Financial Statements
June 30, 2023

Romoland School District

Independent Auditor's Report

To the Governing Board
Romoland School District
Homeland, 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 the Romoland School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 the Romoland 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*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 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 audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

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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 the 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.

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 the 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 the 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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
January 19, 2024

ROMOLAND SCHOOL DISTRICT

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Trevor J. Painton
Superintendent

Michelle Wise
Assistant Superintendent

Karen Owen
Chief Business Official

John Murray
Chief Personnel Officer

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Chief Technology Officer

INTRODUCTION

The Romoland School District (the District) is dedicated to making a difference in the Romoland Learning Community by developing successful individuals and educational excellence through a passionate commitment to collaboration and continuous improvement.

The Management's Discussion and Analysis of the Romoland School District's financial statements provides an overall review of the District's activities for the fiscal year that ended June 30, 2023, with comparative information for the year ended June 30, 2022. This analysis is provided to assist our citizens, taxpayers, and investors in reviewing the District's finances and to show the District's accountability for the money it receives. In addition, the analysis should be reviewed in conjunction with the auditor's transmittal letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

For the 2022-2023 school year, the Romoland School District offered instruction to students from State Preschool/Headstart Programs and pre-kindergarten through eighth grade. Four elementary schools, one virtual school and one middle school operate on a traditional August through June schedule, for the instruction of over 4000 students.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Romoland School District (the District) and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial *Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. The District reports all activities as governmental activities. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statement is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Romoland School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's Net Position and changes in them. Net Position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's *financial health*, or financial position. Over time, increases or decreases in the District's Net Position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. Other non-financial factors to consider are changes in the District's property tax base, student enrollment growth, condition of District's facilities, quality of education, and safety of our schools.

In the *Statement of Net Position* and the *Statement of Activities*, all the District's activities are as follows:

Governmental activities - The District reports all of its services in this category. This includes the education of TK through grade eight students, the operation of Early Childhood activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from debt, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds - All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the educational support services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental fund statements that explains the differences between them.

THE DISTRICT AS A TRUSTEE

The District is the trustee, or fiduciary, for funds held on behalf of others, like funds for employee retiree benefits, and pensions. The District’s fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

Table 1 reflects the District's Net Position of $144,152,257 for the fiscal year ended June 30, 2023. Of this amount, $(13,786,906) was unrestricted (deficit). Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board of Trustee's ability to use that Net Position for day-to-day operations. Our analysis below focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	$ 98,986,876	$ 68,465,644
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	94,159,559	92,056,437
Total assets	193,146,435	160,522,081
Deferred outflows of resources	16,748,625	12,238,329
Liabilities		
Current liabilities	4,937,555	3,278,021
Long-term liabilities	55,201,694	37,585,820
Total liabilities	60,139,249	40,863,841
Deferred inflows of resources	5,603,554	20,880,359
Net Position		
Net investment in capital assets	85,449,537	83,072,283
Restricted	72,489,626	42,819,825
Unrestricted (deficit)	(13,786,906)	(14,875,898)
Total net position	$ 144,152,257	$ 111,016,210

The $(13,786,906) in combined unrestricted Net Position (deficit) of District activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2, which reflects the changes in Net Position for fiscal year 2022-2023, takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022*
Revenues		
Program revenues		
Charges for services and sales	$ 9,052,555	$ 7,764,585
Operating grants and contributions	33,779,218	17,354,945
Capital grants and contributions	43,613	1,566,935
General revenues		
Federal and State aid not restricted	44,111,636	37,976,783
Property taxes	12,427,280	7,301,605
Other general revenues	8,820,737	6,863,485
Total revenues	108,235,039	78,828,338
Expenses		
Instruction-related	6,699,938	5,115,552
Pupil services	8,294,744	7,267,045
Administration	4,423,943	3,590,971
Plant services	7,335,782	4,162,330
All other services	48,344,585	36,981,627
Total expenses	75,098,992	57,117,525
Change in net position	$ 33,136,047	$ 21,710,813

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $75,098,992. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $12,427,280 because the cost was paid by those who benefited from the programs was $9,052,555 or by other governments and organizations who subsidized certain programs with grants and contributions of $33,822,831. We paid for the remaining "public benefit" portion of our school district activities with $44,111,636 in unrestricted Federal and State aid and $8,820,737 in interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 6,699,938	$ 5,115,552	$ (32,756,070)	$ (29,911,195)
Pupil services	8,294,744	7,267,045	(1,500,350)	(916,028)
Administration	4,423,943	3,590,971	(2,440,156)	(1,720,802)
Plant services	7,335,782	4,162,330	(837,429)	(3,972,695)
All other services	48,344,585	36,981,627	5,310,399	6,089,660
Total	$ 75,098,992	$ 57,117,525	$ (32,223,606)	$ (30,431,060)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $85,907,871, which is an increase of $29,334,289 of 52.0% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 12,949,695	$ 80,628,935	$ 70,018,336	$ 23,560,294
Child Development	32,677	1,501,185	1,501,629	32,233
Capital Facilities	20,946,031	14,687,225	407,934	35,225,322
Student Activity	78,466	227,097	231,589	73,974
Cafeteria	3,440,108	6,107,393	3,686,638	5,860,863
County School Facilities	1,537,381	39,588	-	1,576,969
Special Reserve Fund for Capital Outlay Projects	7,171,174	184,262	59,228	7,296,208
Capital Projects Fund for Blended Component Units	6,485,518	6,382,163	4,795,169	8,072,512
Debt Service Fund for Blended Component Units	3,734,532	1,119,103	842,139	4,011,496
Total	$ 56,375,582	$ 110,876,951	$ 81,542,662	$ 85,709,871

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District began projecting the 2022-2023 budget two years before it was adopted. The process of finalizing the projected budget started in March 2022 and was completed by formal adoption by the Board of Trustees on June 28, 2022. During the course of the fiscal year, the District revises revenue and expenditure budgets based upon a number of variables that often change throughout the year. Such variables include the unique District percentage used to calculate supplemental and concentration grant funding, enrollment/attendance percentages, negotiated salary/benefit adjustments, staff increases/decreases, utility rates, new instructional programs, and State and Federal fiscal issues.

Listed below are the highlights as to why the combined fund balances of the District changed:

The fund balance of the General Fund increased from $12.9M to $23.5M.

General Fund Highlights:

- Increased percentages for employer contributions to STRS and PERS.
- Increased expenditures in salaries (1XXX and 2XXX), benefits (3XXX), and services and other operating expenditures (5XXX) object codes.
- Increase in Routine Restricted maintenance account, both revenue and expenses, to keep our school sites safe and in excellent condition.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget numerous times, to reflect changes in revenues and expenditures. This information comes from a variety of Federal, State, local sources (A schedule showing the District's original and final general fund budget amounts compared with amounts actually paid and received is provided in the annual report on page 64).

Revenue budget transfers were adjusted based on changes in ADA. Revenues were also revised for property tax estimates, grant awards and interest earnings. Revised entitlements for Federal/State programs were also adjusted based on known values.

Program carryovers from 2021-2022 were allocated to specific programs in the 2022-2023 budget.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $94,159,559 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization). This amount represents a net increase of $2,103,122 or 2.3%, from last year.

