LARKSPUR-CORTE MADERA SCHOOL DISTRICT

MARIN COUNTY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2021

NIGRO & NIGRO PC

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2021
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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 Financial Statements
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District, as of June 30, 2021, 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.

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

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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. 84, *Fiduciary Activities*. Accordingly, the beginning net position on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 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.

Other 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The supplementary information on pages 58 to 61 and the schedule of expenditures of federal awards on page 61 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 57 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 16, 2021, 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 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
December 16, 2021

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, 2021. 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 $3.3 million.
- Overall revenues were $29.2 million.
- The total cost of the basic programs was $25.9 million. Because a portion of these costs were paid for with charges, fees and intergovernmental aid, the net cost that required taxpayer funding was $19.7 million.
- The District decreased its outstanding long-term debt other than pensions by $0.3 million.
- Governmental funds increased by $4.5 million, or 42.1%.
- Reserves for the General Fund increased by $2.8 million, or 122.6%. Revenues were $23.2 million and expenditures were $20.4 million.

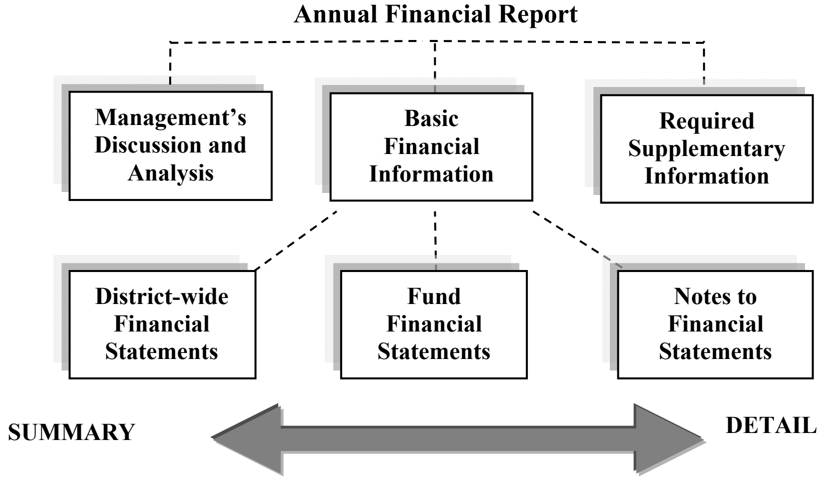
OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2021, than it was the year before – increasing 15.5% to $(17.9) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2021	2020*	
Current assets	$ 16,689,054	$ 14,755,832	$ 1,933,222
Capital assets	47,713,945	49,489,894	(1,775,949)
Total assets	64,402,999	64,245,726	157,273
Total deferred outflows	6,697,240	6,163,380	533,860
Current liabilities	1,769,896	4,760,783	(2,990,887)
Long-term liabilities	62,436,806	62,714,243	(277,437)
Net pension liability	22,277,600	22,035,801	241,799
Total liabilities	86,484,302	89,510,827	(3,026,525)
Total deferred inflows	2,555,880	2,118,924	436,956
Net Position			
Net investment in capital assets	(6,993,106)	(5,152,879)	(1,840,227)
Restricted	10,097,385	8,374,500	1,722,885
Unrestricted	(21,044,222)	(24,442,266)	3,398,044
Total net position	$ (17,939,943)	$ (21,220,645)	$ 3,280,702

**As restated*

Changes in net position, governmental activities. The District's total revenues increased 16.5% to $29.2 million (See Table A-2). The increase is due primarily to state and federal COVID-related grants and increased property tax revenue.

The total cost of all programs and services increased 0.8% to $25.9 million. The District's expenses are predominantly related to educating and caring for students, 64.3%. The purely administrative activities of the District accounted for just 7.3% of total costs. A significant contributor to the increase in costs was spending down state and federal COVID-related grants.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2021	Governmental Activities 2020	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 35,396	$ 144,825	$ (109,429)
Operating grants & contributions	4,308,864	3,315,840	993,024
Capital grants & contributions	1,867,327	1,431,433	435,894
General Revenues:			
Property taxes	20,122,881	14,409,463	5,713,418
Federal & state aid	1,706,835	4,595,451	(2,888,616)
Interest & investment earnings	16,530	69,738	(53,208)
Miscellaneous and interagency	1,103,394	1,057,050	46,344
Total Revenues	29,161,227	25,023,800	4,137,427
Expenses:			
Instruction	15,215,155	15,202,530	12,625
Pupil services	1,413,440	1,412,143	1,297
Administration	1,878,153	2,077,468	(199,315)
Plant services	2,398,449	2,119,912	278,537
All other activities	4,975,328	4,855,513	119,815
Total Expenses	25,880,525	25,667,566	212,959
Increase (decrease) in net position	$ 3,280,702	$ (643,766)	$ 3,924,468
Total Net Position	$ (17,939,943)	$ (21,220,645)	

