin Unified School District
Rocklin, California

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rocklin Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocklin Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rocklin Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocklin Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's 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 of OPEB Plan Investments, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 56 to 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

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 expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 4, 2023

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, 2023. 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 tenth year of the funding model "Local Control Funding Formula" (LCFF). The State adopted the 2022/23 budget on time. It included an increase of $200 million in new Proposition 98 funding. The budget included an LCFF cost of living adjustment of 6.56%, the largest in the history of the LCFF. Additionally, to help schools address ongoing fiscal pressures, staffing shortages, and other operation needs, the budget included an increase to the LCFF base funding of an additional 6.28%.

To support the fiscal stability of local educational agencies (LEA) with a declining student population, the LCFF can now be calculated based on the three prior years' average daily attendance (ADA), rather than just the greater of current or prior year ADA. The budget also allows classroom-based LEAs that can demonstrate they provided independent study offerings to students in 2021/22 to be funded at the greater of their current year ADA or their current year enrollment adjusted for pre-COVID-19 absence rates in the 2021/22 fiscal year. The District took advantage of both of these funding opportunities. The budget also established two one-time grants, the Learning Recovery (LR) Emergency Block Grant and the Arts, Music, and Instructional Materials (AMIM) Discretionary Block Grant. The LR Block Grant supports learning recovery initiatives through 2027-28 and the AMIM Block Grant can be spent on a variety of purposes, including arts and music programs. At the end of 2022/23, the District recognized $4.4 million and $6.7 million in revenue respectively for these grants. These grants have experienced cuts in the enacted 2023/24 year, that the District will need to cover in order to continue board-approved programs that have already been initiated. At the time of the completion of the Unaudited Actual reports, the District expected to cover a reduction of $.7 million to the LR Block Grant and $.4 million to the AMIM Block Grant.

The net pension liability as of June 30, 2023 was $109 million. The net pension liability increased by $41.4 million during the measurement period (June 30, 2022). This measurement period is always a year in arears. This partially offsets the $73.9 million decrease recognized last year due to the historic fund performance. We foreshadowed this reversal in last year's Management's Discussion and Analysis. Refer to Notes 7and 8 for further disclosures related to the net pension liability.

The District's enrollment increased by 8 students (.07%) at CBEDS (the California Basic Educational Data System) over the last two years but had an increase of 90 students (.8%) from 2012/13 – 2022/23. However, between 2019-20 and 2021-21, the District lost 732 students due to the COVID-19 pandemic, who have not returned.

The District completed major projects of $4.6 million in 2022-23, the largest being the replacement of the Rocklin High School track and field for a total cost of $2.3 million. The District received State Facility Program Grant Funds of $17.2 million for Quarry Trail Elementary School and $.8 million for the 2021 High School Portables project.

In August of 2023, the District sold unused Lot 49 property for $11 million. The District prepaid $7.1 million of principal and interest of the 2020 Refunding Lease.

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 and 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 $49.9 million from the prior year to $148 million on June 30, 2023. Overall current and other assets increased by $22.2 million, due to an increase in cash of $28.3 million, offset by a decrease in receivables of $2 million. The District cash balance was offset by the application of GASB 31, requiring an adjustment of cash held by Placer County to account for changes in fair market value of pooled investments. The reversal of the entry from 2021-22 combined with the 2022-23 entry increased cash by $1.9 million across all funds. The decrease in receivables is a combination of the receipt of COVID-19 one-time funding of $5 million that was accrued in 2021/22, net of the addition of a receivable of $3.2 million for the AMIM Block Grant. Capital Assets decreased by a net $3.9 million. Some of the major increases include: 2022/23 portion of the Rocklin High School Track and Field project of $1.6 million; $0.6 million in the Rock Creek and Parker Whitney Elementary School fire alarm projects; $377k for a portable and $0.2 million for the playground equipment and marquee at Quarry Trail Elementary School, and $0.3 million for the Whitney High School roof; offset by an increase in accumulated depreciation of $8.8 million. A lease for Apple iPads was also incurred, for a value of $0.3 million, net of accumulated amortization.

Additional factors attributing to the increase in net position include: increase of $7 million in deferred outflows of resources mostly relating to pensions; increase of $25.3 million in long-term debt, predominantly due to the increase in net pension liability of $41.2 million (discussed above), offset by $10.6 million attributable to debt payments on General Obligation bonds, Mello-Roos bonds and Certificates of Participation (COPs), and $5.9 million decrease in accreted interest; and a decrease in deferred inflows of $41.6 million again related to pensions. There was also a decrease in other liabilities of $4.6 million, mostly accounts payable for LCFF.

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

	2021-22	2022-23
Current and other assets	$ 120.9	$ 147.0
Capital assets	260.6	256.7
Advanced receivable	0.0	0.0
Total Assets	381.5	403.7
Total Deferred Outflows of Resources	29.9	36.9
Long-term debt outstanding	237.4	262.7
Other liabilities	17.1	12.5
Total Liabilities	254.5	275.2
Total Deferred Inflows of Resources	58.8	17.4
Net position		
Net investment in capital assets	171.0	193.6
Restricted	64.3	73.5
Unrestricted	-137.2	-119.1
Total Net Position	$ 98.1	$ 148.0

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)

	2021-22	2022-23	Difference
Revenues			
Program revenues			
Charges for services	$ 4.8	$ 1.4	-3.4
Operating Grants and Contributions	41.7	49.6	7.9
Capital Grants and Contributions	0.0	18.0	18.0
General revenues			
Property Taxes	82.5	86.4	3.9
Federal and State aid not restricted	57.3	66.4	9.1
Other	3.1	5.4	2.3
Total revenues	189.4	227.2	37.8
Expenses			
Instruction	100.1	104.0	3.9
Instruction-related	13.9	17.1	3.2
Pupil services	14.2	16.5	2.3
General administration	9.1	10.2	1.1
Maintenance and Operations	13.6	15.0	1.4
Interest on long-term debt	7.7	7.0	-0.7
Other	5.9	7.5	1.6
Total expenses	164.5	177.3	12.8
Increase (Decrease) in net position	**24.9**	**49.9**	**25.0**
Net Position- beginning	73.2	98.1	
Net Position- ending	**$ 98.1**	**$ 148.0**	**49.9**

The District's total net position increased by $49.9 million during 2022-23 and increased by $24.9 million during 2021-22.

The District received $18 million in State School Facilities Apportionments for Quarry Trail Elementary School and the 2021 High School Portables projects. Operating grants and contributions increased by $7.9 million primarily due to timing of other one-time state and federal funding. While the District received $2.5 million less in Educator Effectiveness and $11.2 million less in COVID-19 related revenue than it did in the 2021/22 year, this decrease was offset by new one-time money such as $6.7 million in AMIM and $4.4 million in LR Block Grant funds, and $1 million in Kitchen Infrastructure and Training (KIT) revenue. Expanded Learning Opportunities Program (ELOP) funding increased by $1.3 million and Special Education funding increased by $2.2 million over the prior year. There was also $2.3 million more in Child Nutrition Program revenue to ensure that all students have free breakfast and lunch. Rising interest rates earned the District an additional $1 million in interest revenue, which was offset by $.7 million decrease due to GASB 31. Associated Student Body (ASB) revenue increased by $1 million over prior year due to the continued increase of activities and athletic events since the pandemic. STRS on Behalf decreased by $1.2 million and there was a $.9 million increase in the District's share of State pension revenue. Charges for services was $3.1 million less than 2021/22 due to the decrease in developer fees, as the District is getting closer to being fully built out.

Property taxes increased by a net $3.9 million. Property taxes for general purposes increased by $5.5 million due to the rise in assessed property values. This was offset by a decrease in taxes for debt service of $1.7 million.

Expenditures increased by a net of $12.8 million primarily in instruction and pupil services. $11.7 million of the increase was due to salary increases, which affected multiple functions. In Instructional and Instructional-Related expenses, COVID-19 related spending was $11.5 million less than the previous year, while Special Education expenses were $4.6 million higher. $3.9 million was also spent of the new AMIM Block grant funding. STRS-on-Behalf was $1.2 million less than 2021/22. Nutrition expenses increased by $.7 million due to the additional meals served. Maintenance and operations related expenses were increased by $.5 million for utilities and $.3 million in routine restricted maintenance (RRMA) projects. ASB expenses increased by $1 million as athletics and activities have further increased since the pandemic. These expenses were offset by a $2.9 million decrease in pension expense.

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 2022-23 of $12,374,608,038.

Employee Relations

Most employees of the District are represented by the following bargaining units: the Rocklin Teachers Professional Association (RTPA) and California School Employees Association (CSEA). Agreements were reached with RTPA, CSEA, Confidential, Management and Non-Represented on employee compensation and benefits for 2022-23 and formally ratified by the Board on June 22, 2022 for a 5.33% increase to all salary schedules and an increase to the monthly health and welfare cap of $52 per month. A one-time payment of $3,000 per employee prorated on full time equivalent (FTE) was included, as well as a one-time $1,500 payment for all retirees who declared their retirement by June 3, 2022. This agreement also included contingency language based on the final adoption of the State budget. A retroactive true-up increase of 1.55% was approved by the Board of Trustees for all bargaining units on October 19, 2022 for an overall increase of 6.88% ongoing over prior year.