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	$ 22,038,119	$ 20,003,861
Buildings and improvements	69,845,431	70,542,572
Equipment	2,035,580	1,339,584
Leased assets	200,475	161,266
Right-to-use subscription IT assets	39,954	9,154
Total	$ 94,159,559	$ 92,056,437

Several capital projects are planned for the 2023-2024 year. We anticipate capital additions to be $24,200,000 for the 2023-2024 year. We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Notes to the Financial

Long-Term Liabilities

At the end of this year, the District had $55,201,694 in long-term liabilities outstanding versus $37,576,666 last year, representing an increase of 17,615,874%. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
Public financing authority bonds	$ 8,475,000	$ 8,950,000
Educational Facilities Loans	20,000	25,000
Leases	178,154	157,241
Subscription-based IT arrangements	36,868	9,154
Compensated absences	402,758	315,591
OPEB liability	1,618,802	1,754,440
Aggregate net pension liability	44,470,112	26,374,394
Total	$ 55,201,694	$ 37,585,820

Detailed information regarding our long-term obligations is reflected in Notes to the Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

- The District opened its 6th school Hillside Innovation Academy, for the 2022-2023 school year to offer families three different program pathways for student education options.
- Romoland School District is a Google Reference District.
- Classrooms, staff, and students are equipped with advanced technology that allows students to access and learn content in new and innovative ways to meet the personalized learning needs of students.
- All students have access to District Chromebooks.
- Students in grades three to eight have access to online virtual tutoring after school hours.
- Our school counseling program is available at all schools and supports positive behaviors and social-emotional learning.
- Our school-based mental health therapists' services are available at all schools with mental health supports provided for students in need.
- Board Certified Behavioral Analysts (BCBA) support is available at all schools.
- Chronic absenteeism has declined.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are as follows:

- Projected enrollment at .4755.
- The Free and Reduced Lunch/LEP/Foster Youth percentage used to calculate Supplemental and Concentration grants was budgeted at 71.73%.
- Staffing was increased for the increased enrollment.
- Health/Welfare benefit cap of $11,500 per full-time employee.
- Step/Column increase for all applicable employees.
- Federal/State entitlements and grants based on 2022-2023 levels.
- Utility costs budgeted based on prior year expenses/usage with an appropriate increase based on known factors from utilities.
- Lottery funds based on $170 per ADA and $67 per ADA for Proposition 20 funding.
- School Site/Department discretionary budgets funded at full funding.
- PERS rate increased from 25.37% to 26.68%.
- STRS rate increased 19.1%.

Certificated staffing based on the following formula:

Enrollment based on Month three

	Staffing Ratio
Grades TK through three	24:1
Grades four through eight	30:1

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Karen Owen, Chief Business Official at 25900 Leon Road Homeland, California 92548.

	Governmental Activities
Assets	
Deposits and investments	$ 83,896,849
Receivables	6,615,027
Long-term receivable	8,475,000
Capital assets not depreciated	22,038,119
Capital assets, net of accumulated depreciation	71,881,011
Right to use leased assets, net of accumulated amortization	200,475
Right-to-use subscription IT assets, net of accumulated amortization	39,954
Total assets	193,146,435
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	448,301
Deferred outflows of resources related to pensions	16,300,324
Total deferred outflows of resources	16,748,625
Liabilities	
Accounts payable	3,890,282
Interest payable	135,550
Unearned revenue	911,723
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	561,977
Long-term liabilities other than OPEB and pensions due in more than one year	8,550,803
Other postemployment benefit liability (OPEB)	1,618,802
Aggregate net pension liabilities	44,470,112
Total liabilities	60,139,249
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,163,065
Deferred inflows of resources related to pensions	4,440,489
Total deferred inflows of resources	5,603,554
Net Position	
Net investment in capital assets	85,449,537
Restricted for	
Debt service	3,875,946
Capital projects	44,874,803
Educational programs	17,771,807
Child Nutrition	5,860,863
Other restrictions	106,207
Unrestricted (deficit)	(13,786,906)
Total net position	$ 144,152,257

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 41,539,869	$ 433,977	$ 13,527,236	$ 43,613	$ (27,535,043)
Instruction-related activities					
Supervision of instruction	2,345,457	27,118	520,993	-	(1,797,346)
Instructional library, media, and technology	576,625	1,059	9,074	-	(566,492)
School site administration	3,777,856	4,802	915,865	-	(2,857,189)
Pupil services					
Home-to-school transportation	573,789	-	-	-	(573,789)
Food services	3,583,970	10,802	5,208,675	-	1,635,507
All other pupil services	4,136,985	107,387	1,467,530	-	(2,562,068)
Administration					
Data processing	1,117,791	-	68,782	-	(1,049,009)
All other administration	3,306,152	560,883	1,354,122	-	(1,391,147)
Plant services	7,335,782	2,796,991	3,701,362	-	(837,429)
Ancillary services	1,093,237	282,124	2,577,730	-	1,766,617
Community services	152,109	-	43,259	-	(108,850)
Interest on long-term liabilities	365,224	-	-	-	(365,224)
Other outgo	2,610,068	4,827,412	4,384,590	-	6,601,934
Depreciation and amortization (unallocated)	2,584,078	-	-	-	(2,584,078)
Total governmental activities	$ 75,098,992	$ 9,052,555	$ 33,779,218	$ 43,613	(32,223,606)
General Revenues and Subventions					
Property taxes, levied for general purposes					$ 8,604,305
Taxes levied for other specific purposes					3,822,975
Federal and State aid not restricted to specific purposes					44,111,636
Interest and investment earnings					65,838
Miscellaneous					8,754,899
Subtotal, general revenues and subventions					65,359,653
Change in Net Position					33,136,047
Net Position - Beginning, as restated					111,016,210
Net Position - Ending					$ 144,152,257

	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 24,090,827	$ 59,042	$ 34,739,116	$ 25,007,864	$ 83,896,849
Receivables	4,117,151	728,625	504,484	1,264,767	6,615,027
Due from other funds	376,447	311,216	-	824,381	1,512,044
Total assets	$ 28,584,425	$ 1,098,883	$ 35,243,600	$ 27,097,012	$ 92,023,920
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 3,497,610	$ 248,079	$ 18,278	$ 126,315	$ 3,890,282
Due to other funds	1,135,584	297,785	-	78,675	1,512,044
Unearned revenue	390,937	520,786	-	-	911,723
Total liabilities	5,024,131	1,066,650	18,278	204,990	6,314,049
Fund Balances					
Nonspendable	3,000	-	-	-	3,000
Restricted	17,771,807	32,233	35,225,322	19,595,814	72,625,176
Assigned	4,193,727	-	-	7,296,208	11,489,935
Unassigned	1,591,760	-	-	-	1,591,760
Total fund balances	23,560,294	32,233	35,225,322	26,892,022	85,709,871
Total liabilities and fund balances	$ 28,584,425	$ 1,098,883	$ 35,243,600	$ 27,097,012	$ 92,023,920