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 $15.3 million, which is above last year's ending fund balance of $10.8 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, 2020*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
Fund					
General Fund	$ 2,474,086	$ 23,159,436	$ 20,380,403	$ (18,287)	$ 5,234,832
Student Activity Fund	13,265	1,802	9,042	-	6,025
Cafeteria Fund	67,555	116,264	145,556	18,000	56,263
Deferred Maintenance Fund	94,476	667	(2,400)	-	97,543
Building Fund	12,223	119	-	-	12,342
Capital Facilities Fund	144,616	34,678	4,561	-	174,733
County School Facilities Fund	5,227,095	1,867,327	781,874	-	6,312,548
Bond Interest and Redemption Fund	2,743,174	4,511,410	4,190,585	357,179	3,421,178
	$ 10,776,490	$ 29,691,703	$ 25,509,621	$ 356,892	$ 15,315,464

**As restated*

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 – increased by $3.3 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $0.6 million due to revised staffing estimates.
- Other non-personnel costs – increased $0.8 million to revise operation cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $2.2 million, the actual results for the year show that revenues exceeded expenditures by roughly $2.8 million. Actual revenues were $0.7 million less than anticipated, and expenditures were $1.3 million less than budgeted. That amount consists primarily of restricted program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020-21 the District had obtained $0.3 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 $2.1 million.

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

	Governmental Activities		Variance
	2021	**2020**	**Increase (Decrease)**
Land	$ 279,448	$ 279,448	$ -
Building & improvements	46,266,063	47,961,345	(1,695,282)
Improvement of sites	841,534	918,850	(77,316)
Equipment & vehicles	326,900	330,251	(3,351)
Total	$ 47,713,945	$ 49,489,894	$ (1,775,949)

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had $62.4 million in long-term debt other than pensions – a decrease of 0.4% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

	Governmental Activities 2021	Governmental Activities 2020	Variance Increase (Decrease)
General obligation bonds	$ 61,711,281	$ 61,778,180	$ (66,899)
Compensated absences	57,648	102,661	(45,013)
Early retirement incentive	453,745	604,993	(151,248)
Other post employment benefits	214,132	228,409	(14,277)
Total	$ 62,436,806	$ 62,714,243	$ (277,437)

Net pension liability increased during the year by $0.2 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature Passed a Final Budget Package on June 28, 2021. The final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly $21 billion in total reserves. This consists of: (1) $15.8 billion in the Budget Stabilization Account (BSA), (2) $4 billion in Special Fund for Economic Uncertainties, 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, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $4.5 billion under the spending plan.

Budget Also Commits $27 Billion in ARP Fiscal Relief Funds

The ARP included $350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about $27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

Significant Increase in School and Community College Funding

Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up $22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional $309 million (0.3 percent) relative to the revised 2020-21 level.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Makes Required Reserve Deposit, Pays Down Deferrals, 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 June 2021 budget plan, the total required deposit is $4.5 billion—$1.9 billion in 2020-21 and $2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is $12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten

Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately $2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

Meanwhile, the new Delta variant continues to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the Larkspur-Corte Madera School District budget for the 2021-22 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, 2021

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 15,396,022
Accounts receivable	1,293,032
Capital assets:	
Non-depreciable assets	279,448
Depreciable assets	75,098,479
Less accumulated depreciation	(27,663,982)
Total assets	64,402,999
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	5,477,419
Unamortized power purchase costs	249,375
Deferred amounts on refunding	970,446
Total deferred outflows of resources	6,697,240
LIABILITIES	
Accounts payable	1,747,749
Unearned revenue	22,147
Long-term liabilities other than pensions:	
Portion due or payable within one year	2,836,646
Portion due or payable after one year	59,600,160
Net pension liability	22,277,600
Total liabilities	86,484,302
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	2,555,880
NET POSITION	
Net investment in capital assets	(6,993,106)
Restricted for:	
Capital projects	6,487,281
Debt service	3,421,178
Categorical programs	182,901
Student activity	6,025
Unrestricted	(21,044,222)
Total net position	$ (17,939,943)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2021

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	$ 13,130,324	$ 22,563	$ 3,081,964	$ 1,867,327	$ (8,158,470)
Instruction-Related Services:					
Supervision of instruction	161,412	-	41,630	-	(119,782)
Instructional library, media and technology	377,125	-	214,578	-	(162,547)
School site administration	1,546,294	-	72,637	-	(1,473,657)
Pupil Support Services:					
Home-to-school transportation	36,771	-	396	-	(36,375)
Food services	153,074	-	116,264	-	(36,810)
All other pupil services	1,223,595	10,885	531,196	-	(681,514)
General Administration Services:					
Data processing services	51,719	-	-	-	(51,719)
Other general administration	1,826,434	-	59,358	-	(1,767,076)
Plant services	2,398,449	131	89,557	-	(2,308,761)
All other activities	47,172	1,817	21,436	-	(23,919)
Interest on long-term debt	2,516,037	-	-	-	(2,516,037)
Other outgo	313,951	-	79,848	-	(234,103)
Depreciation (unallocated)	2,098,168	-	-	-	(2,098,168)
Total Governmental Activities	$ 25,880,525	$ 35,396	$ 4,308,864	$ 1,867,327	(19,668,938)

