LAS LOMITAS ELEMENTARY
SCHOOL DISTRICT
COUNTY OF SAN MATEO
MENLO PARK, CALIFORNIA

AUDIT REPORT

JUNE 30, 2022

Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste 130
Morgan Hill, CA 95037

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SAN MATEO COUNTY

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SAN MATEO COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Las Lomitas Elementary School District
Menlo Park, 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 the Las Lomitas Elementary School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District, as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

New Accounting Standards

During the year, the District implemented GASB Statement No. 87, *Leases.* As a result, the District recorded lease obligations of $280,106 and net right of use assets of $280,106. The District also recorded leases receivable of $19,167,359 and related deferred inflows of resources of $15,069,756, increasing beginning net position and fund balance by $3,857,293. See note 1 for additional information. Our opinion was not modified for this matter.

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Responsibilities of Management for the Financial Statements

District management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP) - General Fund, schedule of CalPERS pension plan contributions, schedule of CalPERS proportionate share of net pension liabilities, schedule of STRS pension plan contributions, schedule of STRS proportionate share of net pension liabilities, and schedule of changes in total OPEB liability, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis and the reconciliation of the annual Financial and Budget report (SACS) to the audited financial statements, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

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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 combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time and the reconciliation of the Annual Financial and Budget report (SACS) to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and the schedule of financial trends and analysis have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 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 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.

C & A LLP

February 6, 2023
Morgan Hill, California

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Management's Discussion and Analysis

This discussion and analysis of the Las Lomitas Elementary School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022.The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021-22 are as follows:

- Total net position from governmental activities increased by $8,115,371 during the year.
- General revenue accounted for $36,590,712 of the District's $40,718,437 in total revenue.
- The District's total assets increased by $19,485,319, or 11%, from June 30, 2021. Total liabilities decreased by $17,415,868, or 10%, from June 30, 2021.
- The District had $53,508,617 in expenditures for all governmental funds, excluding other financing uses.
- Among major funds, the General Fund had $34,113,049 in revenues and $33,554,803 in expenditures, exclusive of interfund transfers. The fund balance in the General Fund increased by $4,695,645 from June 30, 2021 to June 30, 2022.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Las Lomitas Elementary School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the District-wide financial statements and provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Las Lomitas Elementary School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, district-wide and funds.

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and additional support for the financial statements.

District-Wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020 - 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and change in net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, and pupil transportation. The District does not have any business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

The Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2022.

Table 1 - Summary of Statement of Net Position

	2022	2021	Change	Percentage Change
Assets				
Current & Other Assets	$ 88,265,283	$ 80,213,884	$ 8,051,399	10.04%
Capital Assets	104,912,037	93,478,117	11,433,920	12.23%
Total Assets	$193,177,320	$173,692,001	$ 19,485,319	11.22%
Total Deferred Outflows of Resources	$ 7,148,452	$ 8,376,292	$ (1,227,840)	-17.18%
Liabilities				
Current Liabilities	$ 5,272,524	$ 4,620,808	$ 651,716	14.10%
Long-term Liabilities	146,160,166	164,227,750	(18,067,584)	-11.00%
Total Liabilities	$151,432,690	$168,848,558	$ (17,415,868)	-10.31%
Total Deferred Inflows of Resources	$ 30,342,153	$ 2,784,177	$ 27,557,976	90.82%
Net Position				
Net Investment in Capital Assets	$ 11,171,711	$ 11,271,836	$ (100,125)	-0.89%
Restricted	10,461,516	9,848,852	612,664	6.22%
Unrestricted	(3,082,298)	(10,685,130)	7,602,832	71.15%
Total Net Position	$ 18,550,929	$ 10,435,558	$ 8,115,371	77.77%

The District's net position was $18,550,929. Of this amount $11,171,711 was invested in capital assets net of related debt.

Table 2 shows the change in net position for fiscal year 2021-22.