Retirement Employee Benefits

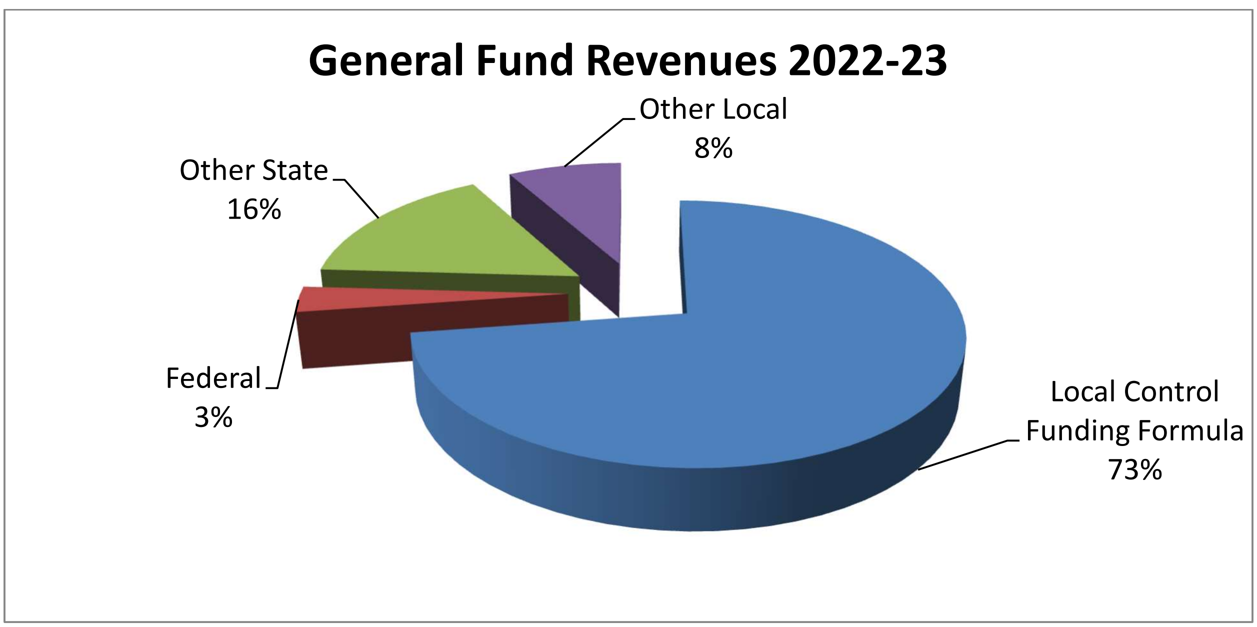
The Retiree Benefit Fund is used to fund employee retirement medical benefit payments. The fund was established in 1997. During fiscal year 1996-97 the District transferred $1,000,000 into the Retiree Benefit Fund to partially fund this liability. The District has made yearly contributions to the Retiree 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. On June 28, 2023, the District transferred $4.9 million of this trust from Placer County Pooled funds to the California Employers' Retiree Benefit Trust (CERBT) Fund which is a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits (OPEB) for California public agencies.

As of the most recent valuation date, June 30, 2023, the District's net OPEB liability is estimated to be $1,099,548.

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, 2023 is 11.26%. 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.

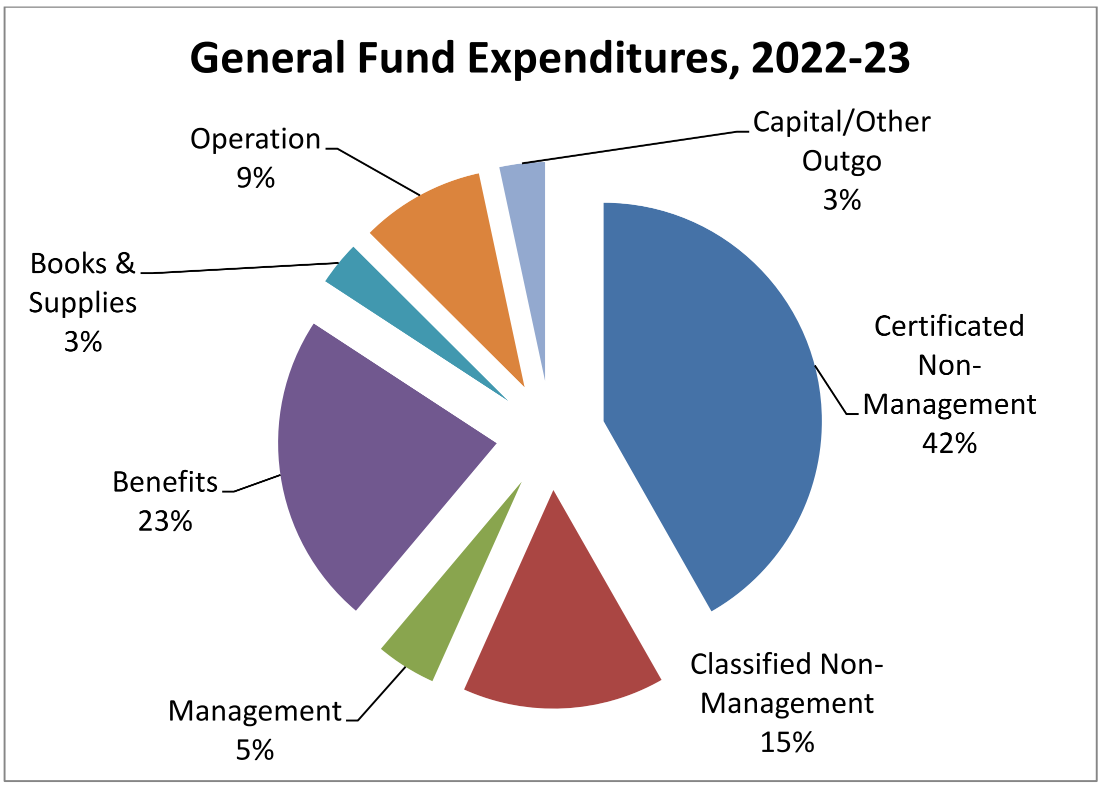
General Fund Revenues and Expenditures



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. This revenue includes $3.5 million in lottery, $2 million in ELOP, $6.7 million in AMIM, $4.4 million in LR, $1 million in KIT, and $2.1 million in funding for a portion of special education services. State on Behalf contributions to STRS of $6.2 million are also reported as Other State Revenue. All of the Federal income received by the District is restricted since it must be expended for purposes that are determined by the grantor and not the local Board of Trustees.

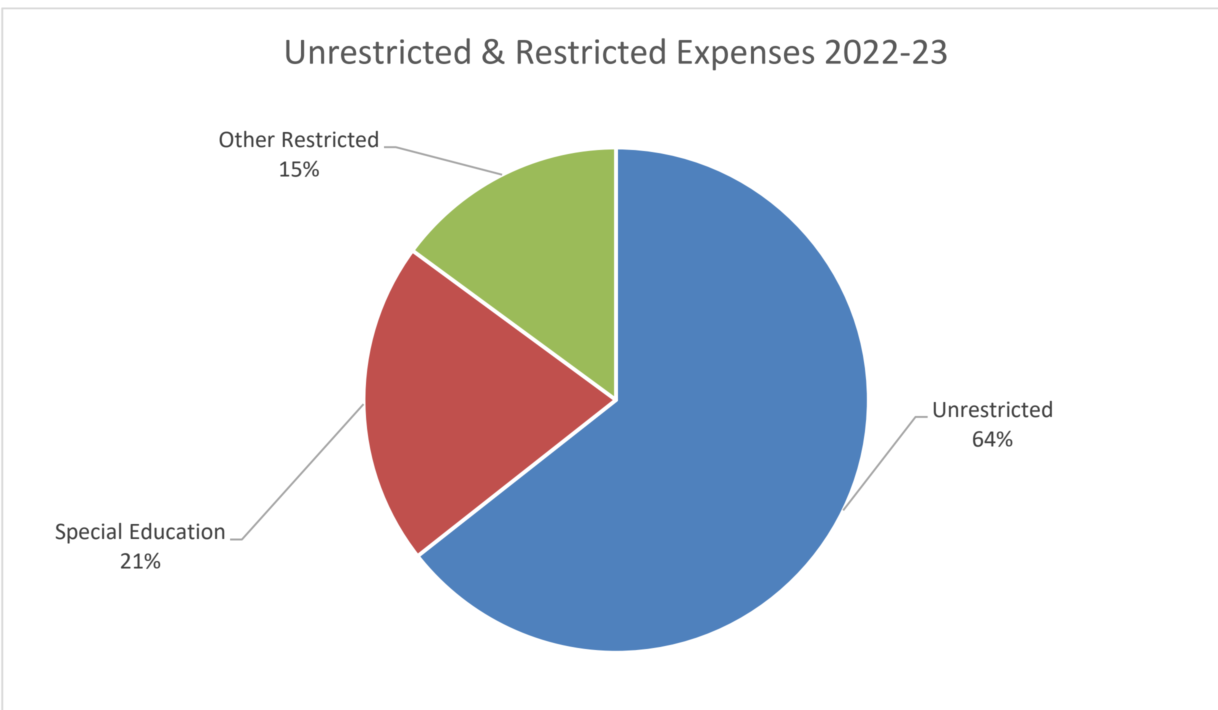
The District's total resources for expenditure in the budget year include a "beginning balance," which reflects a carryover unexpended balance from the prior year. Under the requirement of state law, a portion of the beginning balance must remain as a Reserve for Economic Uncertainties.