General Revenues:	
Property taxes	20,122,881
Federal and state aid not restricted to specific purpose	1,706,835
Interest and investment earnings	16,530
Miscellaneous	1,103,394
Total general revenues	22,949,640
Change in net position	3,280,702
Net position - July 1, 2020, as originally stated	(21,233,910)
Restatement - change in accounting principle (Note 12)	13,265
Net position - July 1, 2020, as restated	(21,220,645)
Net position - June 30, 2021	$ (17,939,943)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 5,410,186	$ 6,322,575	$ 3,421,178	$ 242,083	$ 15,396,022
Accounts receivable	1,285,134	-	-	7,898	1,293,032
Total Assets	$ 6,695,320	$ 6,322,575	$ 3,421,178	$ 249,981	$ 16,689,054
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 1,340,798	$ 10,027	$ -	$ 618	$ 1,351,443
Unearned revenue	22,147	-	-	-	22,147
Total Liabilities	1,362,945	10,027	-	618	1,373,590
Fund Balances					
Nonspendable	1,000	-	-	-	1,000
Restricted	126,638	6,312,548	3,421,178	249,363	10,109,727
Assigned	97,543	-	-	-	97,543
Unassigned	5,107,194	-	-	-	5,107,194
Total Fund Balances	5,332,375	6,312,548	3,421,178	249,363	15,315,464
Total Liabilities and Fund Balances	$ 6,695,320	$ 6,322,575	$ 3,421,178	$ 249,981	$ 16,689,054

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds			$ 15,315,464
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:	75,377,927	
	Accumulated depreciation:	(27,663,982)	
	Net:		47,713,945
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(22,277,600)
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:			970,446
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:			249,375
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	5,477,419	
	Deferred inflows of resources	(2,555,880)	2,921,539
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	61,711,281	
	Other postemployment benefits payable	214,132	
	Early Retirement Incentive	453,745	
	Compensated absences payable	57,648	(62,436,806)
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:			(396,306)
Total net position - governmental activities			$ (17,939,943)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 13,572,586	$ -	$ -	$ -	$ 13,572,586
Federal sources	992,853	-	-	109,445	1,102,298
Other state sources	2,310,683	1,831,782	15,820	6,452	4,164,737
Other local sources	6,283,981	35,545	4,495,590	36,966	10,852,082
Total Revenues	23,160,103	1,867,327	4,511,410	152,863	29,691,703
EXPENDITURES					
Current:					
Instruction	13,403,854	-	-	-	13,403,854
Instruction-Related Services:					
Supervision of instruction	167,422	-	-	-	167,422
Instructional library, media and technology	336,067	-	-	-	336,067
School site administration	1,494,516	-	-	-	1,494,516
Pupil Support Services:					
Home-to-school transportation	36,771	-	-	-	36,771
Food services	-	-	-	145,556	145,556
All other pupil services	1,210,712	-	-	-	1,210,712
Ancillary services	32,186	-	-	9,042	41,228
General Administration Services:					
Data processing services	51,719	-	-	-	51,719
Other general administration	1,774,151	-	-	-	1,774,151
Plant services	1,556,654	614,652	-	4,561	2,175,867
Capital outlay	-	167,222	-	-	167,222
Intergovernmental transfers	313,951	-	-	-	313,951
Debt service:					
Principal	-	-	1,211,080	-	1,211,080
Interest	-	-	2,622,326	-	2,622,326
Issuance costs	-	-	357,179	-	357,179
Total Expenditures	20,378,003	781,874	4,190,585	159,159	25,509,621
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,782,100	1,085,453	320,825	(6,296)	4,182,082
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	18,000	18,000
Interfund transfers out	(18,000)	-	-	-	(18,000)
Issuance of debt - refunding bonds	-	-	47,410,000	-	47,410,000
Premiums on debt issuance	-	-	1,156,510	-	1,156,510
Transfer to escrow agent for defeased debt	-	-	(48,209,331)	-	(48,209,331)
All other financing sources (uses)	(287)	-	-	-	(287)
Total Other Financing Sources and Uses	(18,287)	-	357,179	18,000	356,892
Net Change in Fund Balances	2,763,813	1,085,453	678,004	11,704	4,538,974
Fund Balances, July 1, 2020, as originally stated	2,568,562	5,227,095	2,743,174	224,394	10,763,225
Adjustments for Restatement (Note 12)	-	-	-	13,265	13,265
Fund Balances, July 1, 2020, as restated	2,568,562	5,227,095	2,743,174	237,659	10,776,490
Fund Balances, June 30, 2021	$ 5,332,375	$ 6,312,548	$ 3,421,178	$ 249,363	$ 15,315,464