Table 2 - Summary of Changes in Statement of Activities

	2022	2021	Change	Percentage Change
Revenues				
Program revenues	$ 4,127,725	$ 3,547,994	$ 579,731	16.34%
General revenues:				
Property taxes	31,269,003	27,486,035	3,782,968	13.76%
Grants and entitlements - unrestricted	1,236,247	1,207,613	28,634	2.37%
Other	4,085,462	4,233,011	(147,549)	-3.49%
Total Revenues	40,718,437	36,474,653	4,243,784	11.63%
Program Expenses				
Instruction	20,324,177	22,021,077	(1,696,900)	-7.71%
Instruction-related services	2,732,423	2,970,700	(238,277)	-8.02%
Pupil services	3,308,834	2,299,252	1,009,582	43.91%
General administration	3,059,893	2,980,041	79,852	2.68%
Plant services	3,585,269	4,796,844	(1,211,575)	-25.26%
Ancillary Services	15,728	1,473	14,255	967.75%
Other outgo	294,782	86,213	208,569	241.92%
Interest on long-term debt	3,139,253	3,328,578	(189,325)	-5.69%
Total Expenses	36,460,359	38,484,178	(2,023,819)	-5.26%
Change in Net Position	4,258,078	(2,009,525)	6,267,603	-311.89%
Begininng Net Position	10,435,558	12,437,802	(2,002,244)	-16.10%
Prior Period Adjustment	3,857,293	7,281	3,850,012	52877.52%
Begininng Net Position as Adjusted	14,292,851	12,445,083	1,847,768	14.85%
Ending Net Position	$ 18,550,929	$ 10,435,558	$ 8,115,371	77.77%

The District's total revenues increased by 12% from 2020-21 to 2021-22. Local property taxes increased by 14% over the prior year. These local taxes are a combination of incremental increases in residential property taxes, restricted to service the debt on the District's Measure S and Measure R general obligation bonds, and regular residential property taxes. Interest expense has decreased in relation to the bonds and the amortization of premiums. Other program expenses have increased as new buildings are placed in service and depreciated.

Governmental Activities

Direct Instruction Costs comprise 55 percent of district expenses. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by General Fund Revenues.

Table 3 - Net Cost of Services

	2022	2021	Change	Percentage Change
Instruction	$ 17,661,027	$ 19,306,147	$ (1,645,120)	-8.52%
Instruction-related services	2,548,095	2,813,777	(265,682)	-9.44%
Pupil services	2,776,201	192,608	2,583,593	1341.37%
General administration	3,058,578	2,949,445	109,133	3.70%
Plant services	3,580,809	4,713,835	(1,133,026)	-24.04%
Ancillary Services	(5,507)	1,473	(6,980)	-473.86%
Other outgo	(425,822)	1,630,321	(2,056,143)	-126.12%
Interest on long-term debt	3,139,253	3,328,578	(189,325)	-5.69%
Total Net Cost of Services	$ 32,332,634	$ 34,936,184	$ (2,603,550)	-7.45%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-Related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities to keep the school grounds, buildings, and equipment in an effective working condition.

Other Outgo includes payment to the County Office of Education and other school districts for providing services for Special Education students.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

The District's governmental funds report a combined fund balance of $68,690,297, which is a decrease from last year's total of $77,343,076. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Summary of Fund Balances				
	2022	2021	Change	Percentage Change
General Fund	$22,945,807	$18,250,162	$ 4,695,645	25.7%
Building Fund	35,426,103	49,163,311	(13,737,208)	-27.9%
Bond Interest and Redemption Fund	7,717,237	7,662,577	54,660	0.7%
Nonmajor Funds	2,601,150	2,267,026	334,124	14.7%
Total Fund Balances	$68,690,297	$77,343,076	$ (8,652,779)	-11.2%

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on the modified accrual basis of accounting.

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2021-22 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of $4,551,290 from the original to final budget. The General Fund budget basis revenue increased by $2,369,845 from original to final budgets.

Capital Assets

At the end of the fiscal year 2021-22, the District had invested $104,912,037 in land, buildings, furniture and equipment. Table 5 summarizes the District's capital assets, net of depreciation.