Total Fund Balance - Governmental Funds		$ 85,709,871
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 129,070,376	
Accumulated depreciation is	(35,151,246)	
Net capital assets		93,919,130
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	296,470	
Accumulated amortization is	(95,995)	
Net right-to-use leased assets		200,475
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	70,022	
Accumulated amortization is	(30,068)	
Net right-to-use subscription IT assets		39,954
Receivables related to Romoland School District Financing Authority are not received in the near term (within a a year) and therefore government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		8,475,000
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(135,550)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	448,301	
Aggregate net pension liability	16,300,324	
Total deferred outflows of resources		16,748,625
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(1,163,065)	
Aggregate net pension liability	(4,440,489)	
Total deferred inflows of resources		(5,603,554)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (44,470,112)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(1,618,802)
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 year-end consist of		
RSD Public Financing Authority (PFA) local agency bonds	$ (8,475,000)	
Educational facilities loan	(20,000)	
Leases	(178,154)	
Subscription-based IT arrangements	(36,868)	
Compensated absences (vacations)	(402,758)	
Total long-term liabilities		(9,112,780)
Total net position - governmental activities		$ 144,152,257

	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 51,381,841	$ -	$ -	$ -	$ 51,381,841
Federal sources	6,852,033	-	-	3,294,732	10,146,765
Other State sources	18,321,917	1,496,141	-	1,876,355	21,694,413
Other local sources	3,911,776	5,044	14,687,225	8,064,138	26,668,183
Total revenues	80,467,567	1,501,185	14,687,225	13,235,225	109,891,202
Expenditures					
Current					
Instruction	42,555,929	1,091,010	-	-	43,646,939
Instruction-related activities					
Supervision of instruction	2,399,296	57,770	-	-	2,457,066
Instructional library, media, and technology	593,040	-	-	-	593,040
School site administration	3,805,637	159,570	-	-	3,965,207
Pupil services					
Home-to-school transportation	573,789	-	-	-	573,789
Food services	22,182	1,756	-	3,607,855	3,631,793
All other pupil services	4,366,408	-	-	-	4,366,408
Administration					
Data processing	1,182,145	-	-	-	1,182,145
All other administration	3,083,299	3,225	247,434	78,675	3,412,633
Plant services	4,597,885	186,437	-	1,844,937	6,629,259
Ancillary services	875,935	-	-	231,589	1,107,524
Community services	152,109	-	-	-	152,109
Other outgo	273,385	-	-	2,336,683	2,610,068
Facility acquisition and construction	4,594,681	1,861	160,500	672,885	5,429,927
Debt service					
Principal	112,741	-	-	475,000	587,741
Interest and other	5,494	-	-	367,139	372,633
Total expenditures	69,193,955	1,501,629	407,934	9,614,763	80,718,281
Excess (Deficiency) of Revenues Over Expenditures	11,273,612	(444)	14,279,291	3,620,462	29,172,921
Other Financing Sources (Uses)					
Transfers in	-	-	-	824,381	824,381
Other sources - leases	104,250	-	-	-	104,250
Other sources - SBITAs	57,118	-	-	-	57,118
Transfers out	(824,381)	-	-	-	(824,381)
Net Financing Sources (Uses)	(663,013)	-	-	824,381	161,368
Net Change in Fund Balances	10,610,599	(444)	14,279,291	4,444,843	29,334,289
Fund Balance - Beginning	12,949,695	32,677	20,946,031	22,447,179	56,375,582
Fund Balance - Ending	$ 23,560,294	$ 32,233	$ 35,225,322	$ 26,892,022	$ 85,709,871

Total Net Change in Fund Balances - Governmental Funds		$ 29,334,289
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation and amortization expense in the period.		
Capital outlay	$ 4,782,309	
Depreciation and amortization expense	(2,679,187)	
Net expense adjustment		2,103,122
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(104,250)
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(57,118)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(87,167)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		1,809,108
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and OPEB liability during the year.		17,913

Proceeds from bonds issued by the Romoland School District Public Financing Authority (RSD PFA) were used to purchase outstanding bonds from various Community Facilities Districts (CFDs). In accordance with the agreement between the RSD PFA and the CFDs, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the RSD PFA. The amounts paid to purchase the outstanding bonds of various CFDs are expenditures in the governmental funds, but they become long-term receivable in the Statement of Net Position due to the multi-year repayment terms of CFD bonds that were purchased. In the current year, a total of $475,000 was collected.	$ (475,000)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Public financing authority bonds	475,000
Educational facilities loan	5,000
Leases	83,337
Subscription-based IT arrangements	29,404
Interest on long-term liabilities is recorded as an expenditure in the the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	2,409
Change in net position of governmental activities	$ 33,136,047

	Custodial Funds
Assets	
Deposits and investments	$ 47,929,581
Net Position	
Restricted for individuals, organizations and other governments	$ 47,929,581

	Custodial Funds
Additions	
Contributions	
Special assessment	$ 8,084,370
Proceeds	18,911,892
Other local	206
Total contributions	26,996,468
Investment earnings	
Interest	1,169,416
Total additions	28,165,884
Deductions	
Principal payments to bond holders	2,400,000
Interest payments to bond holders	7,709,835
Other services	726,625
Contributions to other governments	10,198,940
Total deductions	21,035,400
Net Increase In Fiduciary Net Position	7,130,484
Net Position - Beginning	40,799,097
Net Position - Ending	$ 47,929,581

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Romoland School District (the District) was organized in 1927, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades pre-kindergarten through twelve as mandated by the State and Federal agencies. The District operates four elementary schools, one virtual school, and a middle school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Romoland School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below has a financial and operational relationship, which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method, as if it were part of the District's operations, and because the governing board of the component units are essentially the same as the governing board of the District, and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Romoland School District and the Romoland School District Public Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority as component units of the District. Accordingly, the financial statements of the Authority have been included in the financial statements of the District. The financial statements present the Authority's financial activities within the Debt Service Fund for Blended Component Units. Debt instruments issued by the Authority are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $260,985.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food services program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 *(Education Code* Section 17070 et seq.).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

- **Capital Project Fund for Blended Component Units** The Component Unit Capital Project Fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District of the District under generally accepted accounting principles (GAAP).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District’s own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District’s reporting entity. The District’s custodial funds are related to funds held for various Community Facilities Districts.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities,* except for amortization of leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net Position should be reported as restricted when constraints placed on Net Position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Net Position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 20 years; equipment, two to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to deductions from the Plans' Fiduciary Net Position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of the lease term, the District 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, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other actions as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3.5% of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report $72,489,626 of restricted Net Position, which is restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard are included in Notes 5 and 10.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 83,896,849
Fiduciary funds	47,929,581
Total deposits and investments	$ 131,826,430

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 73,974
Cash in revolving	3,000
Investments	131,749,456
Total deposits and investments	$ 131,826,430

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting 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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Purchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Treasury Investment Pool. The Riverside County Treasury Investment Pool purchases a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the First American Treasury Obligations Funds and the Riverside County Treasury Investment Pool are rated Aaa by Moody's Ratings. Rating information for U.S. Bank Money Market Fund was not available.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation and the actual rating as of year-end for each investment is provided by the following schedule that shows the distribution of the District's investment by type and maturity:

