**LARKSPUR-CORTE MADERA
SCHOOL DISTRICT**

MARIN COUNTY

AUDIT REPORT

**For the Fiscal Year Ended
June 30, 2022**

NIGRO & NIGRO PC

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District, as of and for the fiscal year ended June 30, 2022, 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 Larkspur-Corte Madera School District, as of June 30, 2022, and the respective changes in financial position thereof for the fiscal 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' 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.

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.

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 87, *Leases*. Accordingly, the beginning balance of current assets and deferred inflows in the Statement of Net Position and Balance Sheet have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' 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 auditors' 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 proportionate share of the net pension liability, schedule of pension contributions, 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, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 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, except for the LEA Organization Structure, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 17, 2022 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.

Nigro & Nigro, PC

Murrieta, California
November 17, 2022

This discussion and analysis of Larkspur-Corte Madera School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by approximately $4.7 million.
- Overall revenues were $26.9 million.
- The total cost of the basic programs was $22.2 million. Because a portion of these costs were paid for with charges, fees and intergovernmental aid, the net cost that required taxpayer funding was $18.4 million.
- Governmental funds increased by $2.7 million, or 17.7%.
- Reserves for the General Fund increased by $2.3 million, or 46.0%. Revenues were $24.2 million and expenditures were $20.9 million.

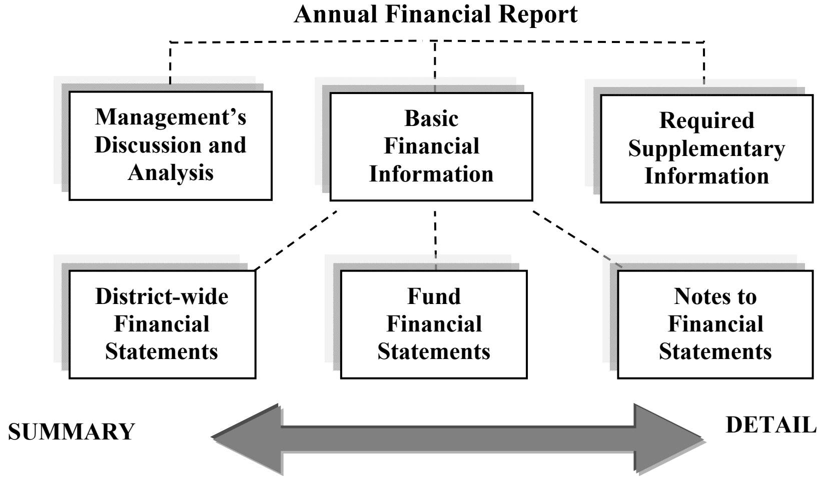
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Larkspur-Corte Madera School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has one fund:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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 on a separate reconciliation page that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2022, than it was the year before – increasing 26.3% to $(13.2) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2022	2021*	(Decrease)
Current assets	$ 41,679,702	$ 40,111,394	$ 1,568,308
Capital assets	45,711,866	47,713,945	(2,002,079)
Total assets	87,391,568	87,825,339	(433,771)
Total deferred outflows	5,167,810	6,697,240	(1,529,430)
Current liabilities	1,738,294	1,769,896	(31,602)
Long-term liabilities	71,458,822	84,714,406	(13,255,584)
Total liabilities	73,197,116	86,484,302	(13,287,186)
Total deferred inflows	32,580,201	25,978,220	6,601,981
Net Position			
Net investment in capital assets	(6,216,020)	(6,993,106)	777,086
Restricted	10,452,120	10,097,385	354,735
Unrestricted	(17,454,039)	(21,044,222)	3,590,183
Total net position	$ (13,217,939)	$ (17,939,943)	$ 4,722,004

**As restated*

Changes in net position, governmental activities. The District's total revenues decreased 7.8% to $26.9 million (See Table A-2). The decrease is due primarily to $1.8 million in school facility project funding received in the prior year and not repeated in the current year.

The total cost of all programs and services decreased 14.4% to $22.2 million. The District's expenses are predominantly related to educating and caring for students, 62.6%. The purely administrative activities of the District accounted for just 6.9% of total costs. A significant contributor to the decrease in costs was lower levels of COVID-related spending.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2022	2021	
Revenues			
Program Revenues:			
Charges for services	$ 64,396	$ 35,396	$ 29,000
Operating grants & contributions	3,688,144	4,308,864	(620,720)
Capital grants & contributions	8,712	1,867,327	(1,858,615)
General Revenues:			
Property taxes	19,919,805	20,122,881	(203,076)
Federal & state aid	1,670,284	1,706,835	(36,551)
Interest & investment earnings	5,187	16,530	(11,343)
Miscellaneous and interagency	1,517,740	1,103,394	414,346
Total Revenues	26,874,268	29,161,227	(2,286,959)
Expenses:			
Instruction	12,451,971	15,215,155	(2,763,184)
Pupil services	1,406,264	1,413,440	(7,176)
Administration	1,533,201	1,878,153	(344,952)
Plant services	2,289,556	2,398,449	(108,893)
All other activities	4,471,272	4,975,328	(504,056)
Total Expenses	22,152,264	25,880,525	(3,728,261)
Increase (decrease) in net position	$ 4,722,004	$ 3,280,702	$ 1,441,302
Total Net Position	$ (13,217,939)	$ (17,939,943)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $18.0 million, which is above last year's ending fund balance of $15.3 million. The primary cause of the increased fund balance is an operating surplus in the general fund.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
Fund					
General Fund	$ 5,234,832	$ 24,217,662	$ 20,943,635	$ (75,000)	$ 8,433,859
Student Activity Fund	6,025	4,025	7,429	-	2,621
Cafeteria Fund	56,263	395,026	403,047	75,000	123,242
Deferred Maintenance Fund	97,543	63	-	-	97,606
Building Fund	12,342	8	5	-	12,345
Capital Facilities Fund	174,733	60,503	5,547	-	229,689
County School Facilities Fund	6,312,548	8,712	920,059	-	5,401,201
Bond Interest and Redemption Fund	3,421,178	3,947,614	3,649,906	-	3,718,886
	$ 15,315,464	$ 28,633,613	$ 25,929,628	$ -	$ 18,019,449