Table 5 - Summary of Capital Assets Net of Depreciation				
	2022 Net Capital Asset	2021 Net Capital Asset	Change	Percentage Change
Land	$ 3,502,038	$ 3,502,038	$ -	0.00%
Construction in progress	23,112,806	10,327,922	12,784,884	123.79%
Buildings and Improvements	77,475,581	79,282,812	(1,807,231)	-2.28%
Site Improvements	144,463	365,345	(220,882)	-60.46%
Property and Equipment	453,064	-	453,064	100%
Right of Use Assets	224,085	-	224,085	100%
Total Capital Assets - Net	$ 104,912,037	$93,478,117	$11,433,920	12.23%

Long-Term Liabilities

Table 6 summarizes the changes in long-term liabilities:

Table 6 - Summary of Long-term Liabilities				
	2022	2021	Change	Percentage Change
General Obligation Bonds	$ 119,645,000	$ 121,430,000	$ (1,785,000)	-1.47%
Unamortized Bond Premiums	9,249,978	9,939,592	(689,614)	-6.94%
Lease Liabilities	271,451	-	271,451	100.00%
Net Pension Liabilities	16,721,664	31,113,523	(14,391,859)	-46.26%
Net OPEB Liability	-	1,437,137	(1,437,137)	-100.00%
Compensated Absences	272,073	307,498	(35,425)	-11.52%
Total Long-term Liabilities	$ 146,160,166	$ 164,227,750	$ (18,067,584)	-11.00%

On March 11, 2016, the District issued $11,495,000 of 2016 General Obligation Refunding Bonds. The bonds refunded $12,515,000 of 2005 General Obligation Refunding Bonds resulting in nearly $1 million in savings to local taxpayers.

In November of 2013, the voters of the District approved a new bond measure for the District to repair and improve aging schools by issuing $60,000,000 in bonds at legal rates, with citizens' oversight, and no money for administrators. The District will build classrooms for increased student enrollment, update or replace aging classrooms to meet current health and safety codes, renovate heating and electrical systems to save on energy costs, support 21st century instructional technology, and acquire, repair, or construct sites, facilities and equipment. In fiscal year 2016, the District issued $30,000,000 from the approved bond measure and refunded all outstanding bonds for a total issuance of $41,495,000. In fiscal year 2018 the District issued $30,000,000 from the approved bond measure for a total issuance of $71,495,000.

In the Election of 2018, the voters of the District approved a new bond measure for the District to repair and improve aging schools by issuing $70,000,000 in bonds at legal rates, with citizens' oversight, and no money for administrators. The District will build classrooms for increased student enrollment, update or replace aging classrooms to meet current health and safety codes, renovate heating and electrical systems to save on energy costs, support 21st century instructional technology, and acquire, repair, or construct sites, facilities and equipment. In September 2018, the District issued $30,000,000 from the approved bond measure. In fiscal year 2021 the District issued $40,000,000 from the approved bond measure.

Factors Bearing on the District's Future

The District's 2022-23 budget and multi-year projections include projected movement on the salary schedules for units earned and years of service. Negotiated salary increases for employees are added to the budget at the time of the specific employee group's settlement. Certificated staffing remained static in the multi-year projections as a result of attrition, to maintain instructional program needs, and as a result of no increase to student enrollment. Classified staffing is anticipated to increase slightly due to expansion of Transitional Kindergarten, implementation of Universal Meals, and other identified site-based needs.

Enrollment has seen a slight decline in the current and last year. The District has been studying this pattern and is budgeting for continued flat or slight declines in enrollment offsetting additional enrollment from the Transitional Kindergarten program. Costs for Special Education services continue to increase, and the District is constantly differentiating programs to better serve all of its students and to provide improved services to targeted students within the District.

As the state has fully implemented the Local Control Funding Formula, Las Lomitas Elementary School District will remain a Community Funded district. This means the District will continue to rely on local property taxes as the largest single source of revenue. Increases to revenue will primarily be determined by taxes assessed on local property valuations and the stability of this revenue will vary with the local economy. The District's property tax income for 2022-23 is projected to be 6.50% more than prior year. In subsequent years property tax revenues are projected to increase by 5% thereafter.

Like many other school districts around the country, the District received one-time Federal and State pandemic relief funds throughout the year to support learning loss recovery, remote learning systems and equipment, and COVID-19 testing access to staff and families. However, ongoing sources of State Revenue are limited to Lottery funding, the Mandated Cost Block Grant, and the STRS On Behalf Contribution. Flat funding for state revenue is budgeted for the two out years in the multi-year projections. The Las Lomitas Education Foundation grant to the District is budgeted for $1,200,000 and sources indicate the Foundation will meet this base amount. Parcel tax revenue is expected to remain constant as the number of seniors eligible for exemption has stabilized since approving the tax in 2007. Rental income is adjusted annually according to the individual lease agreements with the District's three tenants.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Mei Chan, Chief Business Officer, Las Lomitas Elementary School District, 1011 Altschul Avenue, Menlo Park, CA 94025.