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, 2021

Total net change in fund balances - governmental funds			$ 4,538,974
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	149,419	
	Depreciation expense:	(2,098,168)	
	Net:		(1,948,749)
In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increasesto capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:			172,800
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:			(48,566,510)
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 was:			46,671,080
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:			131,296
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:			1,831,033
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.			893,584
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:			385,135
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:			(1,021,854)
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:			45,013
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:			14,277
Change in net position of governmental activities			$ 3,280,702

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, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental* and *fiduciary* - 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 assets (other than those financed by proprietary funds and trust funds).

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. 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.

8. 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.

9. 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)

10. 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.

I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

1. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

   This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

   For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

1. In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

2. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period.

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

   As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

   This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

3. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

   - The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
   - Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
   - The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, as amended, to reporting assets accumulated for postemployment benefits
   - The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
   - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
   - Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
   - Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
   - Terminology used to refer to derivative instruments

   The requirements of this Statement are effective as follows:

   - The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
   - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
   - The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
   - The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

   Earlier application is encouraged and is permitted by topic.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

   The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Governmental funds/activities	$ 15,396,022

Deposits and investments as of June 30, 2021 consist of the following:

Cash on hand and in banks	$ 6,025
Cash in revolving fund	1,000
Investments	15,388,997
Total deposits and investments	$ 15,396,022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2021, 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.

As of June 30, 2021, 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, 2021, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 15,388,997	$ 15,388,997	$ -	uncategorized	N/A

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2021, 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, 2021, 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 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal Government:			
Categorical aid programs	$ 423,230	$ 7,393	$ 430,623
State Government:			
LCFF	1,162	-	1,162
Lottery	102,411	-	102,411
Child Nutrition	-	505	505
Categorical aid programs	69,877	-	69,877
Local:			
Other local	688,454	-	688,454
Total	$ 1,285,134	$ 7,898	$ 1,293,032

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds
Transfers to/from other funds at June 30, 2021, consisted of the following:

General Fund transfer to the Cafeteria Fund for service contribution	$ 18,000

NOTE 5 – FUND BALANCES

At June 30, 2021, 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	126,638	-	-	56,263	182,901
Student activities	-	-	-	6,025	6,025
Capital projects	-	6,312,548	-	187,075	6,499,623
Debt service	-	-	3,421,178	-	3,421,178
Total Restricted	126,638	6,312,548	3,421,178	249,363	10,109,727
Assigned:					
Deferred maintenance program	97,543	-	-	-	97,543
Total Assigned	97,543	-	-	-	97,543
Unassigned:					
Remaining unassigned balances	5,107,194	-	-	-	5,107,194
Total Unassigned	5,107,194	-	-	-	5,107,194
Total	$ 5,332,375	$ 6,312,548	$ 3,421,178	$ 249,363	$ 15,315,464

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance, July 1, 2020	Additions	Retirements	Balance, June 30, 2021
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	70,812,328	283,147	-	71,095,475
Improvement of sites	3,398,312	-	-	3,398,312
Equipment & vehicles	589,973	39,072	24,353	604,692
Total capital assets being depreciated	74,800,613	322,219	24,353	75,098,479
Less accumulated depreciation:				
Buildings & improvements	(22,850,983)	(1,978,429)	-	(24,829,412)
Improvement of sites	(2,479,462)	(77,316)	-	(2,556,778)
Equipment & vehicles	(259,722)	(42,423)	(24,353)	(277,792)
Total accumulated depreciation	(25,590,167)	(2,098,168)	(24,353)	(27,663,982)
Total capital assets being depreciated, net	49,210,446	(1,775,949)	-	47,434,497
Governmental activities capital assets, net	$ 49,489,894	$ (1,775,949)	$ -	$ 47,713,945

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 52,812,172	$ 47,410,000	$ 46,671,080	$ 53,551,092	$ 1,733,138
Accreted interest	7,123,184	632,624	763,920	6,991,888	811,862
Premiums	1,842,824	1,156,510	1,831,033	1,168,301	140,398
Total - Bonds	61,778,180	49,199,134	49,266,033	61,711,281	2,685,398
Compensated absences	102,661	-	45,013	57,648	-
Early retirement incentive	604,993	-	151,248	453,745	151,248
Other postemployment benefits	228,409	20,101	34,378	214,132	-
Total	$ 62,714,243	$ 49,219,235	$ 49,496,672	$ 62,436,806	$ 2,836,646

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

NOTE 7 – LONG-TERM DEBT OTHER THAN 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.