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – decreased by $0.3 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – decreased $0.4 million due to revised staffing estimates.
- Other non-personnel costs – increased $0.3 million to revise operation cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $0.3 million, the actual results for the year show that revenues exceeded revenues by roughly $3.3 million. Actual revenues were $2.6 million more than anticipated, and expenditures were $0.3 million less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had obtained $0.2 million in new capital assets, related to its ongoing modernization efforts. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year approximated $2.2 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Variance Increase
	2022	2021	(Decrease)
Land	$ 279,448	$ 279,448	$ -
Building & improvements	44,409,605	46,266,063	(1,856,458)
Improvement of sites	764,218	841,534	(77,316)
Equipment & vehicles	258,595	326,900	(68,305)
Total	$ 45,711,866	$ 47,713,945	$ (2,002,079)

Long-Term Debt

At year-end the District had $71.5 million in long-term debt – a decrease of 15.6% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

	Governmental Activities		Variance Increase
	2022	2021	(Decrease)
General obligation bonds	$ 59,625,247	$ 61,711,281	$ (2,086,034)
Compensated absences	20,396	57,648	(37,252)
Early retirement incentive	302,497	453,745	(151,248)
Other post employment benefits	173,542	214,132	(40,590)
Net pension liability	11,337,140	22,277,600	(10,940,460)
Total	$ 71,458,822	$ 84,714,406	$ (13,255,584)

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget
The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly $28 billion in total reserves. This consists of: (1) $23.3 billion in the Budget Stabilization Account; (2) $3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) $900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23
In the budget federal funds decline $175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and $27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding
The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up $16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional $117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs
When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of $9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of $4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is $7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes $12.1 billion in one-time funding for two K-12 block grants—$7.9 billion focused on learning recovery and $3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes $841 million one time for facilities maintenance and instructional equipment and $650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten
The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of $614 million related to the first-year costs of the expansion.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

School Facilities Grants
The budget allocates $1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, $1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining $100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered
As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Larkspur-Corte Madera School District budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (415) 927-6960.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 17,106,108
Accounts receivable	1,717,956
Lease receivable	22,855,638
Capital assets:	
Non-depreciable assets	279,448
Depreciable assets	75,275,331
Less accumulated depreciation	(29,842,913)
Total assets	87,391,568
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	4,029,434
Unamortized power purchase costs	232,750
Deferred amounts on refunding	905,626
Total deferred outflows of resources	5,167,810
LIABILITIES	
Accounts payable	1,024,500
Accrued interest payable	524,450
Unearned revenue	189,344
Noncurrent liabilities:	
Due or payable within one year	2,673,748
Due in more than one year:	
Other than OPEB and pensions	57,274,392
Total OPEB liability	173,542
Net pension liability	11,337,140
Total liabilities	73,197,116
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	10,133,792
Deferred inflows of resources - leases	22,446,409
Total deferred inflows of resources	32,580,201
NET POSITION	
Net investment in capital assets	(6,216,020)
Restricted for:	
Capital projects	5,630,890
Debt service	3,718,886
Categorical programs	1,099,723
Student activity	2,621
Unrestricted	(17,454,039)
Total net position	$ (13,217,939)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction	$ 10,674,917	$ 53,484	$ 2,182,150	$ 8,712	$ (8,430,571)
Instruction-Related Services:					
Supervision of instruction	143,320	-	104,410	-	(38,910)
Instructional library, media and technology	287,072	1,815	30,748	-	(254,509)
School site administration	1,346,662	-	87,785	-	(1,258,877)
Pupil Support Services:					
Home-to-school transportation	52,026	-	2,388	-	(49,638)
Food services	399,635	-	426,050	-	26,415
All other pupil services	954,603	4,896	531,942	-	(417,765)
General Administration Services:					
Data processing services	63,956	-	-	-	(63,956)
Other general administration	1,469,245	103	202,517	-	(1,266,625)
Plant services	2,289,556	73	8,964	-	(2,280,519)
All other activities	38,949	4,025	7,910	-	(27,014)
Interest on long-term debt	1,806,975	-	-	-	(1,806,975)
Other outgo	446,417	-	103,280	-	(343,137)
Depreciation (unallocated)	2,178,931	-	-	-	(2,178,931)
Total Governmental Activities	$ 22,152,264	$ 64,396	$ 3,688,144	$ 8,712	(18,391,012)

General Revenues:	
Property taxes	19,919,805
Federal and state aid not restricted to specific purpose	1,670,284
Interest and investment earnings	5,187
Interagency revenues	1,100
Miscellaneous	1,516,640
Total general revenues	23,113,016
Change in net position	4,722,004
Net position - July 1, 2021	(17,939,943)
Net position - June 30, 2022	$ (13,217,939)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 7,673,676	$ 5,401,201	$ 3,718,886	$ 312,345	$ 17,106,108
Accounts receivable	1,661,728	-	-	56,228	1,717,956
Lease Receivable	22,855,638	-	-	-	22,855,638
Total Assets	$ 32,191,042	$ 5,401,201	$ 3,718,886	$ 368,573	$ 41,679,702
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 1,023,824	$ -	$ -	$ 676	$ 1,024,500
Unearned revenue	189,344	-	-	-	189,344
Total Liabilities	1,213,168	-	-	676	1,213,844
Deferred Inflows	22,446,409	-	-	-	22,446,409
Fund Balances					
Nonspendable	1,000	-	-	-	1,000
Restricted	976,481	5,401,201	3,718,886	367,897	10,464,465
Assigned	97,606	-	-	-	97,606
Unassigned	7,456,378	-	-	-	7,456,378
Total Fund Balances	8,531,465	5,401,201	3,718,886	367,897	18,019,449
Total Liabilities, Deferred Inflows, and Fund Balances	$ 32,191,042	$ 5,401,201	$ 3,718,886	$ 368,573	$ 41,679,702