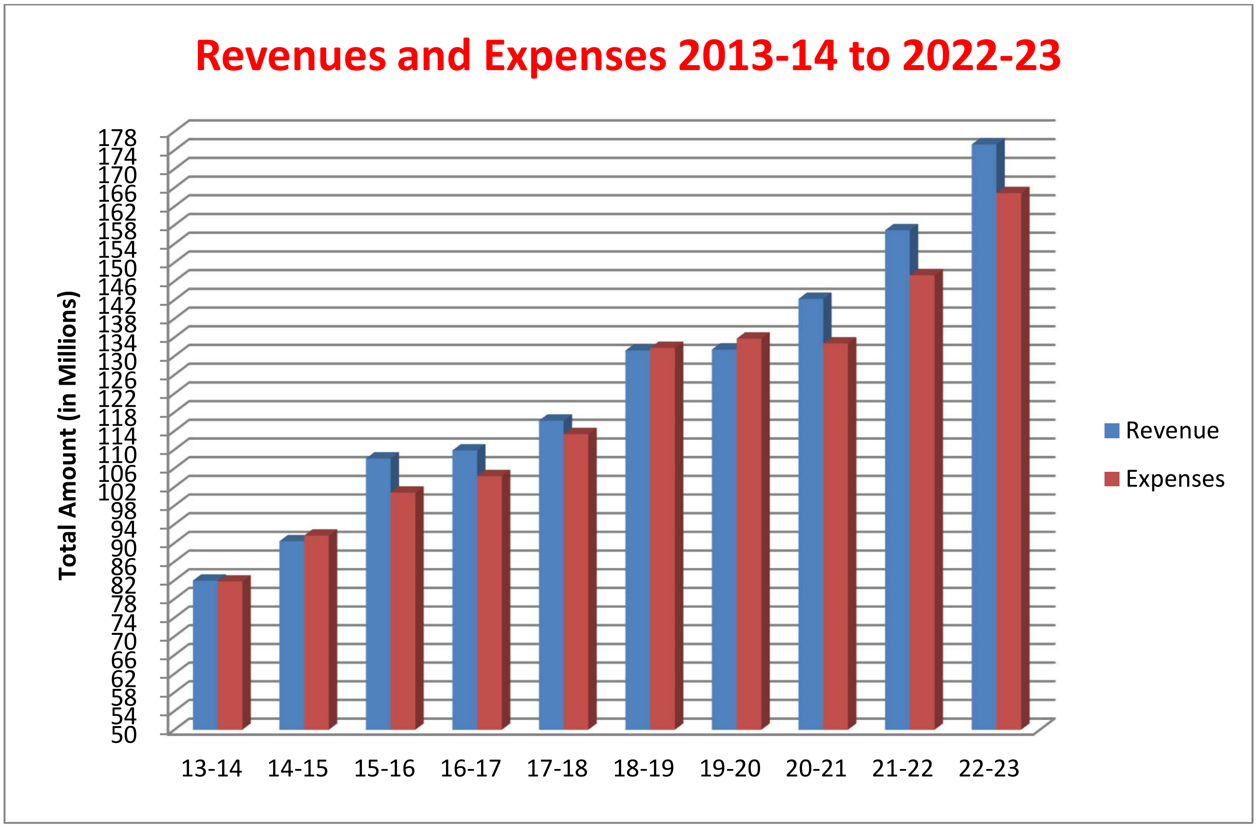


Most of the expenditures of the District were to pay the salaries and benefits of the employees of the District. It takes people to teach people, and in Rocklin Unified School District, 84.2% of the District's General Fund expenditures were for the services of District employees. Salaries represented 61.1% of District expenditures. The health and welfare benefits for District employees were an additional 23.1% 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 $6.2 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 $34.1 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 2022-23 was $18.6 million, or 54.4% and $16 million, or 56.8%, in 2021-22.





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 $7.4 million, the projected decrease as presented to the Board on June 22, 2022 was $1.3 million, and the actual net increase in fund balance was $11 million. The significant swings this year show the volatility in State funding by the addition of the one-time block grants, and the timing of when the funding was made available.

Revenues estimated in the revised budget were more than revenues in the original budget by $22.6 million, primarily due to the AMIM and LR Block Grant funding of $12.3 million and an increase in LCFF revenue of $4.9 million due to an increase in base rate funding of 2.98%, and the ability to include Rocklin Independent Charter Academy (RICA) ADA in the new 3 Prior-Year funding model. Additionally, between Original and Revised budgets, interest was increased by $.7 million due to the increase in rates and Schools Insurance Group (SIG) dividends of $.6 million was added. E-Rate revenue for switch projects was carried over to next year. Actual revenues were less than revised budget by $2.3 million, which was mostly due to carrying over revenue to next year for the Universal Pre-K Planning grant ($.3 million) and the Career Technical Education Incentive grant (CTEIG) of ($445k). Cuts were also recognized in the AMIM and LR Block grants of $.4 million and $.7 million, respectively.

Revised budgeted expenditures were $14.3 million more than original budget primarily due to the addition of $11.7 million for salary increases. Special Education revised budget was $1.8 million more than Adopted budget in professional services, mostly due to an increase in Non-Public Agency agreements.

Actual expenditures were $5.8 million less than revised budget. $.6 million in routine restricted maintenance projects were carried over to the following year and completed in July and August. The balance in savings is primarily due to program and department budget savings and continued shipping, including $.4 million in CTEIG and $1M in the AMIM and LR grants. Special Education expenses, mostly contracts, was $1.3 million less than revised budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023 the District had invested $256.7 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 decrease of $3.8 million, or -1.47% in 2022-23 and an increase of $2.5 million, or .95%, in 2021-22. (More detailed information about capital assets can be found in Note 4 to the financial statements).

The following projects were completed during 2022-23: The Rocklin High School track and field project, the Rocklin Elementary fire alarm project, Whitney High School waterproofing project, and summer 2022 pavement projects.

As of June 30, 2023, the District had construction in progress of $1.7 million, of which $.6 million was for the Parker Whitney and Rock Creek Elementary fire alarm projects, $.3 million for the E-Rate equipment and cabling projects, $.4 million for the Quarry Trail Elementary ELOP portable project, $.2 million of the electric bus infrastructure project and $.1 million each for the high school tennis court rehabilitation and the Parker Whitney administrative building restoration. Total depreciation expense was $8.9 million in 2022-23 and $8.5 million in 2021-22. There was also $.1 million of amortization expenses on the new Apple iPad lease.

Long-Term Debt

At June 30, 2023, the District had $262.7 million in general obligation bonds, Mello-Roos Bonds, net pension liability and other long-term debt outstanding, an increase of $25.3 million from last year – mostly due to the $41.4 million increase in net pension liability discussed above (More detailed information about the District's long-term liabilities is also presented in Note 5 to the financial statements).

- The District continued to pay down its debt, retiring $21.9 million in 2022-23 and $21.4 million in 2021-22.

- $5.3 million of accreted interest accrued in 2022-23.

Bond Rating

In 2023 the District's Mello Roos bonds (CFDs 1 and 2) were rated AA by Fitch. In 2023 the District's General Obligation bonds (2002 and 2003) were rated Aa3 by Moody's. The Mello-Roos bonds (CFDs 1 and 2) were rated A and CFD 3 was rated A+ and the Certificates of Participation were rated A+ by Standard and 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 at 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

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 132,637,637
Receivables	14,216,207
Stores inventory	22,377
Prepaid expenses	140,940
Non-depreciable/amortizable capital assets (Note 4)	57,232,334
Depreciable/amortizable capital assets, net of accumulated depreciation (Note 4)	199,490,547
Total assets	403,740,042
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - refunding debt	76,846
Deferred outflow of resources - OPEB (Note 9)	598,069
Deferred outflow of resources - pension (Notes 7 and 8)	36,268,391
Total deferred outflows	36,943,306
LIABILITIES	
Accounts payable	10,950,643
Unearned revenue	1,591,349
Long-term liabilities (Notes 5,7,8, and 9)	
Due within one year	21,626,367
Due after one year	241,111,918
Total liabilities	275,280,277
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	17,392,000
NET POSITION	
Net investment in capital assets	193,574,901
Restricted:	
Legally restricted programs	28,629,541
Capital projects	22,624,307
Debt service	22,314,619
Unrestricted	(119,132,297)
Total net position	$ 148,011,071

See accompanying notes to financial statements.