2021 General Obligation Refunding Bonds
on February 23, 2021, the District issued $7,725,000 of Series A and $39,685,000 of Series B General Obligation Refunding Bonds. Series A bears a fixed interest rate of 4.0% and Series B bears fixed interest rates ranging between 0.139% and 2.865% with annual maturities from August 1, 2021 through August 1, 2042. The net proceeds of $47,140,000 (after issuance costs and underwriter's discount) were used to prepay a portion of the 2011 General Obligation Refunding Bonds, the 2011 Series A General Obligation Bonds, and of the 2014 Series A General Obligation Bonds, and to pay costs of issuance of the refunding bonds.

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, 2021 of $970,446 remain to be amortized.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

As of June 30, 2021, the principal balance outstanding on the defeased debt amounted to $45,460,000. 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, 2020	Additions	Deductions	Refunding	Balance, June 30, 2021
GO Bonds									
2000A	9/13/2000	8/1/2025	4.5%-5.8%	$ 18,000,000	$ 1,892,357	$ -	$ 341,080	$ -	$ 1,551,277
2000B	9/1/2005	8/1/2030	3.5%-4.8%	3,699,815	2,999,815	-	-	-	2,999,815
2012A	2/23/2012	8/1/2042	2.0%-4.25%	26,000,000	25,520,000	-	225,000	25,015,000	280,000
2014A	10/14/2014	8/1/2044	3.0%-8.0%	19,000,000	18,880,000	-	95,000	18,035,000	750,000
Refunding									
2011 Ref	1/27/2011	8/1/2025	2.0%-4.25%	8,135,000	3,520,000	-	550,000	2,410,000	560,000
2021A Ref	2/23/2021	8/1/2031	4.0%	7,725,000	-	7,725,000	-	-	7,725,000
2021B Ref	2/23/2021	8/1/2042	0.139%-2.865%	39,685,000	-	39,685,000	-	-	39,685,000
				$ 122,244,815	$ 52,812,172	$ 47,410,000	$ 1,211,080	$ 45,460,000	$ 53,551,092
				Accreted Interest					
				2000A	$ 4,059,704	$ 329,333	$ 763,920	$ -	$ 3,625,117
				2000B	3,063,480	303,291	-	-	3,366,771
				Total	$ 7,123,184	$ 632,624	$ 763,920	$ -	$ 6,991,888
				Premiums					
				2011R	$ 80,000	$ -	$ 12,613	$ 54,772	$ 12,615
				2012A	1,039,364	-	10,284	1,018,799	10,281
				2014A	723,460	-	6,476	691,081	25,903
				2021A	-	1,156,510	37,008	-	1,119,502
				Total	$ 1,842,824	$ 1,156,510	$ 66,381	$ 1,764,652	$ 1,168,301

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2021, were as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Total Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021-22	$ 1,400,000	$ 1,126,905	$ 333,138	$ 811,862	$ 1,733,138	$ 1,938,767	$ 3,671,905
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
2026-2031	6,500,000	4,951,415	2,999,816	6,165,185	9,499,816	11,116,600	20,616,416
2031-2036	11,670,000	3,846,379	-	-	11,670,000	3,846,379	15,516,379
2036-2041	15,965,000	2,242,122	-	-	15,965,000	2,242,122	18,207,122
2041-2045	7,900,000	228,960	-	-	7,900,000	228,960	8,128,960
Total	$ 49,000,000	$ 17,066,296	$ 4,551,092	$ 10,608,909	$ 53,551,092	$ 27,675,205	$ 81,226,297

NOTE 7 – LONG-TERM DEBT OTHER THAN 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, 2021, for these obligations are shown below.

Fiscal Year	Premium
2021-22	$ 151,248
2022-23	151,248
2023-24	151,249
Total	$ 453,745

C. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, 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	$ 103,742	$ -	$ -	$ 9,486
MPP Program	110,390	-	-	8,382
Total	$ 214,132	$ -	$ -	$ 17,868

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 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability (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 $103,742 for the Plan was measured as of June 30, 2021 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
Retirees' share of benefit-related costs	Retirees pay the balance of the premium after the District percentage that depends on classification, year of hire, and years of service at retirement.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Discount Rate
The discount rate of 2.16% 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	$ 126,401
Changes for the year:	
Service cost	912
Interest	2,437
Differences between expected and actual experience	8,370
Changes of assumptions	(2,233)
Benefit payments	(32,145)
Net changes	(22,659)
Balance at June 30, 2021	$ 103,742

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	$ 105,086
Current discount rate	$ 103,742
1% increase	$ 102,397

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

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	$ 103,742
Current trend rate	$ 103,742
1% increase	$ 103,742

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
The average of expected remaining lives of 1.1712 was rounded to 1.0 for the purpose of determining annual expense and deferral amounts. For the year ended June 30, 2021, the District recognized OPEB expense of $9,486. At June 30, 2021, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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, 2019 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 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. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit 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, 2020, 5,443 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.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2021, the District reported a liability of $110,390 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, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. 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, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net OPEB Liability	0.026049%	0.027392%	-0.001344%

For the year ended June 30, 2021, the District reported OPEB expense of $8,382.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2019 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, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

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 294 or an average of 0.18% of the potentially eligible population of 159,339.