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds		$	18,019,449
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
Capital assets relating to governmental activities:	75,554,779		
Accumulated depreciation:	(29,842,913)		
Net:			45,711,866
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			905,626
In governmental funds, costs associated with the power purchase agreement are recognized as expenditures in the period they are incurred. In the government-wide statements, power purchase costs are amortized over the life of the debt. Unamortized costs included in deferred outflows on the statement of net position are:			232,750
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources	4,029,434		
Deferred inflows of resources	(10,133,792)		(6,104,358)
Long-term liabilities, including bonds payable, capital leases, and compensated absences 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:			
General obligation bonds payable	59,625,247		
Early Retirement Incentive	302,497		
Compensated absences payable	20,396		
Other postemployment benefits payable	173,542		
Net pension liability	11,337,140		(71,458,822)
In government funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(524,450)
Total net position - governmental activities		$	(13,217,939)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 13,791,606	$ -	$ -	$ -	$ 13,791,606
Federal sources	934,412	-	-	369,199	1,303,611
Other state sources	2,416,029	5,014	12,805	25,829	2,459,677
Other local sources	7,075,678	3,698	3,934,809	64,534	11,078,719
Total Revenues	24,217,725	8,712	3,947,614	459,562	28,633,613
EXPENDITURES					
Current:					
Instruction	13,506,121	-	-	-	13,506,121
Instruction-Related Services:					
Supervision of instruction	189,798	-	-	-	189,798
Instructional library, media and technology	340,438	-	-	-	340,438
School site administration	1,658,877	-	-	-	1,658,877
Pupil Support Services:					
Home-to-school transportation	52,026	-	-	-	52,026
Food services	-	-	-	403,047	403,047
All other pupil services	1,181,623	-	-	-	1,181,623
Ancillary services	34,191	-	-	7,429	41,620
General Administration Services:					
Data processing services	63,956	-	-	-	63,956
Other general administration	1,845,101	-	-	-	1,845,101
Plant services	1,625,087	378,167	-	5,552	2,008,806
Capital outlay	-	541,892	-	-	541,892
Intergovernmental transfers	446,417	-	-	-	446,417
Debt service:					
Principal	-	-	1,733,138	-	1,733,138
Interest	-	-	1,916,768	-	1,916,768
Total Expenditures	20,943,635	920,059	3,649,906	416,028	25,929,628
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,274,090	(911,347)	297,708	43,534	2,703,985
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	75,000	75,000
Interfund transfers out	(75,000)	-	-	-	(75,000)
Total Other Financing Sources and Uses	(75,000)	-	-	75,000	-
Net Change in Fund Balances	3,199,090	(911,347)	297,708	118,534	2,703,985
Fund Balances, July 1, 2021	5,332,375	6,312,548	3,421,178	249,363	15,315,464
Fund Balances, June 30, 2022	$ 8,531,465	$ 5,401,201	$ 3,718,886	$ 367,897	$ 18,019,449

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds		$ 2,703,985
Amounts reported for governmental activities in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:		
Expenditures for capital outlay	176,852	
Depreciation expense:	(2,178,931)	
Net:		(2,002,079)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Expenditures for payment of the liability were:		1,733,138
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, including early retirement incentives. This year, expenses incurred for such obligations were:		151,248
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. Accreted interest paid exceeded the amount earned during the year by:		212,498
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The premiums amortized for the period were:		140,398
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized to interest expense over the life of the liability.		(64,820)
In governmental funds, power purchase agreement costs are recognized as expenditures in the period they are incurred. In the government-wide statements, agreement costs are amortized over the life of the benefit. The difference between costs recognized in the current period and unamortized costs for the period is:		(16,625)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period, was:		(128,144)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		1,914,563
In the statement of activities, certain operating expenses, compensated absences and early retirement incentives, for example, 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). The difference between the amounts earned and paid was:		37,252
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		40,590
Change in net position of governmental activities		$ 4,722,004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also 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.

Other

The following potential component unit was not included as part of the District's reporting entity because the resources provided to the District did not meet the criteria of being considered "significant" to the District's operations.

1. Larkspur Schools Foundation (SPARK)

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements
The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. 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. The District also maintains a Deferred Maintenance Fund which does not meet the definition of a Special Revenue Fund as it is not primarily comprised of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

County School Facilities Fund: This fund is used primarily to account 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 17070.10 et seq.).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established 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 District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds (continued):

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)
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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets

Purchased or constructed capital assets of $17,000 or more are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and improvements	20-40 years
Improvement of sites	14-20 years
Equipment and vehicles	6-15 years

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

Lessor:
At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize 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.

9. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

10. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties that meets or exceeds double the requirements of 5 CCR 15443, which require no less than three percent of total General Fund expenditures and other financing uses.

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.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Governmental funds/activities	$ 17,106,108

Deposits and investments as of June 30, 2022 consist of the following:

Cash in revolving fund	$ 1,000
Investments	17,105,108
Total deposits and investments	$ 17,106,108

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
As of June 30, 2022, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk
The District's investment policy does not place limits on investment maturities. The District's Chief Fiscal Officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for investment decisions. Maturities of investments held at June 30, 2022, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 17,105,108	$ 17,105,108	$ -	uncategorized	N/A

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2022, all investments were maintained in the county treasury investment pool.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District did not have any investments outside of the county treasury investment pool.

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 date 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.

Uncategorized – Investments in the Marin County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable as of June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal Government:			
Categorical aid programs	$ 733,593	$ 53,322	$ 786,915
State Government:			
LCFF	53,606	-	53,606
Lottery	102,411	-	102,411
Child Nutrition	-	2,906	2,906
Categorical aid programs	76,252	-	76,252
Local:			
Other local	695,866	-	695,866
Total	$ 1,661,728	$ 56,228	$ 1,717,956

B. Leases Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for a real property lease the District maintains with an outside party. The lease had an initial term of 40 years, ending in 2045. There are no variable payments not considered in the measurement of the lease receivable and the District has not issued debt for which the principal and interest payments are secured by the lease payments. Measurement policies and key estimates related to leases can be found in Note 1.E.7. For the fiscal year ended June 30, 2022, the District reported lease revenue of $566,702 and interest revenue of $0 related to lease payments received. The lease held by the District does not have an implicit rate of return, therefore the District used the State's incremental borrowing rate of 1.5% to discount the lease revenue to the net present value. The leases reported under GASB 87 contains a termination clause, which requires the lessee or lessor to show cause to terminate the lease.

The annual payments receivable as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest
2022-2023	$ 257,869	$342,835
2023-2024	297,780	338,967
2024-2025	340,451	334,500
2025-2026	386,055	329,393
2026-2027	434,773	323,602
2027-2032	3,027,761	1,503,771
2032-2037	4,838,379	1,225,833
2037-2042	5,619,488	678,306
2042-2045	7,653,081	297,739
Total	$ 22,855,638	$ 5,374,944

As of June 30, 2022, the remaining deferred inflows associated with this lease are $22,446,409.