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 103,970,728	$ 12,674	$ 26,171,158	$ 17,957,364	$ (59,829,532)
Instruction-related services:					
Supervision and instruction	6,111,916	2,200	2,308,571	-	(3,801,145)
Instructional library, media and technolog	1,146,040	1,200	53,794	-	(1,091,046)
School site administration	9,801,076	2,276	785,768	-	(9,013,032)
Pupil services:					
Home-to-school transportation	2,191,467	-	40,383	-	(2,151,084)
Food services	4,738,132	10,620	8,683,968	-	3,956,456
All other pupil services	9,636,796	3,306	2,612,692	-	(7,020,798)
General administration:					
Data processing	2,419,683	-	12,692	-	(2,406,991)
All other general administration	7,765,280	8,142	1,826,368	-	(5,930,770)
Plant services	14,987,212	73,735	789,028	-	(14,124,449)
Ancillary services	5,608,323	10	4,366,832	-	(1,241,481)
Community services	141,845	857	1,286	-	(139,702)
Interest on long-term liabilities	6,984,925	-	-	-	(6,984,925)
Other outgo	1,801,431	1,259,444	1,908,504	-	1,366,517
Total governmental activities	$ 177,304,854	$ 1,374,464	$ 49,561,044	$ 17,957,364	(108,411,982)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	64,577,991
Taxes levied for debt service	20,643,530
Taxes levied for other specific purposes	1,194,974
Federal and state aid not restricted to specific purposes	66,436,532
Interest and investment earnings (loss)	1,029,469
Interagency revenues	637,366
Miscellaneous	3,873,238
Total general revenues	158,393,100
Change in net position	49,981,118
Net position, July 1, 2022	98,029,953
Net position, June 30, 2023	$ 148,011,071

ROCKLIN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Capital Facilities Fund	Capital Projects for Blended Component Units Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 53,415,731	$21,849,425	$ 25,386,638	$ 29,797,125	$ 130,448,919
Cash on hand and in banks	7,573	-	-	2,156,825	2,164,398
Cash in revolving fund	10,500	-	-	13,820	24,320
Receivables	13,341,429	48,085	18,987	759,549	14,168,050
Due from other funds	48,625	127,718	-	-	176,343
Stores inventory	-	-	-	22,377	22,377
Prepaid expenditures	140,940	-	-	-	140,940
Total assets	$ 66,964,798	$22,025,228	$ 25,405,625	$ 32,749,696	$ 147,145,347
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 9,245,037	$ 9,112	$ 262,752	$ 31,490	$ 9,548,391
Unearned revenue	1,591,349	-	-	-	1,591,349
Due to grantor governments	831,939	-	-	-	831,939
Due to other funds	308	-	127,410	468	128,186
Total liabilities	11,668,633	9,112	390,162	31,958	12,099,865
Fund balances:					
Nonspendable	151,440	-	-	36,197	187,637
Restricted	18,834,613	22,016,116	25,015,463	32,681,541	98,547,733
Committed	17,064,447	-	-	-	17,064,447
Assigned	674,398	-	-	-	674,398
Unassigned	18,571,267	-	-	-	18,571,267
Total fund balances	55,296,165	22,016,116	25,015,463	32,717,738	135,045,482
Total liabilities and fund balances	$ 66,964,798	$22,025,228	$ 25,405,625	$ 32,749,696	$ 147,145,347

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - Governmental Funds		$ 135,045,482
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 $420,379,347 and the accumulated depreciation and amortization is $163,656,466 (Note 4).		256,722,881
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:		(570,313)
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, 2022 consisted of (Note 5):		
General Obligation and Special Reserve bonds	$ (64,613,072)	
Accreted interest	(63,201,928)	
Unamortized premiums	(4,098,485)	
Certificates of participation	(19,219,000)	
Lease liability	(309,732)	
Net pension liability (Notes 7 and 8)	(109,418,000)	
Net other postemployment benefit (OPEB) liability (Note 9)	(1,099,548)	
Compensated absences	(778,520)	
		(262,738,285)
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	36,268,391	
Deferred inflows of resources relating to pensions	(17,392,000)	
		18,876,391
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).		598,069
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		76,846
Total net position - governmental activities		$ 148,011,071

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Facilities Fund	Capital Projects for Blended Component Units Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 70,026,011	$ -	$ -	$ 43,222	$ 70,069,233
Local sources	57,402,889	-	-	-	57,402,889
Total LCFF	127,428,900	-	-	43,222	127,472,122
Federal sources	5,647,031	-	-	3,177,402	8,824,433
Other state sources	28,001,799	-	-	22,751,833	50,753,632
Other local sources	14,196,206	1,825,295	245,286	25,568,042	41,834,829
Total revenues	175,273,936	1,825,295	245,286	51,540,499	228,885,016
Expenditures:					
Current:					
Certificated salaries	75,134,919	-	-	130,159	75,265,078
Classified salaries	25,634,459	33,794	26,876	1,519,838	27,214,967
Employee benefits	38,063,003	13,451	10,685	463,583	38,550,722
Books and supplies	5,352,290	82,085	471,912	6,512,998	12,419,285
Contract services and operating expenditures	15,142,900	53,970	111,291	62,095	15,370,256
Other outgo	1,428,932	-	372,499	-	1,801,431
Capital outlay	4,097,004	937	556,917	64,892	4,719,750
Debt service:					
Principal payments	98,036	163,044	852,000	9,447,311	10,560,391
Interest	256	318,895	289,586	12,363,132	12,971,869
Total expenditures	164,951,799	666,176	2,691,766	30,564,008	198,873,749
Excess/(deficiency) of revenues over (under) expenditures	10,322,137	1,159,119	(2,446,480)	20,976,491	30,011,267
Other financing sources (uses):					
Transfers in	152,834	788,521	18,680,614	-	19,621,969
Transfers out	-	-	-	(19,621,969)	(19,621,969)
Proceeds from sale of equipment	160,697	-	-	-	160,697
Issuance of lease	384,283	31,529	-	-	415,812
Total other financing sources (uses)	697,814	820,050	18,680,614	(19,621,969)	576,509
Net change in fund balances	11,019,951	1,979,169	16,234,134	1,354,522	30,587,776
Fund balances, July 1, 2022	44,276,214	20,036,947	8,781,329	31,363,216	104,457,706
Fund balances, June 30, 2023	$ 55,296,165	$ 22,016,116	$ 25,015,463	$ 32,717,738	$ 135,045,482

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds	$ 30,587,776
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).	5,135,562
Depreciation and amortization of capital assets is an expense that is recorded in the governmental funds (Note 4).	(8,960,524)
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).	(13,287)
Proceeds from debt are recognized as Other financing sources in the governmental funds. In the government-wide statements, proceeds from debt are reported as increases to liabilities (Note 5).	(415,812)
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).	10,560,391
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):	(218,452)
Unmatured interest is an expense that is not recorded in the governmental funds.	45,330
Accreted interest is an expense that is not recorded in the governmental funds (Note 5)	5,880,315
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)	61,292
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):	7,297,739
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).	20,788
Change in net position of governmental activities	$ 49,981,118

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2023

	Retiree Benefit Trust Fund
ASSETS	
Cash and investments (Note 2):	
Cash in County Treasury	$ 646,531
Receivables	16,345
Total assets	662,876
LIABILITIES	
Accounts payable	788
Due to other funds	48,157
Unearned contributions	4,104
Total liabilities	53,049
NET POSITION	
Net position - restricted for retiree benefits	$ 609,827

See accompanying notes to financial statements.

ROCKLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUND
June 30, 2023

	Retiree Benefit Trust Fund
Additions	
Employer contributions	$ 1,641
Investment income	103,080
Other local income	819,038
Total additions	923,759
Deductions	
Benefits payments	6,214,348
Net decrease in fiduciary net position	(5,290,589)
Net position, July 1, 2022	5,900,416
Net Position, June 30, 2023	$ 609,827

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.

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

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

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.

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

A - Major Funds

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

(Continued)

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 the financial resources used for the acquisition o construction of capital facilities by the District from Mello-Roos bond resources.

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 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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023.

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.

Leases: The District is a lessee for leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 22,200,617	$ 14,067,774	$ 36,268,391
Deferred inflows of resources	$ 16,174,000	$ 1,218,000	$ 17,392,000
Net pension liability	$ 68,917,000	$ 40,501,000	$ 109,418,000
Pension expense	$ 10,370,182	$ 5,762,231	$ 16,132,413

Compensated Absences: Compensated absence benefits in the amount of $778,520 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance

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

C - Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. 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 & Operations, 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, 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.

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 May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 defines a subscription-based information technology arrangement and requires the recognition of a right to use subscription asset and corresponding subscription liability. This statement was effective for fiscal years beginning after June 15, 2022. District management performed an analysis and determined that the implementation of GASB Statement No. 96 did not have a material impact on the District’s financial statements.