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
First American Government Obligation, Class D	$ 40,866,965	20 Days
First American Government Obligation, Class Y	8,508,807	20 Days
First American Government Obligation, Class Z	6,824,206	20 Days
US Bank Money Market Fund	3,813,611	N/A
Riverside County Treasury Investment Pool	71,735,867	458
Total	$ 131,749,456	

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was fully insured.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
First American Treasury Obligation, Class D	$ 40,866,965	$ 40,866,965	$ -
First American Treasury Obligation, Class Y	8,508,807	8,508,807	-
First American Treasury Obligation, Class Z	6,824,206	6,824,206	-
US Bank Money Market Fund	3,813,611	3,813,611	-
Riverside County Treasury Investment Pool	71,735,867	-	71,735,867
Total	$ 131,749,456	$ 60,013,589	$ 71,735,867

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 2,070,106	$ -	$ -	$ 734,760	$ 2,804,866
State Government					
LCFF apportionment	-	-	-	-	-
Categorical aid	1,210,084	728,625	-	314,168	2,252,877
Lottery	315,749	-	-	-	315,749
Other State	-	-	-	-	-
Local Government					
Interest	328,265	-	468,484	205,352	1,002,101
Due from SELPA	115,276	-	-	-	115,276
Other local sources	77,671	-	36,000	10,487	124,158
Total	$ 4,117,151	$ 728,625	$ 504,484	$ 1,264,767	$ 6,615,027

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 18,718,565	$ -	$ -	$ 18,718,565
Construction in progress	1,285,296	3,087,923	(1,053,665)	3,319,554
Total capital assets not being depreciated	20,003,861	3,087,923	(1,053,665)	22,038,119
Capital assets being depreciated				
Land improvements	3,805,082	130,440	-	3,935,522
Buildings and improvements	98,666,981	1,576,227	-	100,243,208
Furniture and equipment	1,977,261	876,266	-	2,853,527
Total capital assets being depreciated	104,449,324	2,582,933	-	107,032,257
Total capital assets	124,453,185	5,670,856	(1,053,665)	129,070,376
Accumulated depreciation				
Land improvements	(1,110,823)	(173,786)	-	(1,284,609)
Buildings and improvements	(30,818,668)	(2,230,022)	-	(33,048,690)
Furniture and equipment	(637,677)	(180,270)	-	(817,947)
Total accumulated depreciation	(32,567,168)	(2,584,078)	-	(35,151,246)
Net depreciable capital assets	71,882,156	(1,145)	-	71,881,011
Right-to-use leased assets being amortized				
Buildings and improvements	64,438	104,250	-	168,688
Furniture and equipment	127,782	-	-	127,782
Total right-to-use leased assets being amortized	192,220	104,250	-	296,470
Accumulated amortization				
Buildings and improvements	(15,341)	(40,835)	-	(56,176)
Furniture and equipment	(15,613)	(24,206)	-	(39,819)
Total accumulated amortization	(30,954)	(65,041)	-	(95,995)
Net right-to-use leased assets	161,266	39,209	-	200,475
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	9,154	60,868	-	70,022
Accumulated amortization	-	(30,068)	-	(30,068)
Net right-to-use subscription IT assets	9,154	30,800	-	39,954
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 92,056,437	$ 3,156,787	$ (1,053,665)	$ 94,159,559

Depreciation and amortization expense were unallocated to governmental functions as follows:

Governmental Activities	
Plant services	$ 95,109
Unallocated	2,584,078
Total depreciation and amortization expense governmental activities	$ 2,679,187

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, are as follows:

	Due From			
Due To	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 297,785	$ 78,662	$ 376,447
Child Development Fund	311,216	-	-	311,216
Non-Major Governmental Funds	824,368	-	13	824,381
Total	$ 1,135,584	$ 297,785	$ 78,675	$ 1,512,044

The balance of $311,203 due to the Child Development Fund from the General Fund resulted from transfer of Universal Prekindergarten funds.

The balance of $824,368 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from transfer of Kitchen Infrastructure and Training Funds.

The balance of $292,000 due to the General Fund from the Child Development Fund resulted from temporary operating loan.

Remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The General Fund transferred $824,381 to the Cafeteria Non-Major Governmental Fund to move categorical funds designated for child nutrition activities.

Note 7 - Long-Term Receivable

Proceeds from bonds issued by the Romoland School District Public Financing Authority (RSD PFA) were used to purchase outstanding bonds of various Community Facilities Districts (CFDs). In accordance with the agreement between the RSD PFA and CFD's, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the RSD PFA. The total amount of benefit provided by the RSD PFA through the issuance of its special tax bonds was $10,795,000. Current year payments totaling $475,000 were made, leaving a total of $8,475,000 due from the CFDs as of June 30, 2023.

Note 8 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 368,448	$ 4,375	$ -	$ 215	$ 373,038
LCFF apportionment	1,126,170	-	-	-	1,126,170
Supplies	544,657	62,661	-	67,293	674,611
Services	247,671	95	18,278	24,217	290,261
Construction	90,043	180,948	-	31,228	302,219
Due to CDE	1,070,154	-	-	-	1,070,154
Other Vendor Paybles	50,467	-	-	3,362	53,829
Total	$ 3,497,610	$ 248,079	$ 18,278	$ 126,315	$ 3,890,282

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Child Development Funds	Total
Federal financial assistance	$ 238,019	$ -	$ 238,019
State categorical aid	118,850	520,786	639,636
Other local	34,068	-	34,068
Total	$ 390,937	$ 520,786	$ 911,723

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
RSD Public Financing Authority (PFA) local agency bonds	$ 8,950,000	$ -	$ (475,000)	$ 8,475,000	$ 495,000
Educational Facilities Loans	25,000	-	(5,000)	20,000	5,000
Compensated absences	315,591	87,167	-	402,758	-
Leases	157,241	104,250	(83,337)	178,154	44,123
Subscription-based IT arrangements	9,154	57,118	(29,404)	36,868	17,854
Total	$ 9,456,986	$ 248,535	$ (592,741)	$ 9,112,780	$ 561,977

Payments on the RSD Financing Authority special tax revenue bonds are made by the Debt Service Fund for Component Units. Payments on the Education facilities loan, subscription-based IT arrangements, and leases will be made by the General Fund. The compensated absences will be paid by primarily by the General Fund.

Romoland School District Public Financing Authority Bonds

The Romoland School District Public Financing Authority (RSD PFA) was created to refinance certain Community Facility Districts' (CFD) debt. On November 5, 2015, the RSD PFA issued $11,395,000 of Local Agency Bonds, Series 2015A. The bonds refinanced the debt for CFDs 2001-1 (2002 Special Tax Bonds), 2002-1 (2004A Special Tax Bonds), and 2002-2 (2005 Special Tax Bonds). On June 30, 2023, the principal balance outstanding on the RSD PFA bonds was $8,475,000.

The local agency bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 495,000	$ 306,066	$ 801,066
2025	525,000	289,838	814,838
2026	560,000	273,563	833,563
2027	585,000	253,463	838,463
2028	625,000	229,263	854,263
2029-2033	3,715,000	763,294	4,478,294
2034-2036	1,970,000	102,400	2,072,400
Total	$ 8,475,000	$ 2,217,887	$ 10,692,887

Educational Facility Loan

On June 15, 1998, the Romoland School District entered into an agreement with the Redevelopment Agency of the County of Riverside (RDA) for the construction of the District's administration building (District Office). This agreement stipulated that the RDA would provide financing of up to $300,000 out of the total project cost of $700,000. The financing arrangements were split into project grant of $150,000 and an interest-free loan of $150,000. On June 30, 2023, the principal balance outstanding on the loan was $20,000.