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds
Transfers to/from other funds at June 30, 2022, consisted of the following:

General Fund transfer to the Cafeteria Fund for service contribution	$ 75,000

NOTE 5 – FUND BALANCES

At June 30, 2022, fund balances of the District's governmental funds were classified as follows:

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 1,000	$ -	$ -	$ -	$ 1,000
Total Nonspendable	1,000	-	-	-	1,000
Restricted:					
Categorical programs	976,481	-	-	123,242	1,099,723
Student activities	-	-	-	2,621	2,621
Capital projects	-	5,401,201	-	242,034	5,643,235
Debt service	-	-	3,718,886	-	3,718,886
Total Restricted	976,481	5,401,201	3,718,886	367,897	10,464,465
Assigned:					
Deferred maintenance program	97,606	-	-	-	97,606
Total Assigned	97,606	-	-	-	97,606
Unassigned:					
Remaining unassigned balances	7,456,378	-	-	-	7,456,378
Total Unassigned	7,456,378	-	-	-	7,456,378
Total	$ 8,531,465	$ 5,401,201	$ 3,718,886	$ 367,897	$ 18,019,449

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Retirements	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	$ 279,448	$ -	$ -	$ 279,448
Total capital assets not being depreciated	279,448	-	-	279,448
Capital assets being depreciated:				
Building & improvements	71,095,475	159,185	-	71,254,660
Improvement of sites	3,398,312	-	-	3,398,312
Equipment & vehicles	604,692	17,667	-	622,359
Total capital assets being depreciated	75,098,479	176,852	-	75,275,331
Less accumulated depreciation:				
Buildings & improvements	(24,829,412)	(2,015,643)	-	(26,845,055)
Improvement of sites	(2,556,778)	(77,316)	-	(2,634,094)
Equipment & vehicles	(277,792)	(85,972)	-	(363,764)
Total accumulated depreciation	(27,663,982)	(2,178,931)	-	(29,842,913)
Total capital assets being depreciated, net	47,434,497	(2,002,079)	-	45,432,418
Governmental activities capital assets, net	$ 47,713,945	$ (2,002,079)	$ -	$ 45,711,866

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2022, were as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 53,551,092	$ -	$ 1,733,138	$ 51,817,954	$ 1,544,986
Accreted interest	6,991,888	599,364	811,862	6,779,390	860,014
Premiums	1,168,301	-	140,398	1,027,903	117,500
Total - Bonds	61,711,281	599,364	2,685,398	59,625,247	2,522,500
Compensated absences	57,648	-	37,252	20,396	-
Early retirement incentive	453,745	-	151,248	302,497	151,248
Total	$ 62,222,674	$ 599,364	$ 2,873,898	$ 59,948,140	$ 2,673,748

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences and early retirement incentives will be paid for by the fund for which the employee worked.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

Election of 2000
An election was held on June 6, 2000, at which more than two-thirds of the voters in the District authorized the issuance and sale of $21.7 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the construction and acquisition of certain real property and improvements for the District.

Election of 2011
On November 8, 2011, an election was held at which registered voters in the District approved by more than 55% of the votes a measure (Measure A), which authorized the District to issue general obligation bonds in the maximum aggregate amount of $26,000,000.

Election of 2014
On June 3, 2014, an election was held at which registered voters in the District approved by more than 55% of the votes a measure (Measure D), which authorizes the District to issue general obligation bonds in the maximum aggregate amount of $19,000,000.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2022 of $905,626 remain to be amortized.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

As of June 30, 2022, the principal balance outstanding on the defeased debt amounted to $18,035,000. The transaction resulted in a total savings of $6,846,906 and in a net present value of savings of $5,367,114.

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
GO Bonds								
2000A	9/13/2000	8/1/2025	4.5%-5.8%	$ 18,000,000	$ 1,551,277	$ -	$ 333,138	$ 1,218,139
2000B	9/1/2005	8/1/2030	3.5%-4.8%	3,699,815	2,999,815	-	-	2,999,815
2012A	2/23/2012	8/1/2021	2.0%-4.25%	26,000,000	280,000	-	280,000	-
2014A	10/14/2014	8/1/2044	3.0%-8.0%	19,000,000	750,000	-	130,000	620,000
Refunding								
2011 Ref	1/27/2011	8/1/2021	2.0%-4.25%	8,135,000	560,000	-	560,000	-
2021A Ref	2/23/2021	8/1/2031	4.0%	7,725,000	7,725,000	-	255,000	7,470,000
2021B Ref	2/23/2021	8/1/2042	0.139%-2.865%	39,685,000	39,685,000	-	175,000	39,510,000
				$ 122,244,815	$ 53,551,092	$ -	$ 1,733,138	$ 51,817,954
				Accreted Interest				
				2000A	$ 3,625,117	$ 280,904	$ 811,862	$ 3,094,159
				2000B	3,366,771	318,460	-	3,685,231
				Total	$ 6,991,888	$ 599,364	$ 811,862	$ 6,779,390
				Premiums				
				2011R	$ 12,615	$ -	$ 12,615	$ -
				2012A	10,281	-	10,281	-
				2014A	25,903	-	6,476	19,427
				2021A	1,119,502	-	111,026	1,008,476
				Total	$ 1,168,301	$ -	$ 140,398	$ 1,027,903

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2022, were as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Total Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022-23	$ 1,220,000	$ 1,243,022	$ 324,986	$ 860,014	$ 1,544,986	$ 2,103,036	$ 3,648,022
2023-24	1,320,000	1,197,198	307,627	882,373	1,627,627	2,079,571	3,707,198
2024-25	1,435,000	1,145,417	297,277	922,723	1,732,277	2,068,140	3,800,417
2025-26	1,590,000	1,084,878	288,248	966,752	1,878,248	2,051,630	3,929,878
2026-27	1,080,000	1,051,081	668,353	1,161,647	1,748,353	2,212,728	3,961,081
2027-2032	7,455,000	4,768,212	2,331,463	5,003,538	9,786,463	9,771,749	19,558,212
2032-2037	12,445,000	3,584,650	-	-	12,445,000	3,584,650	16,029,650
2037-2042	16,980,000	1,806,559	-	-	16,980,000	1,806,559	18,786,559
2042-2045	4,075,000	58,374	-	-	4,075,000	58,374	4,133,374
Total	$ 47,600,000	$ 15,939,392	$ 4,217,954	$ 9,797,046	$ 51,817,954	$ 25,736,438	$ 77,554,392

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2022, for these obligations are shown below.