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.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Discount Rate
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, 2020, 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, 2020, 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, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability, 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	$ 122,067
Current discount rate	$ 110,390
1% increase	$ 100,454

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	$ 100,094
Current trend rate	$ 110,390
1% increase	$ 122,242

NOTE 8 – 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, 2021, 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	$ 16,656,813	$ 4,207,696	$ 1,798,311	$ 2,082,210
CalPERS	5,620,787	1,269,723	757,569	1,209,973
Total	$ 22,277,600	$ 5,477,419	$ 2,555,880	$ 3,292,183

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, 2019, 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.

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description (continued)
The STRP provisions and benefits in effect at June 30, 2021, 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%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were $1,467,988.

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

District's proportionate share of net pension liability	$	16,656,813
State's proportionate share of the net pension liability associated with the District		8,586,589
Total	$	25,243,402

NOTE 8 – 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)

The net pension liability was measured as of June 30, 2020. 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, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.017188%	0.017723%	-0.000535%

For the year ended June 30, 2021, the District recognized pension expense of $2,082,210. In addition, the District recognized pension expense and revenue of $268,471 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,467,988	$ -
Net change in proportionate share of net pension liability	448,707	1,086,896
Difference between projected and actual earnings on pension plan investments	637,335	241,665
Changes of assumptions	1,624,275	-
Differences between expected and actual experience	29,391	469,750
Total	$ 4,207,696	$ 1,798,311

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
2022	$ 603,897	$ 646,474
2023	738,651	371,808
2024	873,578	342,416
2025	346,591	141,481
2026	104,686	138,559
Thereafter	72,305	157,573
Total	$ 2,739,708	$ 1,798,311

NOTE 8 – 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, 2019 and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price 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, 2020, are summarized in the following table:

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

NOTE 8 – 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%)	$ 25,166,124
Current discount rate (7.10%)	16,656,813
1% increase (8.10%)	9,631,178

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. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. 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 $971,763.

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, 2019 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 8 – 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, 2021, 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
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

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, 2021 are presented above, and the total District contributions were $533,868.

NOTE 8 – 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, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $5,620,787. The net pension liability was measured as of June 30, 2020. 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, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.018319%	0.020687%	-0.002368%

For the year ended June 30, 2021, the District recognized pension expense of $1,209,973. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 533,868	$ -
Net change in proportionate share of net pension liability	178,961	617,067
Difference between projected and actual earnings on pension plan investments	257,509	140,502
Changes of assumptions	20,612	-
Differences between expected and actual experience	278,773	-
Total	$ 1,269,723	$ 757,569

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 4.1 years.

NOTE 8 – 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
2022	$ 341,196	$ 264,892
2023	235,727	178,458
2024	102,268	149,628
2025	56,664	149,628
2026	-	14,963
Thereafter	-	-
Total	$ 735,855	$ 757,569

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	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 8 – 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+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	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%)	$ 8,080,907
Current discount rate (7.15%)	5,620,787
1% increase (8.15%)	3,579,012

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, 2021, 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, 2021.

NOTE 9 – 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 10 – 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, 2021.

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, 2021, the unamortized cost of the agreement of $249,375 is shown as a deferred outflow on the Statement of Net Position.

D. Construction Commitments

As of June 30, 2021, the District had no commitments with respect to unfinished capital projects.

NOTE 11 – 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, 2021, 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 2021, 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 12 – ADJUSTMENTS FOR RESTATEMENT

The beginning governmental net position at July 1, 2020 on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balance has been restated to account for the beginning balance of $13,265 in the Student Activities Fund, which was required to be reported as a governmental fund with the implementation of GASB 84 in the 2020-21 fiscal year.

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Required Supplementary Information

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual (Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF sources	$ 12,691,600	$ 13,751,380	$ 13,572,586	$ (178,794)
Federal sources	354,102	993,227	992,853	(374)
Other State sources	1,278,219	2,820,933	2,310,683	(510,250)
Other local sources	6,289,338	6,315,413	6,283,314	(32,099)
Total Revenues	20,613,259	23,880,953	23,159,436	(721,517)
Expenditures				
Current:				
Certificated Salaries	9,634,496	10,061,136	9,818,251	242,885
Classified Salaries	2,537,019	2,800,551	2,715,105	85,446
Employee Benefits	5,374,888	5,255,917	4,928,263	327,654
Books and Supplies	475,571	803,183	565,861	237,322
Services and Other Operating Expenditures	1,976,122	2,392,504	1,965,108	427,396
Capital Outlay	-	45,901	45,901	-
Other outgo	333,991	364,483	341,914	22,569
Total Expenditures	20,332,087	21,723,675	20,380,403	1,343,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	281,172	2,157,278	2,779,033	621,755
Other Financing Sources and Uses				
Interfund Transfers Out	-	(18,000)	(18,000)	-
All other financing uses	-	(287)	(287)	-
Total Other Financing Sources and Uses	-	(18,287)	(18,287)	-
Net change in Fund Balance	281,172	2,138,991	2,760,746	621,755
Fund Balances, July 1, 2020	2,474,086	2,474,086	2,474,086	-
Fund Balances, June 30, 2021	$ 2,755,258	$ 4,613,077	5,234,832	$ 621,755
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			97,543	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 5,332,375	