The Educational Facilities Loan matures as follows:

Year Ending June 30,	Total
2024	$ 5,000
2025	5,000
2026	5,000
2027	5,000
Total	$ 20,000

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $402,758.

Leases

The District has entered into agreements to lease various facilities and equipment. The annual interest rate charged on the leases was 4.0%. At June 30, 2023, the District has recognized right-to-use leased assets of $200,475, net of accumulated depreciation, and a lease liability of $178,154 related to these arrangements. During the fiscal year, the District recorded $65,041 in amortization expense and $44,123 in interest expense for the right-to-use leased assets. The District used a discount rate of 4.00%, which was based on the terms of the lease agreement.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 44,123	$ 6,182	$ 50,305
2025	48,758	4,391	53,149
2026	49,626	2,485	52,111
2027	33,576	684	9,404
2028	2,071	5	2,076
Total	$ 178,154	$ 13,747	$ 167,045

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of virtual classrooms, asset management, and pupil study aid. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $39,954 and a SBITA liability of $36,868 related to this agreement. During the fiscal year, the District recorded $30,068 in amortization expense. The District is required to make annual principal and interest payments through March 2025. The subscription has an interest rate of 6.5%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 17,854	$ 2,396	$ 20,250
2025	19,014	1,236	20,250
Total	$ 36,868	$ 3,632	$ 40,500

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources and OPEB expense for the following plans:

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,408,439	$ 448,301	$ 1,163,065	$ 94,305
Medicare Premium Payment (MPP) Program	210,363	-	-	(21,457)
Total	$ 1,618,802	$ 448,301	$ 1,163,065	$ 72,848

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	21
Active employees	403
Total	424

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The Romoland School District's Governing Board (the Governing Board) has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Romoland Teacher Association (RTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For the measurement period as of June 30, 2022, the District paid $62,194 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of $1,408,439 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, measurement date, was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Discount rate	4.09% for 2022
Healthcare cost trend rates	6.75% decrease to 4.50% for 2022

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2014 Retirement Plans by Headcount (RPH-2014) Mortality Table with generational improvements using 2017 Mortality Improvement Scale (MP-2017). Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021 (Measurement Date)	$ 1,522,620
Service cost	133,660
Interest	35,596
Differences between expected and actual experience	(31,595)
Changes of assumptions	(189,648)
Benefit payments	(62,194)
Net change in total OPEB liability	(114,181)
Balance, June 30, 2022 (Measurement Date)	$ 1,408,439

There were no changes to the benefit terms from previous valuation.

Changes of assumptions and reflect a change in the discount rate from 2.19% in 2021 to 4.09% in 2022 and healthcare cost trend rates changed from 6.25% decreasing to 4.50% in 2021 to 6.75% decreasing to 4.50% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (3.09%)	$ 1,506,921
Current discount rate (4.09%)	1,408,439
1% increase (5.09%)	1,313,811

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (5.75% decreasing to 3.50%)	$ 1,271,690
Current healthcare cost trend rate (6.75% decreasing to 4.50%)	1,408,439
1% increase (7.75% decreasing to 5.50%)	1,570,532

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $94,305. 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
OPEB contributions subsequent to measurement date	$ 98,933	$ -
Differences between expected and actual experience	111,462	1,066,704
Changes of assumptions	237,906	96,361
Total	$ 448,301	$ 1,163,065

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (74,951)
2025	(74,951)
2026	(74,951)
2027	(74,951)
2028	(74,951)
Thereafter	(438,942)
Total	$ (813,697)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $210,363 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0639%, and 0.0581%, resulting in a net increase in the proportionate share of 0.0058%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(21,457).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 229,336
Current discount rate (3.54%)	210,363
1% increase (4.54%)	193,935

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 193,016
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	210,363
1% increase (5.50% Part A and 6.40% Part B)	230,027

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts and the Romoland School District Community Facilities, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. In the current year, additional non-obligatory debt in the amount of $20,985,000 was issued by CFD 2016-1, 2016-2, and 2017-1, aggregately. Special assessment debt of $154,480,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 3,000	$ -	$ -	$ -	$ 3,000
Restricted					
Legally restricted programs	17,771,807	-	-	-	17,771,807
Student activity	-	-	-	73,974	73,974
Child development	-	32,233	-	-	32,233
Food service	-	-	-	5,860,863	5,860,863
Capital projects	-	-	35,225,322	9,649,481	44,874,803
Debt services	-	-	-	4,011,496	4,011,496
Total restricted	17,771,807	32,233	35,225,322	19,595,814	72,625,176
Assigned					
Deferred Maintenance Projects	260,985	-	-	-	260,985
Future Facility Needs	-	-	-	7,296,208	7,296,208
Other	3,770,301	-	-	-	3,770,301
Total assigned	4,193,727	-	-	7,296,208	11,489,935
Unassigned					
Reserve for economic uncertainties	1,591,760	-	-	-	1,591,760
Total	$ 23,560,294	$ 32,233	$ 35,225,322	$ 26,892,022	$ 85,709,871

Note 14 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the Riverside Schools' Insurance Authority (RSIA) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. Excess coverage is provided by the Regional Liability Excess Fund (ReLiEF) public risk entity pool. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Riverside Schools' Risk Management Authority (RSRMA) risk entity pool for workers' compensation coverage. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in RSRMA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Additionally, the District purchases commercial insurance for basic life insurance and vision programs.

Note 15 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 29,566,954	$ 10,937,648	$ 4,001,991	$ 3,594,207
CalPERS	14,903,158	5,362,676	438,498	2,163,517
Total	$ 44,470,112	$ 16,300,324	$ 4,440,489	$ 5,757,724

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $5,267,677.

Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 29,566,954
State’s proportionate share of the net pension liability	14,807,015
Total	$ 44,373,969

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0426% and 0.0387%, resulting in a net increase to the proportionate share of 0.0039%.

For the year ended June 30, 2023, the District recognized pension expense of $3,594,207. In addition, the District recognized pension expense and revenue of $1,194,176 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
Pension contributions subsequent to measurement date	$ 5,267,677	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,179,411	339,205
Differences between projected and actual earnings on pension plan investments	-	1,445,881
Differences between expected and actual experience in the measurement of the total pension liability	24,254	2,216,905
Changes of assumptions	1,466,306	-
Total	$ 10,937,648	$ 4,001,991

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,062,107)
2025	(1,150,613)
2026	(1,728,456)
2027	2,495,295
Total	$ (1,445,881)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability and changes of assumption will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,015,111
2025	475,243
2026	207,896
2027	189,216
2028	(23,145)
Thereafter	249,540
Total	$ 3,113,861

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, 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%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 50,215,653
Current discount rate (7.10%)	29,566,954
1% increase (8.10%)	12,422,325

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $2,299,155.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $14,903,158. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0433% and 0.0432%, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2023, the District recognized pension expense of $2,163,517. 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
Pension contributions subsequent to measurement date	$ 2,299,155	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	134,058	67,689
Differences between projected and actual earnings on pension plan investments	1,759,658	-
Differences between expected and actual experience in the measurement of the total pension liability	67,354	370,809
Changes of assumptions	1,102,451	-
Total	$ 5,362,676	$ 438,498

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 293,455
2025	260,274
2026	132,951
2027	1,072,978
Total	$ 1,759,658

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 318,864
2025	316,451
2026	240,635
2027	(10,585)
Total	$ 865,365

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 21,528,367
Current discount rate (6.90%)	14,903,158
1% increase (7.90%)	9,427,667

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,375,339 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 16 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is not currently a party to any legal proceedings.

Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of Riverside County Employer/Employee Partnership for Benefits (REEP), Riverside Schools’ Insurance Authority (RSIA), and Riverside Schools’ Risk Management Authority (RSRMA) public entity risk pools. The District pays an annual premium/contribution to each entity for its property and liability, workers' compensation, and excess liability coverage and county-wide delivery system for participating schools. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2023, the District made payments of $4,207,622, $426,704, and $874,287 to REEP, RSIA, and RSRMA, respectively, for health care, property and liability, and workers' compensation coverage.

Note 18 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 111,016,210
Right-to-use subscription IT assets, net of amortization	9,154
Subscription liabilities	(9,154)
Net Position - Beginning as Restated on July 1, 2022	$ 111,016,210

Required Supplementary Information
June 30, 2023

Romoland School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 48,133,921	$ 51,612,000	$ 51,381,841	$ (230,159)
Federal sources	4,380,395	8,068,462	6,852,033	(1,216,429)
Other State sources	9,925,964	17,594,180	18,321,917	727,737
Other local sources	2,958,659	3,497,175	3,911,776	414,601
Total revenues [1]	65,398,939	80,771,817	80,467,567	(304,250)
Expenditures				
Current				
Certificated salaries	25,895,188	28,567,028	28,734,832	(167,804)
Classified salaries	8,959,827	8,930,036	9,004,011	(73,975)
Employee benefits	15,127,294	15,674,152	15,857,124	(182,972)
Books and supplies	3,104,503	4,074,079	3,393,274	680,805
Services and operating expenditures	7,348,068	7,735,473	6,956,290	779,183
Capital outlay	3,117,983	5,839,803	4,796,414	1,043,389
Other outgo	(69,631)	149,393	333,775	(184,382)
Debt service				
Debt service - principal	-	-	112,741	(112,741)
Debt service - interest and other	-	-	5,494	(5,494)
Total expenditures [1]	63,483,232	70,969,964	69,193,955	1,776,009
Excess of Revenues Over Expenditures	1,915,707	9,801,853	11,273,612	1,471,759
Other Financing Sources (Uses)				
Other sources - leases	-	-	104,250	104,250
Other sources - SBITAs	-	-	57,118	57,118
Transfers out	-	-	(824,381)	(824,381)
Net Financing Uses	-	-	(663,013)	(663,013)
Net Change in Fund Balances	1,915,707	9,801,853	10,610,599	808,746
Fund Balance - Beginning	12,949,695	12,949,695	12,949,695	-
Fund Balance - Ending	$ 14,865,402	$ 22,751,548	$ 23,560,294	$ 808,746

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Other State sources	$ 870,353	$ 1,414,817	$ 1,496,141	$ 81,324
Other local sources	-	10,184	5,044	(5,140)
Total revenues	870,353	1,425,001	1,501,185	76,184
Expenditures				
Current				
Certificated salaries	328,802	371,259	453,819	(82,560)
Classified salaries	278,501	253,268	236,541	16,727
Employee benefits	240,838	292,751	320,206	(27,455)
Books and supplies	7,562	334,317	278,054	56,263
Services and operating expenditures	14,650	32,998	26,974	6,024
Other outgo	-	-	3,226	(3,226)
Capital Outlay	-	139,573	182,809	(43,236)
Total expenditures	870,353	1,424,166	1,501,629	(77,463)
Net Change in Fund Balances	-	835	(444)	(1,279)
Fund Balance - Beginning	32,677	32,677	32,677	32,677
Fund Balance - Ending	$ 32,677	$ 33,512	$ 32,233	$ (1,279)

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 133,660	$ 245,002	$ 227,158
Interest	35,596	67,954	73,368
Difference between expected and actual experience	(31,595)	7,819	(90,183)
Changes of assumptions	(189,648)	(1,059,129)	86,406
Benefit payments	(62,194)	(96,739)	(81,429)
Net change in total OPEB liability	(114,181)	(835,093)	215,320
Total OPEB Liability - Beginning	1,522,620	2,357,713	2,142,393
Total OPEB Liability - Ending	$ 1,408,439	$ 1,522,620	$ 2,357,713
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 167,187	$ 162,317	$ 156,979
Interest	59,342	52,504	47,166
Difference between expected and actual experience	347,087	-	-
Changes of assumptions	69,984	(12,024)	-
Benefit payments	(59,040)	(53,766)	(51,206)
Net change in total OPEB liability	584,560	149,031	152,939
Total OPEB Liability - Beginning	1,557,833	1,408,802	1,255,863
Total OPEB Liability - Ending	$ 2,142,393	$ 1,557,833	$ 1,408,802
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.0639%	0.0581%	0.0587%
Proportionate share of the net OPEB liability	$ 210,363	$ 231,820	$ 285,979
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0651%	0.0641%	0.0603%
Proportionate share of the net OPEB liability	$ 242,349	$ 245,530	$ 253,761
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0426%	0.0387%	0.0387%	0.0368%	0.0357%
Proportionate share of the net pension liability	$ 29,566,954	$ 17,595,763	$ 37,531,029	$ 33,225,316	$ 32,845,647
State's proportionate share of the net pension liability	14,807,015	8,853,506	19,347,250	18,126,628	18,805,669
Total	$ 44,373,969	$ 26,449,269	$ 56,878,279	$ 51,351,944	$ 51,651,316
Covered payroll	$ 24,064,734	$ 21,961,529	$ 21,084,819	$ 20,098,391	$ 19,062,024
Proportionate share of the net pension liability as a percentage of its covered payroll	122.86%	80.12%	178.00%	165.31%	172.31%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0333%	0.0306%	0.0317%	0.0263%
Proportionate share of the net pension liability	$ 30,811,416	$ 24,728,200	$ 21,384,693	$ 15,458,223
State's proportionate share of the net pension liability	18,227,773	14,077,323	9,652,301	10,932,040
Total	$ 49,039,189	$ 38,805,523	$ 31,036,994	$ 26,390,263
Covered payroll	$ 17,877,273	$ 15,597,586	$ 14,646,655	13,559,845
Proportionate share of the net pension liability as a percentage of its covered payroll	172.35%	158.54%	146.00%	114.00%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0433%	0.0432%	0.0425%	0.0420%	0.0379%
Proportionate share of the net pension liability	14,903,158	$ 8,778,631	$ 13,048,493	$ 12,246,906	$ 10,094,708
Covered payroll	$ 6,635,526	$ 6,301,681	$ 6,132,412	$ 5,805,376	$ 4,865,392
Proportionate share of the net pension liability as a percentage of its covered payroll	224.60%	139.31%	212.78%	210.96%	207.48%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0387%	0.0306%	0.0333%	0.0301%
Proportionate share of the net pension liability	$ 9,241,453	$ 9,652,301	$ 4,884,220	$ 3,412,371
Covered payroll	$ 4,979,896	$ 4,126,817	$ 3,684,895	3,189,131
Proportionate share of the net pension liability as a percentage of its covered payroll	185.58%	233.89%	132.55%	107.00%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 5,267,677	$ 4,071,753	$ 3,546,787	$ 3,605,504	$ 3,272,018
Less contributions in relation to the contractually required contribution	5,267,677	4,071,753	3,546,787	3,605,504	3,272,018
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 27,579,461	$ 24,064,734	$ 21,961,529	$ 21,084,819	$ 20,098,391
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 2,750,650	$ 2,248,961	$ 1,673,621	$ 1,300,623
Less contributions in relation to the contractually required contribution	2,750,650	2,248,961	1,673,621	1,300,623
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 19,062,024	$ 17,877,273	$ 15,597,586	$ 14,646,655
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