Fiscal Year	Premium
2022-23	$ 151,248
2023-24	151,249
Total	$ 302,497

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 72,334	$ -	$ -	$ 1,387
MPP Program	101,208	-	-	(9,182)
Total	$ 173,542	$ -	$ -	$ (7,795)

The details of each plan are as follows:

District Plan

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Certificated: Employees become eligible for a District contribution of $250/month towards retiree health based on the following eligibility conditions and benefit duration:

Date of Hire	Minimum Age/Service	Benefits Paid For
Before 11/1/1979	55/10	10 years
11/1/1979 - 10/31/1989	55/10	10 years but not beyond age 65
11/1/1989 - 10/31/1995	55/10	5 years but not beyond age 65
11/1/1995 - 6/30/2000	55/15	5 years but not beyond age 65
After 6/30/2000	Not eligible	Not applicable

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided(continued)

Classified, Administrative and Confidential: Employees become eligible for a District contribution of $250/month towards retiree health based on the following eligibility conditions and benefits duration:

Date of Hire	Minimum Age/Service	Benefits Paid For
Before 6/30/2001	55/10	10 years but not beyond age 65
After 6/30/2001	Not eligible	Not applicable

Retirees may remain on the District's health plans or receive reimbursement for outside coverage upon providing satisfactory proof of eligible expenses. One retired Superintendent is receiving the active cap towards medical insurance until age 65, under an arrangement that is not expected to be repeated in the future.

Employees Covered by Benefit Terms
At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	6
Total	15

Total OPEB Liability
The District's total OPEB liability of $72,334 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

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

Valuation Date	June 30, 2021
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

Discount Rate
The discount rate of 3.54% was based on Bond Buyer 20-Bond General Obligation Index.

Mortality Rates
Mortality rates were based on a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at July 1, 2021	$	103,742
Changes for the year:		
Service cost		1,640
Interest		1,904
Changes of assumptions		(2,157)
Benefit payments		(32,795)
Net changes		(31,408)
Balance at June 30, 2022	$	72,334

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 percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate		OPEB Liability
1% decrease	$	74,214
Current discount rate	$	72,334
1% increase	$	70,453

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	72,334
Current trend rate	$	72,334
1% increase	$	72,334

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
The average of expected remaining lives was rounded to 1.0 for the purpose of determining annual expense and deferral amounts. For the year ended June 30, 2022, the District recognized OPEB expense of $1,387. At June 30, 2022, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit 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, 2020 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit 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.

Total OPEB Liability
At June 30, 2022, the District reported a liability of $101,208 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to 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 and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net OPEB Liability	0.025374%	0.026049%	-0.000675%

For the year ended June 30, 2022, the District reported OPEB expense of $(9,182).

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and
	5.4% for Medicare Part B

Discount Rate
Assumptions were made about future participation (enrollment) into the MPP Program as 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' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

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 our 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 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, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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

Discount Rate	MPP OPEB Liability
1% decrease	$ 111,559
Current discount rate	$ 101,208
1% increase	$ 92,364

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 92,037
Current trend rate	$ 101,208
1% increase	$ 111,722

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated 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, 2022, the District reported 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	$ 7,681,961	$ 3,016,787	$ 7,974,915	$ (737,662)
CalPERS	3,655,179	1,012,647	2,158,877	316,406
Total	$ 11,337,140	$ 4,029,434	$ 10,133,792	$ (421,256)

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. 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, 2020, 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: https://www.calstrs.com/general-information/gasb-6768.

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 non-employer 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, 2022, 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 Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were $1,543,396.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	7,681,961
State's proportionate share of the net pension liability associated with the District		3,865,265
Total	$	11,547,225

The net pension liability was measured as of June 30, 2021. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.016880%	0.017188%	-0.000308%

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of $(737,662). In addition, the District recognized pension expense and revenue of $(673,721) for support provided by the State. At June 30, 2022, 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	$ 1,543,396	$ -
Net change in proportionate share of net pension liability	365,696	1,080,766
Difference between projected and actual earnings on pension plan investments	-	6,076,627
Changes of assumptions	1,088,452	-
Differences between expected and actual experience	19,243	817,522
Total	$ 3,016,787	$ 7,974,915

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 592,970	$ 2,031,615
2024	593,477	1,870,914
2025	111,033	1,704,567
2026	102,543	1,930,765
2027	70,162	210,477
Thereafter	3,207	226,577
Total	$ 1,473,391	$ 7,974,915

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our 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 investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

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

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%)	$ 15,637,722
Current discount rate (7.10%)	7,681,961
1% increase (8.10%)	1,078,830

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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $1,085,624.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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, 2020 annual actuarial valuation report, Schools Pool Accounting Report. 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/employers/actuarial-resources/gasb.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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, 2022, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	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
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were $623,629.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $3,655,179. The net pension liability was measured as of June 30, 2021. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.017975%	0.018319%	-0.000344%

For the year ended June 30, 2022, the District recognized pension expense of $316,406. At June 30, 2022, 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	$ 623,629	$ -
Net change in proportionate share of net pension liability	93,834	561,444
Difference between projected and actual earnings on pension plan investments	186,067	1,588,816
Changes of assumptions	-	-
Differences between expected and actual experience	109,117	8,617
Total	$ 1,012,647	$ 2,158,877

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 4.0 years.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 232,902	$ 595,321
2024	100,498	567,031
2025	55,617	567,031
2026	-	429,494
2027	-	-
Thereafter	-	-
Total	$ 389,018	$ 2,158,877

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the 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 (6.15%)	$ 6,163,146
Current discount rate (7.15%)	3,655,179
1% increase (8.15%)	1,573,029

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2022, the District reported payables of $(1,570) and $11,959 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

NOTE 10 – JOINT VENTURES

The Larkspur-Corte Madera School District participates in two joint ventures under separate joint powers agreements (JPA), with the Marin Schools Insurance Authority (MSIA) and the Marin Pupil Transportation Agency (MPTA). The relationship between the Larkspur-Corte Madera School District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

The Marin Schools Insurance Authority arranges for and provides workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

The Marin Pupil Transportation Agency provides transportation services for students within member district borders through state entitlements and fees paid by member districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Audited financial statements are generally available from the respective entities.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants
The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2022.

C. Long-Term Utility Commitment
On June 17, 2015, the District's board of trustees approved entering into a 20-year power purchase agreement with SH3 Solar, LLC for the delivery of electric power at a set rate. The cost of the power purchase agreement was $350,000. As of June 30, 2022, the unamortized cost of the agreement of $232,750 is shown as a deferred outflow on the Statement of Net Position.