(Continued)

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023 consisted of the following:

	Governmental Funds	Fiduciary Activities
Pooled funds:		
Cash in County Treasury	$ 130,448,919	$ 646,531
Deposits:		
Cash on hand and in banks	2,164,398	-
Cash in revolving fund	24,320	-
Total deposits	2,188,718	-
Total	$ 132,637,637	$ 646,531

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. As of June 30, 2023, the carrying amount of the District's accounts were $2,188,718 and bank balances were $2,303,260, of which $2,292,429 was insured.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, 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, 2023, the District had no concentration of credit risk.

(Continued)

NOTE 3 – INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2023 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 48,625	$ 308
Capital Facilities	127,718	-
Capital Projects for Blended Component Units Fund	-	127,410
Non-Major Funds:		
Cafeteria	-	468
Retiree Benefit Trust	-	48,157
Totals	$ 176,343	$ 176,343

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.	$ 110,985
Transfer from the Special Reserve for Capital Outlay Fund to the General Fund for salaries set aside for new elementary school.	28,000
Transfer from the Special Reserve for Capital Outlay Fund to the General Fund for miscellaneous expenses to close the JPA.	13,849
Transfer from the County School Facilities Fund to the Capital Facilities Fund for 2021 high school portables reimbursement.	788,521
Transfer from the County School Facilities Fund to the Capital Projects for Blended Component Units Fund for Quarry Trails construction reimbursement.	17,480,614
Transfer from the Debt Service for Blended Component Unit Fund to the Capital Projects for Blended Component Unit Fund for debt service payments.	1,200,000
	$ 19,621,969

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2023 is shown below:

	Balance July 1, 2022	Transfers and Additions	Transfer and Deductions	Balance June 30, 2023
Non-depreciable:				
Land	$ 55,496,143	$ -	$ -	$ 55,496,143
Work-in-process	1,581,902	3,553,984	3,399,695	1,736,191
Depreciable:				
Improvement of sites	46,312,852	2,849,925	-	49,162,777
Buildings	302,125,581	949,135	15,032	303,059,684
Equipment	10,179,027	766,401	436,688	10,508,740
Totals, at cost	415,695,505	8,119,445	3,851,415	419,963,535
Less accumulated depreciation:				
Improvements of sites	(29,522,475)	(1,937,847)	-	(31,460,322)
Buildings	(119,041,102)	(6,455,333)	(3,682)	(125,492,753)
Equipment	(6,570,798)	(463,391)	(434,751)	(6,599,438)
Total accumulated depreciation	(155,134,375)	(8,856,571)	(438,433)	(163,552,513)
Lease assets:				
Equipment	-	415,812	-	415,812
Accumlated lease amortization:				
Equipment	-	(103,953)	-	(103,953)
Total lease assets, net	-	311,859	-	311,859
Capital assets, net	$ 260,561,130	$ (425,267)	$ 3,412,982	$ 256,722,881

Depreciation and amortization expense was charged to governmental activities as follows:

Instruction	$ 7,850,811
Instructional supervision and administration	142,804
School site administration	457,116
Home-to-school transportation	110,044
Food services	19,315
All other general administration	142,804
Data processing	237,630
Total depreciation and amortization expense	$ 8,960,524

(Continued)

NOTE 5 – LONG-TERM LIABILITIES

Bonded Debt: The outstanding debt of the District as of and during June 30, 2023 was as follows:

	Interest Rate %	Final Maturity Fiscal Year Ending June	Amount of Original Issue	Outstanding June 30, 2022	Issued (Redeemed) Current Year	Outstanding June 30, 2023
2002 G.O. Bond	5.08%-5.71%	2028	$ 19,998,745	$ 10,821,295	$ (1,841,951)	$ 8,979,344
2003 G.O. Bond	4.99%-5.59%	2029	31,998,859	19,243,403	(2,687,473)	16,555,930
2017 G.O. Bond Refunding	1.97%	2024	11,790,000	3,340,000	(1,985,000)	1,355,000
Series 2000 - CFD #1	4.75%-6.10%	2026	16,415,790	1,015,724	(488,459)	527,265
Series 2001 - CFD #1	2.50%-5.50%	2024	11,498,773	668,034	(391,023)	277,011
Series 2007 - CFD #1	4.00%-5.41%	2039	6,793,381	1,433,381	(410,000)	1,023,381
Series 2007 - CFD #2	4.00%-5.36%	2039	12,309,968	6,433,546	(433,405)	6,000,141
Series 2017 Refunding - CFD #1	2.37%	2030	9,900,000	6,030,000	(925,000)	5,105,000
Series 2019 - CFD #3	3.00%-5.00%	2050	25,160,000	25,075,000	(285,000)	24,790,000
			$ 145,865,516	$ 74,060,383	$ (9,447,311)	$ 64,613,072

The annual payments required to amortize the general obligation and Mello-Roos bonds outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 8,598,453	$ 12,201,670	$ 20,800,123
2025	7,089,675	12,271,012	19,360,687
2026	6,607,519	12,606,384	19,213,903
2027	5,791,707	12,199,286	17,990,993
2028	5,447,469	13,786,017	19,233,486
2029-2033	9,544,069	21,946,001	31,490,070
2034-2038	7,039,684	8,554,240	15,593,924
2039-2043	6,374,496	2,812,204	9,186,700
2044-2048	6,160,000	1,041,200	7,201,200
2049-2050	1,960,000	69,400	2,029,400
	$ 64,613,072	$ 97,487,414	$ 162,100,486

(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, 2022	Issued (Redeemed) Current Year	Outstanding June 30, 2023
Series 2019	Developer fees	3.00-5.00%	2045	$ 6,750,000	$ 6,455,000	$ (155,000)	$ 6,300,000
Series 2020	Mello-Roos taxes	3.00-5.00%	2036	14,159,000	13,771,000	(852,000)	12,919,000
				$20,909,000	$20,226,000	$ (1,007,000)	$19,219,000

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,116,000	496,899	1,612,899
2028	1,149,000	466,806	1,615,806
2029-2033	6,220,000	1,848,627	8,068,627
2034-2038	4,786,000	991,961	5,777,961
2039-2043	695,000	552,625	1,247,625
2044-2045	2,070,000	155,250	2,225,250
	$ 19,219,000	$ 6,174,279	$ 25,393,279

Leases: The District holds a lease agreement for equipment. The leases interest and yield is 1.50% and is scheduled to mature through 2026.

The annual requirements to amortize the lease outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 101,710	$ 4,646	$ 106,356
2025	103,237	3,120	106,357
2026	104,785	1,572	106,357
	$ 309,732	$ 9,338	$ 319,070

(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, 2023 is shown below:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 33,404,698	$ -	$ 6,514,424	$ 26,890,274	$ 5,707,130
Mello-Roos Bonds	40,655,685	-	2,932,887	37,722,798	2,891,323
Accreted interest	69,082,243	5,296,197	11,176,512	63,201,928	11,112,684
Unamortized premiums	4,264,182	-	165,697	4,098,485	-
Certificates of participation	20,226,000	-	1,007,000	19,219,000	1,035,000
Other Long-Term liabilities:					
Lease liability	-	415,812	106,080	309,732	101,710
Net pension liability (Notes 7 and 8)	68,037,000	41,381,000	-	109,418,000	-
Net OPEB liability (Note 9)	973,190	126,358	-	1,099,548	-
Compensated absences	799,308	-	20,788	778,520	778,520
	$ 237,442,306	$ 47,219,367	$ 21,923,388	$ 262,738,285	$ 21,626,367

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. Payments on the Lease liability are made from the General Fund and Capital Facilities 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 net 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, 2023 consisted of the following:

	General Fund	Capital Facilities Fund	Capital Project for Blended Component Unit Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 10,500	$ -	$ -	$ 13,820	$ 24,320
Stores inventory	-	-	-	22,377	22,377
Prepaid expenditures	140,940	-	-	-	140,940
Subtotal nonspendable	151,440	-	-	36,197	187,637
Restricted:					
Legally restricted:					
Grants	18,834,613	-	-	-	18,834,613
Student Acitvities	-	-	-	2,155,325	2,155,325
Cafeteria operations	-	-	-	5,934,261	5,934,261
Deferred Maintenance	-	-	-	1,669,145	1,669,145
Capital projects	-	22,016,116	25,015,463	608,191	47,639,770
Debt service	-	-	-	22,314,619	22,314,619
Subtotal restricted	18,834,613	22,016,116	25,015,463	32,681,541	98,547,733
Committed:					
Facility use and repair	784,859	-	-	-	784,859
Other committed	16,279,588	-	-	-	16,279,588
Subtotal assigned	17,064,447	-	-	-	17,064,447
Assigned:					
Supplemental carryover	490,684	-	-	-	490,684
Other site/department/program discretionary carryover	160,651	-	-	-	160,651
Charter equipment replacement	23,063	-	-	-	23,063
Subtotal assigned	674,398	-	-	-	674,398
Unassigned:					
Designated for economic uncertainty	18,571,267	-	-	-	18,571,267
Total fund balances	$ 55,296,165	$ 22,016,116	$ 25,015,463	$ 32,717,738	$ 135,045,482

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 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 January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

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

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

(Continued)

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

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and SB84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-22. 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 2021-22.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2021, valuation adopted by the CalSTRS board in May 2022, 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, 2022.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorized the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2022, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2022–23 for a total employer contribution rate of 19.10%.