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS							
District's proportion of the net pension liability	0.0172%	0.0177%	0.0174%	0.0171%	0.0170%	0.0190%	0.0190%
District's proportionate share of the net pension liability	$ 16,656,813	$ 16,006,860	$ 15,959,094	$ 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	8,586,589	8,732,811	9,137,328	9,343,311	7,828,651	6,765,307	6,704,556
Totals	$ 25,243,402	$ 24,739,671	$ 25,096,422	$ 25,136,828	$ 21,578,421	$ 19,556,867	$ 17,807,586
District's covered-employee payroll	$ 8,310,971	$ 9,577,574	$ 9,285,198	$ 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-employee payroll	200.42%	167.13%	171.88%	173.94%	156.27%	150.24%	134.15%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
District's proportion of the net pension liability	0.0183%	0.0207%	0.0205%	0.0189%	0.0190%	0.0197%	0.0197%
District's proportionate share of the net pension liability	$ 5,620,787	$ 6,028,941	$ 5,476,411	$ 4,514,923	$ 3,752,512	$ 2,903,800	$ 2,236,430
District's covered-employee payroll	$ 3,578,728	$ 2,856,815	$ 2,726,116	$ 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-employee payroll	157.06%	211.04%	200.89%	186.74%	164.34%	132.58%	108.31%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	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

For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS							
Contractually required contribution	$ 1,467,988	$ 1,421,176	$ 1,559,229	$ 1,339,854	$ 1,142,239	$ 944,089	$ 756,045
Contributions in relation to the contractually required contribution	1,467,988	1,421,176	1,559,229	1,339,854	1,142,239	944,089	756,045
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 9,089,708	$ 8,310,968	$ 9,577,572	$ 9,285,198	$ 9,079,801	$ 8,798,593	$ 8,514,022
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 533,868	$ 705,761	$ 515,998	$ 423,393	$ 335,773	$ 270,518	$ 257,820
Contributions in relation to the contractually required contribution	533,868	705,761	515,998	423,393	335,773	270,518	257,820
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,579,072	$ 3,578,728	$ 2,856,816	$ 2,726,116	$ 2,417,720	$ 2,283,430	$ 2,190,298
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	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, 2021

Last Ten Fiscal Years*

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 912	$ 885	$ 2,065	$ 2,099
Interest	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	(2,233)	4,983	1,962	(1,426)
Benefit payments	(32,145)	(30,023)	(31,500)	(36,000)
Net change in total OPEB liability	(22,659)	(35,077)	(26,464)	(28,019)
Total OPEB liability - beginning	126,401	161,478	187,942	215,961
Total OPEB liability - ending	$ 103,742	$ 126,401	$ 161,478	$ 187,942
Covered-employee payroll	$ 12,578,338	$ 12,241,691	$ 16,656,542	$ 16,171,400
Total OPEB liability as a percentage of covered-employee payroll	0.8%	1.03%	0.97%	1.16%

Notes to Schedule:
The discount rate was reduced from 2.20% to 2.16% for the most recent measurement period.

** 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, 2021

Last Ten Fiscal Years*

	2020	2019	2018	2017
District's proportion of net OPEB liability	0.0260%	0.0274%	0.0273%	0.0272%
District's proportionate share of net OPEB liability	$ 110,390	$ 102,008	$ 104,520	$ 114,352
Covered-employee payroll	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
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

Notes to Schedule:
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.

** 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 both 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 2.20 percent to 2.16 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.

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

Change of assumptions – The discount rate was changed from 3.50 percent to 2.21 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
Jill Sellers	President	December, 2024
Eric Schmautz	Trustee	December, 2024
Monica Canas	Clerk	December, 2022
Annie Sherman	Trustee	December, 2024
Sarah Mueller	Trustee	December, 2022

DISTRICT ADMINISTRATORS

Dr. Brett Geithman,
Superintendent

Paula Rigney,
Chief Business Official

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2021

	Instructional Days			
Grade Level	Actual	Number of Days from J-13A Waiver	Total	Status
Kindergarten	180	0	180	Complied
Grade 1	180	0	180	Complied
Grade 2	180	0	180	Complied
Grade 3	180	0	180	Complied
Grade 4	180	0	180	Complied
Grade 5	180	0	180	Complied
Grade 6	180	0	180	Complied
Grade 7	180	0	180	Complied
Grade 8	180	0	180	Complied