Basic Financial Statements

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
Assets		
Current assets:		
Cash and investments	$	67,216,737
Accounts receivable		998,481
Total current assets		68,215,218
Noncurrent assets:		
Leases receivable		19,167,359
Net OPEB Asset		882,706
Capital assets - net		104,912,037
Total noncurrent assets		124,962,102
Total Assets	$	193,177,320
Deferred Outflows of Resources		
OPEB adjustments	$	583,655
Pension adjustments		6,564,797
Total Deferred Outflows of Resources	$	7,148,452
Liabilities		
Current liabilities:		
Accounts payable	$	3,408,623
Unearned revenue		213,901
Accrued interest		1,650,000
Total current liabilities		5,272,524
Long-term liabilities:		
Due within one year:		
General obligation bonds payable		2,725,000
Lease liabilities		52,879
Due after one year:		
General obligation bonds payable		116,920,000
Unamortized bond premium		9,249,978
Lease liabilities		218,572
Net pension liability		16,721,664
Compensated absences payable		272,073
Total due after one year		143,382,287
Total long-term liabilities		146,160,166
Total Liabilities	$	151,432,690
Deferred Inflows of Resources		
Leases receivable	$	15,069,756
OPEB adjustments		2,411,749
Pension adjustments		12,860,648
Total Deferred Inflows of Resources	$	30,342,153
Net Position		
Net investment in capital assets	$	11,171,711
Restricted for:		
Debt service		7,717,237
Educational programs		2,493,368
Site repairs		250,911
Total restricted net position		10,461,516
Unrestricted		(3,082,298)
Total Net Position	$	18,550,929

The notes to basic financial statements are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 20,324,177	$ 178,382	$ 2,484,768	$ (17,661,027)
Instruction-related services:				
Supervision of instruction	777,204	1,238	126,756	(649,210)
Instruction library, media and technology	405,892	-	-	(405,892)
School site administration	1,549,327	4	56,330	(1,492,993)
Pupil services:				
Home-to-school transportation	1,072,054	-	-	(1,072,054)
Food services	57,678	-	8,000	(49,678)
All other pupil services	2,179,102	5,104	519,529	(1,654,469)
General administration:				
Data processing	1,054,044	-	-	(1,054,044)
All other general administration	2,005,849	138	1,177	(2,004,534)
Plant services	3,585,269	1,184	3,276	(3,580,809)
Ancillary Services	15,728	22	21,213	5,507
Other outgo	294,782	68,454	652,150	425,822
Interest on long-term debt	3,139,253	-	-	(3,139,253)
Total governmental activities	$ 36,460,359	$ 254,526	$ 3,873,199	(32,332,634)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				24,354,506
Taxes levied for debt service				5,708,997
Taxes levied for other specific purposes				1,205,500
Federal and state aid not restricted to specific purposes				1,236,247
Interest and investment earnings				180,128
Rental income				1,950,805
Miscellaneous				1,954,529
Total general revenues				36,590,712
Change in net position				4,258,078
Net position beginning				10,435,558
Prior period adjustment - GASB 84				3,857,293
Net position beginning as adjusted				14,292,851
Net position ending				$ 18,550,929