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

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2022	8.250%	10.850%	19.100%
July 1, 2023 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

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

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

The District contributed $13,566,617 to the plan for the fiscal year ended June 30, 2023.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2022, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022–23 for a total contribution rate of 10.828%.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2021-22. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, the "Rainy-Day Budget Stabilization Fund Act", which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2021–22, CalSTRS received $410.0 million in supplemental state contributions from Proposition 2 funds. Additionally, CalSTRS received a one-time supplemental payment of $173.7 million from the General Fund in fiscal year 2021–22 to offset forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21.

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

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding[1]	Total
July 01, 2022	2.017%	6.311%	2.50%	10.828%
July 01, 2023 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 CalSTRS 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.

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

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

At June 30, 2023, 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	$ 68,917,000
State's proportionate share of the net pension liability associated with the District	38,953,000
Total	$ 107,870,000

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the District's proportion was 0.099 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $10,370,182 and revenue of $6,249,760 for support provided by the State. At June 30, 2023, 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	$ 57,000	$ 5,167,000
Changes of assumptions	3,418,000	-
Net differences between projected and actual earnings on investments	-	3,370,000
Changes in proportion and differences between District contributions and proportionate share of contributions	5,159,000	7,637,000
Contributions made subsequent to measurement date	13,566,617	-
Total	$ 22,200,617	$ 16,174,000

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

$13,566,617 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, 2024. 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,		
2024	$	(473,734)
2025	$	(3,470,733)
2026	$	(5,225,234)
2027	$	3,732,767
2028	$	(2,011,233)
2029	$	(91,833)

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, 2022 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 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 . The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

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

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

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

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.

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	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	$ 117,046,000	$ 68,917,000	$ 28,955,000

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

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

General Information about the Public Employer's Retirement Fund B

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and 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/acfr- 2022.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, 2023 were as follows:

Members - The contribution rate for classic members was 7.0 percent and PEPRA members was 8.0 percent of applicable member earnings for fiscal year June 30, 2023.

Employers - The employer contribution rate was 25.37 percent of applicable member earnings.

The District contributed $5,333,774 to the plan for the fiscal year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $40,501,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 the District's proportion was 0.118 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the District recognized pension expense of $5,762,231. At June 30, 2023, 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	$ 183,000	$ 1,008,000
Changes of assumptions	2,996,000	-
Net differences between projected and actual earnings on investments	4,782,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	773,000	210,000
Contributions made subsequent to measurement date	5,333,774	-
Total	$ 14,067,774	$ 1,218,000

$5,333,774 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, 2024. 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,	
2024	$ 1,998,916
2025	$ 1,411,917
2026	$ 1,189,417
2027	$ 2,915,750

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of the June 30, 2022 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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, 2021 and rolling forward the total pension liability June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2021-22 measurement period, the financial reporting discount rate for PERF B was lowered from 7.15 percent to 6.90 percent. In addition, the inflation assumption was reduced from 2.50 percent to 2.30 percent. Lastly, demographic assumptions for mortality rates were updated.

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	Assumed Asset Allocation	Expected Real Rates of Return Years 1-10 (1, 2)
Global Equity – cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period
(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

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

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 58,505,000	$ 40,501,000	$ 25,620,000

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 plans 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. The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education however this is for a closed group of retirees. The District's contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2023:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	136
Active employees	6
	142

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Contributions to the Plan are voluntary. Contributions to the Plan from the District were $1,641 for the year ended June 30, 2023.

OPEB Plan Investments: The plan discount rate of 5.75% was determined using the following asset allocation and assumed rate of return blended with the 20-year high grade municipal bond rate as of June 30, 2023:

Asset Class	Percentage of Portfolio	Assumed Real Rate of Return
All Equities	22	7.545%
All Fixed Income	49	4.250%
Real Estate Investment Trusts	8	7.250%
All Commodities	5	7.545%
Treasury Inflation Protected Securities (TIPS)	16	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 5.97% for the year ended June 30, 2023.

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	June 30, 2023
Census data:	The census was provided by the District as of June 30, 2023
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:	5.97%
Discount rate:	5.75% as of June 30, 2023, determined by the blending of asset returns and the 20-year high grade municipal bond rate as of June 30, 2023 less 0.1% for trust administration fees.
Health care cost trend rate:	4.00%
Payroll increase:	2.75%
Participation rates:	100% for certificated and classified employees
Mortality:	For certificated employees the 2020 CalSTRS mortality tables were used
	For classified employees the 2021 CalPERS active mortality for miscellaneous employees were used.
Turnover:	For certificated employees the 2020 CalSTRS termination rates were used
	For classified employees the 2021 CalPERS termination rates for school employees were used

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 2021 CalPERS retirement rates for employees were used

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022	$ 7,037,687	$ 6,064,497	$ 973,190
Changes for the year:			
Service cost	12,681	-	12,681
Interest on total OPEB liability	387,254	-	387,254
Expected investment income	-	330,254	(330,254)
Administrative expenses	-	(23)	23
Employer contribution	-	1,641	(1,641)
Experience gains/losses	(171,105)	-	(171,105)
Changes in Assumptions	(13,855)	-	(13,855)
Investment gains/losses	-	(218,109)	218,109
Benefit payments	(618,364)	(643,510)	25,146
Net change	(403,389)	(529,747)	126,358
Balance, June 30, 2023	$ 6,634,298	$ 5,534,750	$ 1,099,548

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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	$ 1,617,316	$ 1,099,548	$ 647,007

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	$ 967,020	$ 1,099,548	$ 1,244,483

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023, the District recognized OPEB expense of $220,093. At June 30, 2023, 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
Net differences between projected and actual earnings on investments	$ 598,069	$ -
Total	$ 598,069	$ -

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Year Ending June 30,		
2024	$	251,662
2025	$	189,772
2026	$	113,014
2027	$	43,621

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2023 measurement date.

NOTE 10 – JOINT POWERS AUTHORITIES

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

Condensed financial information for SIG for the year ended June 30, 2022 (most recent information available), is as follows:

Total assets	$	119,571,445
Total deferred outflows of resources	$	262,522
Total liabilities	$	37,497,746
Total deferred inflows of resources	$	1,055,118
Net position	$	81,281,103
Total revenues	$	100,073,906
Total expenses	$	96,972,405
Change in net position	$	3,101,501

NOTE 11 – CONTINGENCIES

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

Construction Commitments: As of June 30, 2023, the District has $1.4 million in outstanding commitments on construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKLIN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 72,864,272	$ 70,026,433	$ 70,026,011	$ (422)
Local sources	49,615,218	57,402,889	57,402,889	-
Total LCFF	122,479,490	127,429,322	127,428,900	(422)
Federal sources	4,730,747	6,039,813	5,647,031	(392,782)
Other state sources	16,153,258	29,874,858	28,001,799	(1,873,059)
Other local sources	11,672,380	14,279,140	14,196,206	(82,934)
Total revenues	155,035,875	177,623,133	175,273,936	(2,349,197)
Expenditures:				
Current:				
Certificated salaries	68,955,205	75,257,517	75,134,919	122,598
Classified salaries	22,797,602	25,889,239	25,634,459	254,780
Employee benefits	38,135,581	38,464,993	38,063,003	401,990
Books and supplies	7,002,542	7,378,190	5,352,290	2,025,900
Contract services and operating expenditures	14,144,266	17,410,505	15,142,900	2,267,605
Other outgo	1,264,249	1,688,749	1,428,932	259,817
Capital outlay	4,118,281	4,573,670	4,097,004	476,666
Debt service:				
Principal retirement	-	98,036	98,036	-
Interest	-	256	256	-
Total expenditures	156,417,726	170,761,155	164,951,799	5,809,356
(Deficiency)/excess of revenues (under)/over expenditures	(1,381,851)	6,861,978	10,322,137	3,460,159
Other financing sources:				
Transfers in	114,618	556,187	152,834	(403,353)
Proceeds from sale of equipment	-	-	160,697	160,697
Issuance of lease	-	-	384,283	384,283
Other financing sources	114,618	556,187	697,814	141,627
Net change in fund balance	(1,267,233)	7,418,165	11,019,951	3,601,786
Fund balance, July 1, 2022	44,276,214	44,276,214	44,276,214	-
Fund balance, June 30, 2023	$ 43,008,981	$ 51,694,379	$ 55,296,165	$ 3,601,786

See accompanying note to required supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2023