D. Construction Commitments
As of June 30, 2022, the District had no commitments with respect to unfinished capital projects.

NOTE 12 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in the MSIA public entity risk 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.

Workers' Compensation
For fiscal year 2022, the District participated in the MSIA JPA for workers' compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits
The District provides employee medical, dental and basic life insurance benefits through the MSIA public entity risk pool.

NOTE 13 – ADJUSTMENTS FOR RESTATEMENT

The June 30, 2021 Statement of Net Position and Balance Sheet have been restated by $23,422,340 in both the current assets and deferred inflows for the implementation of GASB 87. The total net position and fund balance were not impacted.

Required Supplementary Information

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF sources	$ 13,530,294	$ 14,142,936	$ 13,791,606	$ (351,330)
Federal sources	697,111	846,132	934,412	88,280
Other State sources	1,301,468	1,972,714	2,416,029	443,315
Other local sources	6,370,810	4,606,148	7,075,615	2,469,467
Total Revenues	21,899,683	21,567,930	24,217,662	2,649,732
Expenditures				
Current:				
Certificated Salaries	10,020,982	10,048,147	9,350,857	697,290
Classified Salaries	2,864,298	2,864,456	2,850,469	13,987
Employee Benefits	5,977,522	5,568,197	5,304,545	263,652
Books and Supplies	357,830	350,899	412,945	(62,046)
Services and Other Operating Expenditures	2,069,039	2,371,819	2,544,885	(173,066)
Other outgo	466,592	35,821	479,934	(444,113)
Total Expenditures	21,756,263	21,239,339	20,943,635	295,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,420	328,591	3,274,027	2,945,436
Other Financing Sources and Uses				
Interfund Transfers Out	-	(75,000)	(75,000)	-
All other financing uses	(287)	-	-	-
Total Other Financing Sources and Uses	(287)	(75,000)	(75,000)	-
Net change in Fund Balance	143,133	253,591	3,199,027	2,945,436
Fund Balances, July 1, 2021	4,306,699	5,234,832	5,234,832	-
Fund Balances, June 30, 2022	$ 4,449,832	$ 5,488,423	8,433,859	$ 2,945,436
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			97,606	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 8,531,465	

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0169%	0.0172%	0.0177%	0.0174%
District's proportionate share of the net pension liability	$ 7,681,961	$ 16,656,813	$ 16,006,860	$ 15,959,094
State's proportionate share of the net pension liability associated with the District	3,865,265	8,586,589	8,732,811	9,137,328
Totals	$ 11,547,225	$ 25,243,402	$ 24,739,671	$ 25,096,422
District's covered payroll	$ 9,089,708	$ 8,310,968	$ 9,577,572	$ 9,285,198
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.48%	200.42%	167.13%	171.88%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0171%	0.0170%	0.0190%	0.0190%
District's proportionate share of the net pension liability	$ 15,793,517	$ 13,749,770	$ 12,791,560	$ 11,103,030
State's proportionate share of the net pension liability associated with the District	9,343,311	7,828,651	6,765,307	6,704,556
Totals	$ 25,136,828	$ 21,578,421	$ 19,556,867	$ 17,807,586
District's covered payroll	$ 9,079,801	$ 8,798,593	$ 8,514,022	$ 8,276,594
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.94%	156.27%	150.24%	134.15%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

Notes to Schedule:

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0180%	0.0183%	0.0207%	0.0205%
District's proportionate share of the net pension liability	$ 3,655,179	$ 5,620,787	$ 6,028,941	$ 5,476,411
District's covered payroll	$ 2,707,104	$ 3,578,728	$ 2,856,816	$ 2,726,116
District's proportionate share of the net pension liability as a percentage of its covered payroll	135.02%	157.06%	211.04%	200.89%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0189%	0.0190%	0.0197%	0.0197%
District's proportionate share of the net pension liability	$ 4,514,923	$ 3,752,512	$ 2,903,800	$ 2,236,430
District's covered payroll	$ 2,417,720	$ 2,283,430	$ 2,190,298	$ 2,064,796
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.74%	164.34%	132.58%	108.31%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Pension Contributions-CalSTRS

For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 1,543,396	$ 1,467,988	$ 1,421,176	$ 1,559,229
Contributions in relation to the contractually required contribution	1,543,396	1,467,988	1,421,176	1,559,229
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,121,723	$ 9,089,708	$ 8,310,968	$ 9,577,572
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 1,339,854	$ 1,142,239	$ 944,089	$ 756,045
Contributions in relation to the contractually required contribution	1,339,854	1,142,239	944,089	756,045
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,285,198	$ 9,079,801	$ 8,798,593	$ 8,514,022
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Pension Contributions-CalPERS

For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 623,629	$ 533,868	$ 705,761	$ 515,998
Contributions in relation to the contractually required contribution	623,629	533,868	705,761	515,998
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,722,082	$ 2,707,104	$ 3,578,728	$ 2,856,816
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 423,393	$ 335,773	$ 270,518	$ 257,820
Contributions in relation to the contractually required contribution	423,393	335,773	270,518	257,820
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,726,116	$ 2,417,720	$ 2,283,430	$ 2,190,298
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

Employer's Fiscal Year	2021-22	2020-21	2019-20	2018-19	2017-18
Measurement Period	2021-22	2020-21	2019-20	2018-19	2017-18
Total OPEB liability					
Service cost	$ 1,640	$ 912	$ 885	$ 2,065	$ 2,099
Interest	1,904	2,437	3,044	6,685	7,204
Changes of benefit terms	-	-	-	-	104
Differences between expected and actual experience	-	8,370	(13,966)	(5,676)	-
Changes of assumptions or other inputs	(2,157)	(2,233)	4,983	1,962	(1,426)
Benefit payments	(32,795)	(32,145)	(30,023)	(31,500)	(36,000)
Net change in total OPEB liability	(31,408)	(22,659)	(35,077)	(26,464)	(28,019)
Total OPEB liability - beginning	103,742	126,401	161,478	187,942	215,961
Total OPEB liability - ending	$ 72,334	$ 103,742	$ 126,401	$ 161,478	$ 187,942
Covered-employee payroll	$ 12,201,326	$ 12,578,338	$ 12,241,691	$ 16,656,542	$ 16,171,400
Total OPEB liability as a percentage of covered-employee payroll	0.6%	0.8%	1.03%	0.97%	1.16%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

Employer's Fiscal Year Measurement Period	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
District's proportion of net OPEB liability	0.0254%	0.0260%	0.0274%	0.0273%	0.0272%
District's proportionate share of net OPEB liability	$ 101,208	$ 110,390	$ 102,008	$ 104,520	$ 114,352
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* 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 adoptions 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.