The notes to basic financial statements are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 18,939,074	$ 37,984,828	$ 7,698,270	$ 2,594,565	$ 67,216,737
Accounts receivable	860,853	111,794	18,967	6,867	998,481
Leases receivable	19,167,359	-	-	-	19,167,359
Total Assets	$ 38,967,286	$ 38,096,622	$ 7,717,237	$ 2,601,432	$ 87,382,577
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 737,822	$ 2,670,519	$ -	$ 282	$ 3,408,623
Unearned revenue	213,901	-	-	-	213,901
Total Liabilities	951,723	2,670,519	-	282	3,622,524
Deferred Inflows of Resources:					
Leases	15,069,756	-	-	-	15,069,756
Fund balances:					
Nonspendable:					
Revolving fund	1,000	-	-	-	1,000
Leases receivable	4,097,603	-	-	-	4,097,603
Restricted for:					
Capital projects	-	35,426,103	-	-	35,426,103
Educational programs	2,493,368	-	-	-	2,493,368
Site repairs	-	-	-	250,911	250,911
Debt service	-	-	7,717,237	-	7,717,237
Committed for:					
Repairs and maintenance	-	-	-	2,205,111	2,205,111
Site repairs	-	-	-	145,128	145,128
Assigned for:					
PBS Amortization and Maintenance	544,050	-	-	-	544,050
Capital projects	3,000,000	-	-	-	3,000,000
Educational programs	8,980,424	-	-	-	8,980,424
Unassigned:					
Economic uncertainties	1,011,783	-	-	-	1,011,783
Unappropriated	2,817,579	-	-	-	2,817,579
Total Fund Balances	22,945,807	35,426,103	7,717,237	2,601,150	68,690,297
Total Liabilities and Fund Balances	$ 38,967,286	$ 38,096,622	$ 7,717,237	$ 2,601,432	$ 87,382,577

The notes to basic financial statements are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances - governmental funds		$ 68,690,297
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $135,718,404 and the accumulated depreciation is $30,806,367.		104,912,037
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds.		(1,650,000)
Net OPEB assets are not available to pay for current period expenditures and, therefore, are not recognized in the governmental funds statements.		882,706
The differences between projected and actual amounts in pension and OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected experience		(1,612,922)
Difference between actual and expected earnings		(798,826)
Change in assumptions		310,974
Contribution subsequent to measurement date		272,681
Pension adjustments:		
Difference between actual and expected experience		(928,246)
Difference between actual and expected earnings		(10,718,859)
Change in assumptions		1,496,575
Differences in proportionate share of contributions		(739,311)
Changes in employer's proportionate shares		1,123,069
Contribution subsequent to measurement date		3,470,920
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 119,645,000	
Net pension liabilities	16,721,664	
Unamortized bond premium	9,249,978	
Lease liabilities	271,451	
Compensated absences (vacation)	272,073	(146,160,166)
Total net position - governmental activities		$ 18,550,929

The notes to basic financial statements are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 25,180,410	$ -	$ -	$ 158,000	$ 25,338,410
Federal	704,910	-	-	-	704,910
Other state	2,736,918	-	8,600	-	2,745,518
Other local	5,490,811	418,522	5,758,491	261,777	11,929,601
Total revenues	34,113,049	418,522	5,767,091	419,777	40,718,439
Expenditures:					
Current					
Instruction	20,594,087	-	-	-	20,594,087
Instruction-related services:					
Supervision of instruction	803,791	-	-	-	803,791
Instruction library, media and technology	297,084	-	-	-	297,084
School site administration	1,637,116	-	-	-	1,637,116
Pupil services:					
Home-to-school transportation	1,096,916	-	-	-	1,096,916
Food services	63,429	-	-	-	63,429
All other pupil services	2,375,347	-	-	-	2,375,347
General administration:					
Data processing	1,159,141	-	-	-	1,159,141
All other general administration	2,173,373	-	-	-	2,173,373
Plant services	2,753,812	-	-	85,653	2,839,465
Facility acquisition and construction	280,106	14,155,730	-	-	14,435,836
Ancillary Services	15,728	-	-	-	15,728
Other outgo	294,782	-	-	-	294,782
Debt service:					
Principal	8,655	-	1,785,000	-	1,793,655
Interest and fees	1,436	-	3,927,431	-	3,928,867
Total expenditures	33,554,803	14,155,730	5,712,431	85,653	53,508,617
Excess (deficiency) of revenues over (under) expenditures	558,246	(13,737,208)	54,660	334,124	(12,790,178)
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Lease contracts	280,106	-	-	-	280,106
Total other financing sources (uses)	280,106	-	-	-	280,106
Net change in fund balances	838,352	(13,737,208)	54,660	334,124	(12,510,072)
Fund balances beginning	18,250,162	49,163,311	7,662,577	2,267,026	77,343,076
Prior period adjustment - GASB 87	3,857,293	-	-	-	3,857,293
Fund balance beginning as adjusted	22,107,455	49,163,311	7,662,577	2,267,026	81,200,369
Fund balances ending	$ 22,945,807	$ 35,426,103	$ 7,717,237	$ 2,601,150	$ 68,690,297