Last 10 Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY							
Service cost	$ 14,055	$ 14,441	$ 14,838	$ 6,175	$ 6,345	$ 12,342	$ 12,681
Interest on total OPEB liability	474,272	467,423	459,049	425,644	412,141	399,101	387,254
Experience gains/losses	-	-	(371,284)	(9,115)	(265,700)	(28,610)	(145,959)
Changes in assumptions	-	-	-	-	483,862	-	(13,855)
Benefit payments	(607,938)	(597,764)	(645,515)	(655,411)	(583,999)	(588,329)	(643,510)
Net change in total OPEB liability	(119,611)	(115,900)	(542,912)	(232,707)	52,649	(205,496)	(403,389)
Total OPEB liability - beginning of year (a)	8,201,664	8,082,053	7,966,153	7,423,241	7,190,534	7,243,183	7,037,687
Total OPEB liability - end of year (b)	$ 8,082,053	$ 7,966,153	$ 7,423,241	$ 7,190,534	$ 7,243,183	$ 7,037,687	$ 6,634,298
PLAN FIDUCIARY NET POSITION							
Contributions - employer	$ 635,644	$ 645,384	$ 637,292	$ 360,595	$ 2,683	$ 2,390	$ 1,641
Net investment income	96,071	116,620	141,828	432,521	29,842	364,544	330,231
Experience gains/losses	-	-	(47,623)	(309,453)	-	(346,972)	-
Investment gains/losses	-	-	-	-	-	-	(218,109)
Benefit payments	(653,271)	(597,764)	(645,515)	(655,411)	(583,999)	(588,329)	(643,510)
Change in plan fiduciary net position	78,444	164,240	85,982	(171,748)	(551,474)	(568,367)	(529,747)
Fiduciary trust net position - beginning of the year	7,027,420	7,105,864	7,270,104	7,356,086	7,184,338	6,632,864	6,064,497
Fiduciary trust net position - end of the year (d)	$ 7,105,864	$ 7,270,104	$ 7,356,086	$ 7,184,338	$ 6,632,864	$ 6,064,497	$ 5,534,750
Net OPEB liability - beginning (a) - (c)	$ 1,174,244	$ 976,189	$ 696,049	$ 67,155	$ 6,196	$ 610,319	$ 973,190
Net OPEB liability - ending (b) - (d)	$ 976,189	$ 696,049	$ 67,155	$ 6,196	$ 610,319	$ 973,190	$ 1,099,548
Plan fiduciary net position as a percentage of the total OPEB liability	88%	91%	99%	100%	92%	86%	83%
Covered employee payroll	$ 2,999,690	$ 2,999,690	$ 1,800,288	$ 1,399,000	$ 1,113,000	$ 859,000	$ 774,691
Net OPEB liability as a percentage of covered employee payroll	33%	23%	4%	0%	55%	113%	142%

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2023

Other Postemployment Benefits
Last 10 Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
District's contribution	$ 635,644	$ 645,384	$ 637,292	$ 360,595	$ 2,683	$ 2,390	$ 1,641
Contributions in relation to the actuarially determined contribution	(635,644)	(645,384)	(637,292)	(360,595)	(2,683)	(2,390)	(1,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,999,000	$ 2,999,000	$ 1,800,000	$ 1,399,000	$ 1,113,000	$ 859,000	$ 774,691
Contributions as a percentage of covered employee payroll	21.20%	21.52%	35.41%	25.78%	0.24%	0.28%	0.21%

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON
OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2023

Last 10 Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
Money-weighted rate of return on OPEB plan investments	1.35%	1.60%	1.92%	1.71%	0.45%	0.29%	5.97%

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

State Teachers' Retirement Plan Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.095%	0.099%	0.098%	0.097%	0.100%	0.110%	0.109%	0.098%	0.099%
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	$44,556,000	$ 68,917,000
District's proportionate share of the net pension liability associated w ith the District	33,583,093	35,399,000	45,245,000	52,842,000	52,785,000	54,247,000	57,947,000	26,510,000	38,953,000
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	$71,066,000	$107,870,000
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	$61,919,000	$ 65,552,000
District's proportionate share of the net pension liability as a percentage of its covered payrc	129.38%	144.44%	162.29%	174.55%	170.28%	168.03%	169.07%	71.96%	105.13%
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%	87.21%	81.20%

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

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

(Continued)

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

Public Employer's Retirement Fund B Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.102%	0.106%	0.107%	0.108%	0.109%	0.112%	0.117%	0.115%	0.118%
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	$23,481,000	$ 40,501,000
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	$16,574,000	$ 18,015,000
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%	141.67%	224.82%
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%	80.97%	69.76%

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

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

.

See accompanying note to required supplementary information

State Teachers' Retirement Plan Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 4,097,593	$ 5,254,234	$ 6,437,566	$ 7,812,574	$ 9,845,929	$ 10,724,334	$ 9,999,995	$11,091,422	$ 13,566,617
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)	(9,999,995)	(11,091,422)	(13,566,617)
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	$ 61,919,000	$65,552,000	$ 71,029,000
Contributions as a percentage of covered pay	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

* 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.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2023

Public Employer's Retirement Fund B Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 1,385,625	$ 1,522,927	$ 1,891,806	$ 2,253,417	$ 2,859,387	$ 3,323,057	$ 3,430,724	$ 4,127,230	$ 5,333,774
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)	(4,127,230)	(5,333,774)
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	$18,015,000	$ 21,024,000
Contributions as a percentage of covered payı	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%

This is a 10-year schedule, however based on the implementation date of the related accounting standard, the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Changes in 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.

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.

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.

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

Schedule of the District's Contributions: 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.

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

Changes of Assumptions: The discount rate for the OPEB was 6.00, 6.00, 6.00, 6.00, 5.75, 5.75 and 5.75 percent in the June 30, 2017, 2018, 2019, 2020, 2021, 2022and 2023 actuarial reports, respectively.

The discount rate used for the Public Employer's Retirement Fund B (PERF B) plan was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15, 7.15 and 6.90 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

The inflation rate used for the PERF B plan was 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, and 2.30 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

(Continued)

NOTE 1 – PURPOSE OF SCHEDULES (Continued)

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

	Measurement Period							
Assumption	As of June 30, 2022	As of June 30, 2021	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%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	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, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Unit Fund	Total
ASSETS								
Cash in County Treasury	$ -	$ 5,263,370	$ 1,665,445	$ (39,100)	$ 606,808	$ 14,537,709	$ 7,762,893	$ 29,797,125
Cash on hand and in banks	2,155,325	1,500	-	-	-	-	-	2,156,825
Cash in revolving fund	13,620	200	-	-	-	-	-	13,820
Receivables	-	697,819	3,700	39,100	1,383	-	17,547	759,549
Stores inventory	-	22,377	-	-	-	-	-	22,377
Total assets	$ 2,168,945	$ 5,985,266	$ 1,669,145	$ -	$ 608,191	$ 14,537,709	$ 7,780,440	$ 32,749,696
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 27,960	$ -	$ -	$ -	$ -	$ 3,530	$ 31,490
Due to other funds	-	468	-	-	-	-	-	468
Total liabilities	-	28,428	-	-	-	-	3,530	31,958
Fund balances:								
Nonspendable	13,620	22,577	-	-	-	-	-	36,197
Restricted	2,155,325	5,934,261	1,669,145	-	608,191	14,537,709	7,776,910	32,681,541
Fund balance	2,168,945	5,956,838	1,669,145	-	608,191	14,537,709	7,776,910	32,717,738
Total liabilities and fund balances	$ 2,168,945	$ 5,985,266	$ 1,669,145	$ -	$ 608,191	$ 14,537,709	$ 7,780,440	$ 32,749,696

ROCKLIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Unit Fund	Total
Revenues:								
Local Control Funding Formula (LCFF):								
State apportionment	$ -	$ -	$ 43,222	$ -	$ -	$ -	$ -	$ 43,222
Federal Sources	-	3,177,402	-	-	-	-	-	3,177,402
Other state sources	-	4,726,588	-	17,957,364	-	67,881	-	22,751,833
Other local sources	4,244,411	277	27,922	299,154	13,958	13,014,713	7,967,607	25,568,042
Total revenues	4,244,411	7,904,267	71,144	18,256,518	13,958	13,082,594	7,967,607	51,540,499
Expenditures:								
Current:								
Certificated salaries	130,159	-	-	-	-	-	-	130,159
Classified salaries	175,986	1,343,852	-	-	-	-	-	1,519,838
Employee benefits	38,534	425,049	-	-	-	-	-	463,583
Books and supplies	3,734,398	2,778,600	-	-	-	-	-	6,512,998
Contract services and operating expenditures	-	57,502	4,593	-	-	-	-	62,095
Capital outlay	-	64,892	-	-	-	-	-	64,892
Debt service:								
Principal payments	-	-	-	-	-	6,514,424	2,932,887	9,447,311
Interest	-	-	-	-	-	8,533,822	3,829,310	12,363,132
Total expenditures	4,079,077	4,669,895	4,593	-	-	15,048,246	6,762,197	30,564,008
Excess/(deficiency) of revenues over/(under) expenditures	165,334	3,234,372	66,551	18,256,518	13,958	(1,965,652)	1,205,410	20,976,491
Other financing sources (uses):								
Transfers out	-	(110,985)	-	(18,269,135)	(41,849)	-	(1,200,000)	(19,621,969)
Total other funding sources (uses)	-	(110,985)	-	(18,269,135)	(41,849)	-	(1,200,000)	(19,621,969)
Net change in fund balances	165,334	3,123,387	66,551	(12,617)	(27,891)	(1,965,652)	5,410	1,354,522
Fund balance July 1, 2022	2,003,611	2,833,451	1,602,594	12,617	636,082	16,503,361	7,771,500	31,363,216
Fund balance, June 30, 2023	$ 2,168,945	$ 5,956,838	$ 1,669,145	$ -	$ 608,191	$ 14,537,709	$ 7,776,910	$ 32,717,738