This schedule presents 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.

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.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS and CalPERS.

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District 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.

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, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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. 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.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

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Supplementary Information

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The Larkspur-Corte Madera School District was established in 1895. The District operates two elementary schools and one middle school, and serves the Corte Madera and Larkspur communities in Marin County, California. There were no changes to the District's boundaries during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Annie Sherman	President	December, 2024
Eric Schmautz	Vice President	December, 2024
Monica Canas	Clerk	December, 2022
Amir Movafaghi	Trustee	December, 2022
Sarah Mueller	Trustee	December, 2022

DISTRICT ADMINISTRATORS

Dr. Brett Geithman,
Superintendent

Paula Rigney,
Chief Business Official

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2022

As Reported to CDE

	Second Period Report	Annual Report
Regular & Extended Year ADA:		
Grades TK-3	528.94	527.27
Grades 4-6	447.64	442.58
Grades 7-8	318.37	316.49
Total Regular & Extended Year ADA	1,294.95	1,286.34
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 4-6	0.95	0.88
Grades 7-8	3.22	3.22
Total Special Education, Nonpublic, Nonsectarian Schools	4.17	4.10
Total ADA	1,299.12	1,290.44

As Audited

	Second Period Report	Annual Report
Regular & Extended Year ADA:		
Grades TK-3	521.16	518.93
Grades 4-6	442.70	437.24
Grades 7-8	317.00	314.79
Total Regular & Extended Year ADA	1,280.86	1,270.96
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 4-6	0.87	0.88
Grades 7-8	3.15	3.03
Total Special Education, Nonpublic, Nonsectarian Schools	4.02	3.91
Total ADA	1,284.88	1,274.87

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2022

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	50,178	180	Complied
Grade 1	50,400	56,535	180	Complied
Grade 2	50,400	56,535	180	Complied
Grade 3	50,400	56,535	180	Complied
Grade 4	54,000	56,535	180	Complied
Grade 5	54,000	56,535	180	Complied
Grade 6	54,000	62,124	180	Complied
Grade 7	54,000	62,124	180	Complied
Grade 8	54,000	62,124	180	Complied

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2022

General Fund	(Budget) 2023 [2]	2022	2021	2020
Revenues and other financing sources	$ 22,875,938	$ 24,217,662	$ 23,159,436	$ 21,169,370
Expenditures	23,318,596	20,943,635	20,380,403	20,203,162
Other uses and transfers out	-	75,000	18,287	-
Total outgo	23,318,596	21,018,635	20,398,690	20,203,162
Change in fund balance (deficit)	(442,658)	3,199,027	2,760,746	966,208
Ending fund balance	$ 7,991,201	$ 8,433,859	$ 5,234,832	$ 2,474,086
Available reserves [1]	$ 7,151,691	$ 7,456,378	$ 5,107,194	$ 2,294,291
Available reserves as a percentage of total outgo	30.7%	35.5%	25.0%	11.4%
Total long-term debt	$ 68,611,532	$ 71,285,280	$ 84,714,406	$ 84,750,044
Average daily attendance at P-2	1,300	1,299	N/A	1,481

The General Fund balance has increased by approximatley $6.0 million over the past two years. The fiscal year 2022-23 adopted budget projects a decrease of $0.4 million For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, but anticipates incurring an operating deficit during the 2022-23 fiscal year. Long-term debt has decreased by $13.5 million over the past two years.

Average daily attendance decreased by 182 ADA in 2021-22 compared to fiscal year 2019-20. Budgeted ADA for fiscal year 2022-23 is 1,300.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget September, 2022.

	General Fund
June 30, 2022, annual financial and budget report fund balance	$ 9,227,168
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
To correct recoding of federal and state revenue:	
lottery accounts receivable understated	34,375
ESSER revenue (res 3212) understated	30,056
ESSER revenue (res 3214) overstated	(72,035)
ESSER revenue (res 3213) overstated	(199,550)
Universal Prekinder Revenue overstated	(121,308)
Preventing School Violence grant revenue overstated	(874,076)
Implementation of GASB 87	409,229
June 30, 2022, annual financial and budget report fund balance	$ 8,433,859

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
National School Lunch Program	10.555	13391		$ 368,585
COVID-19 Pandemic EBT Local Administrative Grant	10.649	15644		614
Total U.S. Department of Agriculture				369,199
U.S. Department of Justice:				
Preventing School Violence	16.839	N/A		26,814
Total U.S. Department of Justice				26,814
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Low Income and Neglected	84.010	14329		50,142
Title II, Part A, Supporting Effective Instruction	84.367	14341		22,663
English Language Acquisition State Grants				
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	12,103	
Title III, Immigrant Education Program	84.365	15299	12,447	
Total English Language Acquisition State Grants				24,550
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		10,000
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	6	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	29,898	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	101,789	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	3,300	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	127,977	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	29,372	
ELO Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	83,426	
ELO Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	143,813	
Subtotal Education Stabilization Fund				519,581
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster, passed through the Marin County SELPA:				
Basic Local Assistance Entitlement, Part B	84.027	13379	215,242	
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	10,867	
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	54,553	
Total Special Education (IDEA) Cluster				280,662
Total U.S. Department of Education				907,598
Total Expenditures of Federal Awards				$ 1,303,611

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

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
This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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.

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 Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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Other Independent Auditors' Reports

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

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2022.

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 may exist that have not been identified.
.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Nigro & Nigro, PC

Murrieta, California
November 17, 2022

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

Report on Compliance for Each Major Federal Program
We have audited the Larkspur-Corte Madera School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Larkspur-Corte Madera School District's major federal programs for the year ended June 30, 2022. The Larkspur-Corte Madera School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Larkspur-Corte Madera School District compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Larkspur-Corte Madera School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Larkspur-Corte Madera School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Larkspur-Corte Madera School District's federal program.

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Auditors' 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 Larkspur-Corte Madera School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, 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 Larkspur-Corte Madera School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Larkspur-Corte Madera School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Larkspur-Corte Madera School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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.

Nigro & Nigro, PC

Murrieta, California
November 17, 2022

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

Report on Compliance

Opinion
We have audited the Larkspur-Corte Madera School District's (District) compliance with the requirements specified in the *2021-22 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, 2022.