The notes to basic financial statements are an integral part of this statement.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds	$ (12,510,072)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions net of transfers of $13,802,097 is greater than depreciation and amortization expense of $2,368,176.	11,433,920
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Lease payments	8,655
Repayment of bond principal	1,785,000
In the govermnetal funds, leases for the right to use assets issued during the year are reported as capital outlay and other financing sources. In the government-wide financial statements, the asset is amortizable as an addition to capital assets and other financing sources are reported as lease liabilities with principal and interest components. The amount converted from other financing sources to lease liabilities during year was:	(280,106)
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or 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:	689,614
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	2,576,407
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation time earned was greater than the amount used by:	35,425
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	419,235
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	100,000
Changes in net position of governmental activities	$ 4,258,078

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Las Lomitas Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District was organized under the laws of the State of California. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District provides educational services to grades kindergarten through eighth and operates one elementary school and one middle school. The District's combined financial statements include the accounts of all its operations.

Component Units:

The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2022, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of Net Position and the statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value ***without*** directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

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

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. 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.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and nonmajor as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Projects.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following nonmajor special revenue fund:

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of district property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. 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 on June 30.

H. Benefit Plans

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 Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. 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.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.
In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Leases Receivable (Lessor)

The District's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

5. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, right of use assets and construction in progress, are reported in the government-wide financial statement. Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Right of use assets are amortized over the life of the lease. All other capital assets, except land and construction in progress, are depreciated and using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	3-5

6. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

8. Lease Liabilities (Lessee)

The District recognizes a lease liability and an intangible right-to-use lease asset (capital asset) in the government-wide financial statements.

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

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

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

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

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

Lease assets are reported separately with capital assets as right of use assets and lease liabilities are reported with long-term liabilities in the statement of net position.

9. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, the County Office maintains a reserve for economic uncertainties to safeguard the County Office's financial stability. The minimum recommended reserve for a County Office of this size is a minimum of three percent of budgeted general fund expenditures and other financing uses. The County Office policy is to maintain the reserve at six percent.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) with the General Fund because those funds do not meet the definition of a special revenue fund as defined by GASB 54.

10. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

As of June 30, 2022, capital assets net of accumulated depreciation totaling $104,912,037 was increased by unspent bond proceeds of $35,426,103. It was then reduced by related debt of $119,916,451 and premiums of $9,249,978.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational Program restrictions reflect the amounts to be expended on specific school programs that are legally restricted.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

11. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after

December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

12. Risk Management

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. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group (SMCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers' compensation, medical, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

13. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

14. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

15. Accounting Estimates

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

A. Implemented New Accounting Pronouncements

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. As of June 30, 2022, the District recognized one contract as a lessee and six contracts as a lessor and implemented the applicable accounting and reporting requirements under GASB 87. As a result, the District increased beginning net position and fund balance by $ to record its leases receivable. See note 4 for additional information.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 91, *Conduit Debt Obligations*
The 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 also clarifies 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 commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private Partnerships 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. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this

Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases.* GASB 96 is effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*
Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements "clear up the loose ends" for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – Leases, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*
This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be

used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2022 is as follows:

Deposit or Investment	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash in county treasury investment pool	$ 67,215,735	$ 65,118,604
Cash with fiscal agent	2	2
Cash in revolving fund	1,000	1,000
Total Cash and Investments	$ 67,216,737	$ 65,119,606

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2022, the bank balance of the District's bank accounts was fully insured by FDIC.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the San Mateo 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.

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

1. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the County of San Mateo Investment Pool. The pool has a fair value of approximately $2.12 billion and an amortized book value of $2.11 billion.

2. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by Standard & Poor's.

3. 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. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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.

4. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

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

Accounts Receivable	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 532,963	$ -	$ -	$ -	$ 532,963
State Government	111,881	-	-	-	111,881
Local Resources	93,793	111,794	-	928	206,515
Other Resources	122,216	-	18,967	5,939	147,122
Total Accounts Receivable	$ 860,853	$ 111,794	$ 18,967	$ 6,867	$ 998,481

NOTE 4 - LEASES RECEIVABLE AND RELATED DEFERRED INFLOWS

The following summarizes the District's leases receivable and related deferred inflows of resources as of June 30, 2022:

Description	Woodland Property Lease	Phillips Brooks Property Lease	Champions Property Lease	Total
Lease inception	8/1/2012	8/1/2012	7/1/2020	
Lease end	7/31/2038	7/31/2032	6/30/2025	
Min Annual Payment	$ 941,865	$ 1,262,747	$ 154,560	
Rate	3.45%	2.70%	3.45%	
Leases Receivable				
Beg. Balance	$ -	$ -	$ -	$ -
Additions/Adjustments	12,241,480	7,918,526	576,705	20,736,711
Deletions	-	-	-	-
Principal Payments	(452,729)	(979,809)	(136,814)	(1,569,352)
Ending Balance	$ 11,788,751	$ 6,938,717	$ 439,891	$ 19,167,359
Deferred Inflows of Resources				
Beg. Balance	$ -	$ -	$ -	$ -
Additions/Adjustments	10,088,001	6,224,308	567,109	16,879,418
Deletions	-	-	-	-
Amortization	(630,500)	(1,037,385)	(141,777)	(1,809,662)
Ending Balance	$ 9,457,501	$ 5,186,923	$ 425,332	$ 15,069,756
Beg. Balance Adjustments	$ 2,153,479	$ 1,694,218	$ 9,596	$ 3,857,293
Ending NBV	$ 2,331,250	$ 1,751,794	$ 14,559	$ 4,097,603

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital assets consisted of the following as of June 30, 2022:

Description	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Land - not depreciable	$ 3,502,038	$ -	$ -	$ 3,502,038
Work-in-progress - not depreciable	10,327,922	12,784,884	-	23,112,806
Buildings	99,821,730	-	-	99,821,730
Site improvements	5,405,423	111,975	-	5,517,398
Equipment	2,859,194	625,132	-	3,484,326
Right of use assets - equipment	-	280,106	-	280,106
Total capital assets	121,916,307	13,802,097	-	135,718,404
Less accumulated depreciation and amortizaiton for:				
Buildings	20,538,918	1,807,231	-	22,346,149
Site improvements	5,040,078	332,857	-	5,372,935
Equipment	2,859,194	172,068	-	3,031,262
Right of use assets - equipment		56,021	-	56,021
Total accumulated depreciation	28,438,190	2,368,177	-	30,806,367
Total capital assets - net depreciation	$ 93,478,117	$ 11,433,920	$ -	$ 104,912,037

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 1,632,736
Supervision of instruction	46,291
Instruction library, media and technology	135,744
School site administration	60,645
Home-to-school transportation	74,593
All other pupil services	19,123
All other general administration	29,531
Plant services	369,514
Total depreciation and amortization expense	$ 2,368,177

NOTE 7 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2022:

Long-term Liabilities	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
General obligation bonds	$ 121,430,000	$ -	$ 1,785,000	$ 119,645,000	$ 2,725,000
Unamortized bond premium	9,939,592	-	689,614	9,249,978	-
Lease liabilities	-	280,106	8,655	271,451	52,879
Net pension liability	31,113,523	11,094,424	25,486,283	16,721,664	-
Net OPEB Liability (Asset)	1,437,137	1,358,348	3,678,191	(882,706)	-
Compensated absences	307,498	-	35,425	272,073	-
Subtotal	164,227,750	12,732,878	31,683,168	145,277,460	2,777,879
Add back Net OPEB Asset	-	-	-	882,706	-
Total Long-term Liabilitie:	$ 164,227,750	$ 12,732,878	$ 31,683,168	$ 146,160,166	$ 2,777,879

Payments on the general obligation bonds are made by the bond interest and redemption fund from local revenues. The compensated absences will be paid by the fund for which the employee worked.