Rocklin Unified School District was established in 1866 and unified in 1987. It is comprised of approximately13 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
Julie Hupp	President	December 2024
Tiffany Saathoff	Vice President	December 2026
Rachelle Price	Clerk	December 2024
Dereck Counter	Member	December 2026
Michelle Sutherland	Member	December 2026

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 AVERAGE DAILY ATTENDANCE
June 30, 2023

	Second Period Report	Revised* Second Period Report	Annual Report
Certificate Number	50FA0281	716C3492	CEF6D1AF
District			
Elementary:			
Kindergarten through Third	2,938	2,938	2,961
Fourth through Sixth	2,295	2,295	2,303
Seventh and Eighth	1,636	1,636	1,639
Special Education	5	5	6
Extended year ADA	9	9	9
Total Elementary	6,883	6,883	6,918
Secondary:			
Ninth through Twelfth	3,939	3,948	3,943
Special Education	7	7	9
Extended year ADA	4	5	5
Total Secondary	3,950	3,960	3,957
District ADA Totals	10,833	10,843	10,875

*Reflects revisions made by the District subsequent to the submission of the original Second Period Report of Attendance, based on an internal review of the records.

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2023

Grade Level	Statutory Minutes Requirement	2022-2023 Actual Minutes	Number of Days Traditional Calendar	Status
DISTRICT				
Kindergarten	36,000	56,780	180	In Compliance
Grade 1	50,400	54,600	180	In Compliance
Grade 2	50,400	54,600	180	In Compliance
Grade 3	50,400	54,600	180	In Compliance
Grade 4	54,000	55,960	180	In Compliance
Grade 5	54,000	55,960	180	In Compliance
Grade 6	54,000	55,960	180	In Compliance
Grade 7	54,000	60,929	180	In Compliance
Grade 8	54,000	60,929	180	In Compliance
Grade 9	64,800	64,980	180	In Compliance
Grade 10	64,800	64,980	180	In Compliance
Grade 11	64,800	64,980	180	In Compliance
Grade 12	64,800	64,980	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 Expenditures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	$ 2,425,841
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	148,793
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	41,542
84.027	Special Ed: ARP IDEA Part B, Sec.611, (ISPs)	10169	625
84.173	Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	15639	38,311
84.027	Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	15638	500,695
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School Individual Service Plans (ISPs)	10115	1,100
	Subtotal Special Education Cluster		3,156,907
	Title I Program:		
84.010	Every Student Succeeds Act (ESSA): Title I, Part A, Basic Grants Low Income and Neglected	14329	665,165
84.010	ESSA School Improvement (CSI)	15438	266,860
	Subtotal Title I Program		932,025
84.048	Vocational and Applied Tech Title II - Part C – Sec. 131	14894	63,284
84.367	Title II, part A, Supporting Effective Instruction	14341	356,327
84.424	Title IV ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	48,536
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	39,062
84.425	COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	15559	578,582
84.425U	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	307,182
84.425	American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	15566	672
	Subtotal COVID-19: ESF Programs		925,498
	Title III Programs:		
84.365	ESSA: Title III, English Learner Student Program	14346	78,672
84.365	ESSA: Title III, Immigrant Student Program	15146	18,560
	Subtotal Title III Programs		97,232
	Total U.S. Department of Education		5,579,809

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	Child Nutrition: Supply Chain Assistance (SCA) Funds	15655	$ 238,506
10.555	Chid Nutrition: National School Lunch Program	13391	2,552,710
	Subtotal Child Nutrition Cluster		2,791,216
10.649	Pandemic EBT Local Administrative Grant	15644	3,063
	Total U.S. Department of Agriculture		2,794,279
U.S. Department of Defense			
12.800	Air Force Defense Research Sciences Program	N/A	261,782
	Total Federal Expenditures		$ 8,635,870

See accompanying notes to supplementary information.

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

ROCKLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2023

	(Budget) 2024	2023	2022	2021
General Fund				
Revenues and other financing sources	$ 169,584,492	$ 175,971,750	$ 157,719,179	$ 142,481,281
Expenditures	174,818,567	164,951,799	147,369,442	132,785,627
Total outgo	174,818,567	164,951,799	147,369,442	132,785,627
Change in fund balance	$ (5,234,075)	$ 11,019,951	$ 10,349,737	$ 9,695,654
Ending fund balance	$ 50,062,090	$ 55,296,165	$ 44,276,214	$ 33,926,477
Available reserves	$ 15,661,422	$ 18,571,267	$ 27,871,949	$ 19,888,978
Designated for economic uncertainties	$ 15,661,422	$ 18,571,267	$ 27,871,949	$ 19,888,978
Available reserves as percentages of total outgo	8.96%	11.26%	18.91%	14.98%
All Funds				
Total long-term liabilities	$ 241,111,918	$ 262,738,285	$ 237,442,306	$ 326,383,923
Average daily attendance at P-2	10,780	10,843	10,731	11,705

The General Fund balance has increased by $31,065,342 over the past three years. The fiscal year 2023-24 budget projects a decrease of $5,234,075. 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, 2023, the District has met this requirement. The District has incurred operating surpluses in each of the past three years and anticipates incurring a deficit during the 2023-24 fiscal year.

Total long-term liabilities have decreased by $63,645,638 over the past two years.

Average daily attendance has decreased by 862 over the past two years. The District anticipates a decrease of 63 ADA for the 2023-24 fiscal year. Due to declining enrollment over the prior 3 years, the District's funded ADA was 11,514 in 2022-23 and is expected to be 11,218 in 2023-24.

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

See accompanying notes to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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

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.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures 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.

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 2023-24 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, 2023, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Rocklin Unified School District
Rocklin, California

Report on Compliance

Opinion on State Compliance

We have audited Rocklin Unified School District's (the District) compliance with the requirements specified in the State of California *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

	2022-23 K-12 Audit Guide Procedures	Procedures Performed
	Local Education Agencies Other than Charter Schools:	
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	N/A, see below
E.	Continuation Education	N/A, see below
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	N/A, see below
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	N/A, see below
N.	Middle or Early College High Schools	N/A, see below
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	N/A, see below
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	N/A, see below
TT.	Home to School Transportation Reimbursement	Yes
UU.	Independent Study Certification for ADA Loss Mitigation	Yes

(Continued)

School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	N/A, see below
U. After/Before School Education and Safety Program	N/A, see below
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
EZ. Transitional Kindergarten	Yes
Charter Schools:	
AA. Attendance	N/A, see below
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

The District's Independent Study was below the testing threshold; therefore, we did not perform any procedures related to this program.

The District does not offer an Continuation Education program; therefore, we did not perform any procedures related to these programs.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not offer an Juvenile Court Schools Program; therefore, we did not perform any procedures related to this program.

The District does not have any Middle or Early College High Schools Program; therefore, we did not perform any procedures related to this program.

The District does not offer an Apprenticeship-Related and Supplemental Instruction Program; therefore, we did not perform any procedures related to this program.

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

The District did not receive or expend California Clean Energy Jobs Act funds; therefore, we did not perform any procedures related to this program.

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

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

The District is not included on the State workbook on immunizations for Kindergarten and 7th grade; therefore, we did not perform any procedures related to Immunizations.

The District does not have any sponsored charter schools; therefore, we did not perform any procedures related to Charter's programs.

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2022-2023 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 4, 2023

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, 2023, 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 4, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on 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 4, 2023

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

Board of Education
Rocklin Unified School District
Rocklin, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocklin Unified School District's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Rocklin Unified School District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rocklin Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rocklin Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Rocklin Unified School District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rocklin Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rocklin Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rocklin Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Rocklin Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Rocklin Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Crowe LLP

Crowe LLP

Sacramento, California
December 4, 2023

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
10.555	Child Nutrition Cluster
84.010	ESSA: Title I Programs
84.425, 84.425U	COVID-19: Education Stabilization Funds (ESF) Programs

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:	Unmodified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

2022-001 – STATE COMPLIANCE – IMMUNIZATIONS (40000)

Condition: One kindergarten student received the second dose of the varicella and MMR vaccine on February 8, 2022, however the student was admitted and attendance was claimed for the disallowed period.

Recommendation: The District should ensure the Title 17, California Code of Regulations section 6025 requirements are properly followed prior to admission.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.