Note : In the future, as data becomes available, ten years of information will be presented.

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 2,299,155	$ 1,520,199	$ 1,304,448	$ 1,209,373	$ 1,048,567
Less contributions in relation to the contractually required contribution	2,299,155	1,520,199	1,304,448	1,209,373	1,048,567
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,062,495	$ 6,635,526	$ 6,301,681	$ 6,132,412	$ 5,805,376
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.0620%

	2018	2017	2016	2015
Contractually required contribution	$ 755,644	$ 691,608	$ 620,847	$ 433,749
Less contributions in relation to the contractually required contribution	755,644	691,608	620,847	433,749
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 4,865,392	$ 4,979,896	$ 4,126,817	$ 3,684,895
Contributions as a percentage of covered payroll	15.5310%	13.8880%	11.8470%	11.7710%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2023, the District’s major fund exceeded the budgeted amount in total as follows:

	Expenditures		
Funds	Budget	Actual	Excess
Child Development Fund	$ 1,424,166	$ 1,501,629	$ 77,463

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 2.19% in 2021 to 4.09% in 2022 and, healthcare cost trend rates changed from 6.25% decreasing to 4.50% in 2021 to 6.75% decreasing to 4.50% in 2022.

Schedule of the District’s Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District’s proportionate share of the net OPEB Liability – MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District’s Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2023

Romoland School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
English Language Acquisition State Grants - Immigrant Education	84.365	15146	$ 583
English Language Acquisition State Grants - LEP	84.365	14346	81,377
Subtotal			81,960
Education Stabilitization Fund (ESF)			
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	1,336,510
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	2,128,058
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Learning Loss	84.425U	15621	596,339
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund - Expanded Learning Opportunities State Reserve	84.425D	15518	317,061
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	1,710
Subtotal			4,379,678
Title I Grants to Local Educational Agencies	84.010	14329	642,181
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	130,524
Student Support and Academic Enrichment Program	84.424	15396	58,668
Passed Through Riverside County SELPA			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	869,883
COVID-19 Special Education Grants to States - ARP Basic Local Assistance	84.027	15638	173,852
Special Education Grants to States - Private School ISPs	84.027	10115	2,669
Special Education Grants to States - Metal Health	84.027A	15197	16,518
Special Education Grants to States - Quality Assurance & Focused Monitoring	84.027	13693	15,127
Subtotal			1,078,049
Special Education Preschool Grants	84.173	13430	60,708
Special Education Preschool Grants - Staff Development	84.173A	13431	710
COVID-19 Special Education Preschool Grants - ARP	84.173	15639	20,549
Subtotal			81,967
Total Special Education (IDEA) Cluster			1,160,016
Total U.S. Department of Education			6,453,027

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Human Services			
Passed Through Riverside County Office of Education			
Head Start Cluster			
Head Start	93.600	09Ch010654	$ 312,618
Head Start - Child Care Partnership	93.600	09Ch010654	86,390
Total Head Start Cluster			399,008
Total U.S. Department of Health and Human Services Human Services			399,008
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13391	461,223
National School Lunch Program - Section 11	10.555	13396	1,282,174
National School Lunch Program - Commodities	10.555	13524	150,301
COVID-19 Emergency Operational Costs Reimbursement	10.555	15637	105,471
Subtotal			1,999,169
School Breakfast Program - Especially Needy Breakfast	10.553	13390	969,405
National School Lunch Program - Summer Food Program	10.559	13004	28,754
Total Child Nutrition Cluster			2,997,328
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	283,206
Child and Adult Care Food Program - Cash in Lieu of Commodities	10.558	13534	14,196
Subtotal			297,402
Total U.S. Department of Agriculture			3,294,730
Total Federal Financial Assistance			$ 10,146,765

ORGANIZATION

The Romoland School District (the District) was organized in 1927, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades pre-kindergarten through twelve as mandated by the State and Federal agencies. The District operates four elementary schools, one virtual school, and a middle school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Manuel Aguirre	President	2024
Mr. David Sperry	Clerk	2024
Mr. Christopher Clark	Member	2026
Mrs. Cynthia Navarro	Member	2026
Mrs. Cinda Sarian	Member	2024

ADMINISTRATION

NAME	TITLE
Mr. Trevor Painton	Superintendent
Mrs. Karen Owen	Chief Business Official
Dr. Michelle Wise	Assistant Superintendent, Education Services
Mr. Vince Butler	Chief Technology Officer
Mr. John Murray	Chief Personnel Officer

	Final Report	
	Second Period Report 3E86937D	Annual Report 5BDC5BC3
Regular ADA		
Transitional kindergarten through third	1,932.75	1,769.41
Fourth through sixth	1,376.29	1,309.54
Seventh and eighth	841.84	826.45
Total Regular ADA	4,150.88	3,905.40
Extended Year Special Education		
Transitional kindergarten through third	2.82	2.49
Fourth through sixth	1.24	1.56
Seventh and eighth	0.64	0.37
Total Extended Year Special Education	4.70	4.42
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.51
Fourth through sixth	0.81	0.84
Seventh and eighth	0.56	1.74
Total Special Education, Nonpublic, Nonsectarian Schools	1.37	3.09
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.07	-
Seventh and eighth	0.11	-
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.18	-
Total ADA	4,156.95	3,912.91

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	49,190	300	49,490	179	1	180	Complied
Grades 1 - 3	50,400							
Grade 1		52,565	320	52,885	179	1	180	Complied
Grade 2		52,565	320	52,885	179	1	180	Complied
Grade 3		52,565	320	52,885	179	1	180	Complied
Grades 4 - 8	54,000							
Grade 4		54,280	325	54,605	179	1	180	Complied
Grade 5		54,280	325	54,605	179	1	180	Complied
Grade 6		54,280	350	54,630	179	1	180	Complied
Grade 7		54,280	350	54,630	179	1	180	Complied
Grade 8		54,280	350	54,630	179	1	180	Complied

* The District received an approved J-13A for 300 minutes for Kindergarten, 320 minutes for Grades 1-3, 325 minutes for Grades 4-5, 350 minutes for Grades 6-8, and 1 day.