In our opinion, Larkspur-Corte Madera School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

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, and the *2021-22 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 Larkspur-Corte Madera School District's state programs.

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Auditors' 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 2021-22 *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 *2021-22 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 *2021-22 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:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as Not Applicable were not operated by the District.

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 in the audit.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance an, accordingly, we express no opinion on the response.

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, 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 identity 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 17, 2022

Schedule of Findings and Questioned Costs

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Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	No

Identification of major programs:

AL Number	Name of Federal Program or Cluster
84.425U, 84.425C, 84.425D	COVID-19 Education Stabilization Fund

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

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified
Noncompliance for state programs noted?	Yes

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2021-22.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including recommendations).

There were no federal award findings or recommendations in 2021-22.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-001: INDEPENDENT STUDY (10000)

Criteria: Pursuant to Education Code section 51744 - 51749.6, every written independent study agreement is required to contained the following required elements:

1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.

2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work

3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)

4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work.

5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code section 51747:
   A. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
   B. The level of satisfactory educational progress as defined in Education Code Section 51747(b)(2)(A)-(D); and
   C. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.

6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year

7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion

8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-001: INDEPENDENT STUDY (10000) (continued)

Criteria (continued)
Signatures must be affixed prior to the commencement no later than 30 days after the first day of independent study instruction or October 15, whichever date comes later, by the pupil; the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years old; the certificated employee who has been designated as having responsibility for the general supervision of independent study; and all other persons, if any, who had direct responsibility for providing assistance to the pupil.

Attendance records must be supported by the teacher's register, record of the pupil's work completed, and the corresponding work assignment record. Pupil work samples must be retained in the file.

The LEA must document each pupil's participation in live interaction and synchronous instruction pursuant to Education Code section 51747.5(c) and maintain written or computer-based evidence of each pupil's engagement, that includes, but is not limited to, a grade book or summary document that, for each class, list all assignments, assessment, and associated grades.

Condition: During testing of independent study attendance, we noted the following issues:

- At Hall Middle, two of the four contracts tested were not signed timely by all parties, and none of the tested contracts had work samples or written or computer-based evidence of each pupil's engagement, that includes a grade book or summary document that, for each class, list all assignments, assessment, and associated grades. In addition, one contract was for 15+ days but no synchronous tracking was maintained.
- At Cove, none of the five contracts tested were signed timely by all required parties, and one contract was for 15+ days but no synchronous tracking was maintained.
- At all sites it was noted that independent study contracts were missing required elements. Although there were several different contract versions in use, all contracts were missing at least five or more of the elements listed below:
    - Manner of reporting, frequency of meeting, time of event, place of reporting and for communicating with a pupil's parent or guardian regarding a pupil's academic progress
    - Major objectives of the course of study
    - Specific resources, including materials and personnel, to be made available by the District Shall include confirming or providing access to the connectivity and devices adequate to participate in the program and complete work.
    - The number of assignments a pupil may miss before there must be an evaluation of whether independent study is in the pupil's best interest
    - The level of satisfactory educational progress
    - A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas
    - Statement that independent study is a voluntary program

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-001: INDEPENDENT STUDY (10000) (continued)

- It was further noted that all sites were still operating distance learning programs during 2021-22. Synchronous instruction was being provided but no independent study agreements were on file for these days of attendance.

The total ADA by grade span for non-compliant independent study and distance learning is summarized below:

	Second Period Report	Annual Report	Amount
Regular & Extended Year ADA:			
Grades TK-3	7.78	8.34	$ 71,222
Grades 4-6	4.94	5.34	41,579
Grades 7-8	1.37	1.70	11,872
Total ADA	14.09	15.38	$ 124,673

Context: Errors were noted at all sites throughout the 2021-22 school year.

Cause: The District was unaware of the compliance requirements surrounding independent study.

Effect: The calculation based on derived value of ADA totals a loss of apportionment of $124,673. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Recommendation: We recommend that all independent study contracts be updated to reflect all required elements. We further recommend establishing a process to oversee independent study contracts and monitor the requirements surrounding, signatures, work samples, and synchronous tracking. Finally, the District should discontinue the practice of offering distance learning styled instruction without obtaining a valid independent study contract

Views of Responsible Officials: The District was unaware of the requirement changes surrounding independent study, but was focused on providing instruction. The District will revise contracts and policies related to independent study to ensure compliance with current educational code.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-002: ATTENDANCE ACCOUNTING (10000)

Criteria: California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter.

Condition: During our review of ADA totals reported by the District to CDE, we noted the following misstatements:

- Based on our recalculation, the District overstated ADA reported on the P-2 Report of Attendance (Line A-3) by 0.08 ADA in grades 4-6 and by 0.07 in grades 7-8.
- Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-3) by 0.19 in grades 7-8.

Effect: The calculation based on derived value of ADA indicates a loss of apportionment of $673. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Context: Errors were noted on the P2 and Annual reports.

Cause: The District utilized an incorrect non-public school divisor in the calculation of the attendance. The District noted this error during the audit process, and attempted to make revisions but was unable to do so because of a closure in the reporting window.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Views of Responsible Officials: As stated above, the District attempted to make revisions but the California Department of Education (CDE) did not permit revisions at the time the error was noted. The District will continue to monitor attendance changes and implement checks and balances throughout the reporting periods.

There were no findings or recommendations in 2020-21.

To the Board of Trustees
Larkspur-Corte Madera School District
Larkspur, California

In planning and performing our audit of the basic financial statements of Larkspur-Corte Madera School District for the year ending June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 17, 2022, on the financial statements of Larkspur-Corte Madera School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: At Hall Middle, none of the 7 expenditures we selected for testing were properly pre-approved; the final signature was not obtained until after the purchase was made.

> **Recommendation:** Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a best practice, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

Observation: At Hall Middle, neither receipt we sampled had adequate supporting documentation. Without adequate supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account.

> **Recommendation:** Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Observation: We reviewed bank reconciliations for the ASB and noted that none of the reconciliations were signed or dated and therefore we could not determine if they were performed timely or reviewed by a second party.

> **Recommendation:** Bank reconciliations should be performed within two weeks of the receipt of the bank statement and checks older than six months should be investigated and canceled, if appropriate. Principals or District employees who review monthly bank reconciliations should inquire about any uncleared deposits that are more than a week old or any stale dated uncleared checks that are more than six months old.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
November 17, 2022