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund	(Budget) 2022 [2]	2021	2020	2019
Revenues and other financing sources	$ 21,899,683	$ 23,159,436	$ 21,169,370	$ 21,167,245
Expenditures	21,756,263	20,380,403	20,203,162	21,243,054
Other uses and transfers out	287	18,287	-	77,000
Total outgo	21,756,550	20,398,690	20,203,162	21,320,054
Change in fund balance (deficit)	143,133	2,760,746	966,208	(152,809)
Ending fund balance	$ 5,377,965	$ 5,234,832	$ 2,474,086	$ 1,507,878
Available reserves [1]	$ 5,297,874	$ 5,107,194	$ 2,294,291	$ 1,266,555
Available reserves as a percentage of total outgo	24.4%	25.0%	11.4%	5.9%
Total long-term debt	$ 81,877,760	$ 84,714,406	$ 84,750,044	$ 85,566,699
Average daily attendance at P-2	1,291	N/A	1,481	1,489

The General Fund balance has increased by approximatley $3.7 million over the past two years. The fiscal year 2021-22 adopted budget projects an increase of $143,133 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 incurred an operating surplus in two of the past three years, and anticipates incurring an operating surplus during the 2021-22 fiscal year. Long-term debt has decreased by $852,293 over the past two years.

The District did not report ADA in fiscal year 2020-21 and was funded on its 2019-20 ADA. Average daily attendance decreased by 8 ADA in 2019-20 compared to fiscal year 2018-19. Budgeted ADA for fiscal year 2021-22 is 1,291.

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

[2] Revised Final Budget September, 2021.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
June 30, 2021

	General Fund
June 30, 2021, annual financial and budget report fund balance	$ 5,745,083
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Lottery revenue understated	102,411
ELO revenue overstated	(612,662)
June 30, 2021, annual financial and budget report fund balance	$ 5,234,832

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

June 30, 2021

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		$ 98,465
Total U.S. Department of Agriculture				98,465
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		381,135
Total U.S. Department of Treasury				381,135
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		53,019
Title II, Part A, Supporting Effective Instruction	84.367	14341		22,213
English Language Acquisition State Grants				
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	10,754	
Title III, Immigrant Education Program	84.365	15299	7,643	
Total English Language Acquisition State Grants				18,397
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	61,862	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	167,757	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	63,942	
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	10,980	
Subtotal Education Stabilization Fund				304,541
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	195,219	
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	19,309	
Total Special Education (IDEA) Cluster				214,528
Total U.S. Department of Education				622,698
Total Expenditures of Federal Awards				$ 1,102,298

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

NOTE 1 – PURPOSE OF SCHEDULES

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.

Other Independent Auditors' Reports

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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, 2021, and the related notes to the financial statements, which collectively comprise Larkspur-Corte Madera School District's basic financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Larkspur-Corte Madera School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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

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

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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.

Murrieta, California
December 16, 2021

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 Larkspur-Corte Madera School District 's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Larkspur-Corte Madera School District’s major federal programs for the year ended June 30, 2021. Larkspur-Corte Madera School District 's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Larkspur-Corte Madera School District t's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Larkspur-Corte Madera School District 's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Larkspur-Corte Madera School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Larkspur-Corte Madera School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

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Report on Internal Control Over Compliance

Management of Larkspur-Corte Madera School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Larkspur-Corte Madera School District 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Nigro + Nigro, PC.

Murrieta, California
December 16, 2021

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 State Compliance

We have audited Larkspur-Corte Madera School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Larkspur-Corte Madera School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Larkspur-Corte Madera School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Larkspur-Corte Madera School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Larkspur-Corte Madera School District's compliance.

In connection with the audit referred to above, we selected and tested 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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study - Course Based	Not Applicable
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, Larkspur-Corte Madera School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

Nigro + Nigro, PC.

Murrieta, California
December 16, 2021

Schedule of Findings and Recommendations

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2021

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
21.019	COVID-19 Coronavirus Relief Fund
84.425, 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?	No

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 2020-21.

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 2020-21.

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

There were no state award findings or recommendations in 2020-21.

There were no findings or recommendations in 2019-20.

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2021, 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 December 16, 2021, on the financial statements of Larkspur-Corte Madera School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: We noted that the ASB bookkeeper is not preparing or submitting financial statements to the District Office on a regular basis. Financial statement review by the District office is an important oversight activity. Additionally, although the District is monitoring the ASB bank account, formal bank reconciliations are not prepared monthly.

> ***Recommendation:*** We recommend that periodic financial statements and monthly bank reconciliations be prepared and submitted to the District office on a monthly basis for review and to ensure proper oversight. Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

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

Nigro + Nigro, PC.

Murrieta, California
December 16, 2021

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