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Cafeteria Fund
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	$ 24,384,675	$ 5,036,482
Increase in		
Due to other funds	(824,381)	824,381
Balance, June 30, 2023, Audited Financial Statements	$ 23,560,294	$ 5,860,863

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 73,908,303	$ 80,461,015	$ 58,833,535	$ 56,720,213
Other sources	-	161,368	127,782	-
Total revenues and other sources	73,908,303	80,622,383	58,961,317	56,720,213
Expenditures	71,047,912	69,193,955	56,396,850	51,538,887
Other uses and transfers out	2,300,000	824,381	7,000,000	-
Total expenditures and other uses	73,347,912	70,018,336	63,396,850	51,538,887
Increase/(Decrease) in Fund Balance	560,391	10,604,047	(4,435,533)	5,181,326
Ending Fund Balance	$ 23,859,700	$ 23,299,309	$ 12,695,262	$ 17,130,795
Available Reserves [2]	$ 2,413,177	$ 2,416,141	$ 2,218,890	$ 1,803,862
Available Reserves as a Percentage of Total Outgo	3.29%	3.45%	3.50%	3.50%
Long-Term Liabilities	N/A	$ 55,201,694	$ 37,585,820	$ 63,914,435
K-12 Average Daily Attendance at P-2	4,325	4,157	3,882	3,999

The General Fund balance has increased by $6,168,514 over the past two years. The fiscal year 2023-2024 budget projects an increase of $560,391 (2.4%). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $8,712,741 over the past two years.

Average daily attendance has decreased by 158 over the past two years. An increase of 168 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

	Student Activity Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Assets				
Deposits and investments	$ 73,974	$ 4,092,930	$ 1,550,524	$ 7,206,428
Receivables	-	1,117,314	26,445	121,008
Due from other funds	-	824,381	-	-
Total assets	$ 73,974	$ 6,034,625	$ 1,576,969	$ 7,327,436
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 95,087	$ -	$ 31,228
Due to other funds	-	78,675	-	-
Total liabilities	-	173,762	-	31,228
Fund Balances				
Restricted	73,974	5,860,863	1,576,969	-
Assigned	-	-	-	7,296,208
Total fund balances	73,974	5,860,863	1,576,969	7,296,208
Total liabilities and fund balances	$ 73,974	$ 6,034,625	$ 1,576,969	$ 7,327,436

	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets			
Deposits and investments	$ 8,072,512	$ 4,011,496	$ 25,007,864
Receivables	-	-	1,264,767
Due from other funds	-	-	824,381
Total assets	$ 8,072,512	$ 4,011,496	$ 27,097,012
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ -	$ 126,315
Due to other funds	-	-	78,675
Total liabilities	-	-	204,990
Fund Balances			
Restricted	8,072,512	4,011,496	19,595,814
Assigned	-	-	7,296,208
Total fund balances	8,072,512	4,011,496	26,892,022
Total liabilities and fund balances	$ 8,072,512	$ 4,011,496	$ 27,097,012

	Student Activity Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Revenues				
Federal sources	$ -	$ 3,294,732	$ -	$ -
Other State sources	-	1,876,355	-	-
Other local sources	227,097	111,925	39,588	184,262
Total revenues	227,097	5,283,012	39,588	184,262
Expenditures				
Current				
Pupil services				
Food services	-	3,607,855	-	-
Administration				
All other administration	-	78,675	-	-
Plant services	-	108	-	28,329
Ancillary services	231,589	-	-	-
Other outgo	-	-	-	-
Facility acquisition and construction	-	-	-	30,899
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	231,589	3,686,638	-	59,228
Excess (Deficiency) of Revenues Over Expenditures	(4,492)	1,596,374	39,588	125,034
Other Financing Sources				
Transfers in	-	824,381	-	-
Net Change in Fund Balances	(4,492)	2,420,755	39,588	125,034
Fund Balance - Beginning	78,466	3,440,108	1,537,381	7,171,174
Fund Balance - Ending	$ 73,974	$ 5,860,863	$ 1,576,969	$ 7,296,208

	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues			
Federal sources	$ -	-	$ 3,294,732
Other State sources	-	-	1,876,355
Other local sources	6,382,163	1,119,103	8,064,138
Total revenues	6,382,163	1,119,103	13,235,225
Expenditures			
Current			
Pupil services			
Food services	-	-	3,607,855
Administration			
All other administration	-	-	78,675
Plant services	1,816,500	-	1,844,937
Ancillary services	-	-	231,589
Other outgo	2,336,683	-	2,336,683
Facility acquisition and construction	641,986	-	672,885
Debt service			
Principal	-	475,000	475,000
Interest and other	-	367,139	367,139
Total expenditures	4,795,169	842,139	9,614,763
Excess (Deficiency) of Revenues Over Expenditures	1,586,994	276,964	3,620,462
Other Financing Sources			
Transfers in	-	-	824,381
Net Change in Fund Balances	1,586,994	276,964	4,444,843
Fund Balance - Beginning	6,485,518	3,734,532	22,447,179
Fund Balance - Ending	$ 8,072,512	$ 4,011,496	$ 26,892,022

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Romoland School District (the District) under programs of the federal government for the year ended June 30, 2023. The information 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position or fund balance of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities as inventory.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 has met 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 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2023

Romoland School District

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Romoland School District
Homeland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Romoland School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rancho Cucamonga, California
January 19, 2024

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Romoland School District
Homeland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Romoland School District's (the District) 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 the District's major federal programs for the year ended June 30, 2023. The 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, the 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 the 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 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 federal programs.

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 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 the 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 the 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 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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.

Rancho Cucamonga, California
January 19, 2024

Independent Auditor's Report on State Compliance

To the Governing Board
Romoland School District
Homeland, California

Report on Compliance

Opinion on State Compliance

We have audited Romoland School District's (the District) compliance with the requirements specified in the *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 referred to above 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 Opinion

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 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.

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:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer Continuation Education; therefore, we did not perform procedures related to Continuation Education.

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 Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not offer Middle or Early College; therefore, we did not perform procedures related to Middle or Early College.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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 identify 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 a 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 from 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.

Rancho Cucamonga, California
January 19, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Romoland School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Learning Loss	84.425U
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund - Expanded Learning Opportunities State Reserve	84.425D
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Low

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2022-001 30000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all financial activity used in the preparation of the District's financial statements.

Condition

During the course of our year-end audit, the District discovered and reported to the auditors the following material misstatement:

- Year-end investment balance reported in the District's Capital Projects Fund for Blended Component Units (Fund 49) was understated by $5,855,122.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified by the District subsequent to year-end closing and the error was reported directly to the auditors during the District's year-end audit.

Effect

Due to the condition identified, the District's ending fund balance reported in its Capital Projects Fund for Blended Component Units was materially understated by $5,855,122.

Cause

The cause of the condition appears to be attributed to the District's delay in addressing the completeness of all trust accounts associated with the District's component units.

Recommendation

The District should contact the trustees during its year-end closing process and obtain all June statements to ensure that all activities are captured in the financial statements in a timely manner.

Current Status

Implemented.