NOTE 8 - LONG-TERM LIABILITIES

Through elections, the District received authorization to issue general obligation bonds that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

On March 11, 2015, the District issued $11,495,000 of 2015 General Obligation Refunding Bonds. The bonds were issued under and pursuant to a Resolution of the Board of Education. Interest is payable on July 1 and January 1 and principal is payable on July 1 each year through maturity. The proceeds of the Bonds were used to refund a portion of the outstanding principal of the District's 2005 General Obligation Refunding Bonds in the amount of $12,515,000. The proceeds of the prior bonds were used to defease various General Obligation Bonds. The proceeds of the new bonds have been used to purchase U.S. Government Securities that were placed in separate irrevocable trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore was removed as a liability from the District's government-wide financial statements. The advance refunding of the 2005 general obligation refunding bonds resulted in a difference of $253,678 between the reacquisition price and the net carrying value amount of the old debt. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged (amortized) to operations through fiscal year 2021 using the straight line method. The District completed the advance refunding to reduce its total debt service payments over the next 5 years by $520,968 and received a premium of $1,392,509.

On March 11, 2015 the District issued $30,000,000 of 2013 General Obligation Bonds, Series A, to finance construction projects and facilities improvements. Gross proceeds from the bond were $32,673,476, which included a premium of $2,673,476. Net proceeds of $32,370,550 were deposited with the County in the District's name, after bond issuance costs of $211,815 and underwriter's discounts of $91,111. Of the net proceeds deposited, $29,788,185 was deposited into the Measure S building fund and $2,585,365 was recorded in the bond interest and redemption fund.

On October 3, 2017 the District issued $30,000,000 of 2013 General Obligation Bonds, Series B, to finance construction projects and facilities improvements. Gross proceeds from the bond were $32,165,912, which included a premium of $2,165,912. Net proceeds of $32,165,912 were deposited with the County in the District's name, after bond issuance costs of $215,000 and underwriter's discounts of $93,633. Of the net proceeds deposited, $29,785,000 was deposited into the Measure S building fund.

On September 12, 2018 the District issued $30,000,000 of 2018 General Obligation Bonds, Series A, to finance construction projects and facilities improvements. Gross proceeds from the bond were $31,740,109, which included a premium of $1,740,109. Net proceeds of $31,740,109 were deposited with the County in the District's name, after bond issuance costs of $223,000 and underwriter's discounts of $93,347. Of the net proceeds deposited, $29,777,000 was deposited into the Measure R building fund and $1,645,762 was deposit into the Debt Service Fund.

On May 4, 2021 the District issued $40,000,000 of 2018 General Obligation Bonds, Series B, to finance construction projects and facilities improvements. Gross proceeds from the bond were $44,619,243, which included a premium of $4,619,243. Net proceeds of $44,267,094 were deposited with the County in the District's name, after bond issuance costs of $352,149. Of the net proceeds deposited, $39,788,000 was deposited into the Measure R building fund and $4,479,094 was deposit into the Debt Service Fund.

The outstanding General Obligation Bond debt consisted of the following as of June 30, 2022:

Bonds	Year Issued	Interest Rate	Year of Maturity	Original Issue	Outstanding July 01, 2021	Issued	Redeemed	Outstanding June 30, 2022
2013 GOB, Series A	2015	1.75-5%	2041	$ 30,000,000	$ 25,575,000	$ -	$ 265,000	$ 25,310,000
2013 GOB, Series B	2018	1.75-5%	2040	30,000,000	28,140,000	-	385,000	27,755,000
2018 GOB, Series A	2019	1.51-4%	2044	30,000,000	27,715,000	-	-	27,715,000
2018 GOB, Series B	2021	2-4%	2041	40,000,000	40,000,000	-	1,135,000	38,865,000
Total Bonds				$ 130,000,000	$ 121,430,000	$ -	$ 1,785,000	$ 119,645,000

The annual debt service requirements of the Bonds consisted of the following as of June 30, 2022:

Year Ending June 30	Principal	Interest	Total
2023	$ 2,725,000	$ 4,346,138	$ 7,071,138
2024	2,960,000	4,275,963	7,235,963
2025	3,125,000	4,186,038	7,311,038
2026	2,520,000	4,085,438	6,605,438
2027	2,880,000	3,976,538	6,856,538
2026-2030	20,355,000	17,570,840	37,925,840
2031-2035	33,840,000	12,174,087	46,014,087
2036-2040	45,170,000	4,668,181	49,838,181
2041-2045	6,070,000	217,000	6,287,000
Total Debt Service	$ 119,645,000	$ 55,500,223	$ 175,145,223

During the year ended June 30, 2022, the District entered into a contract to lease the right to use a copier. The lease was recorded at the net present value of the future minimum lease payments which was $280,106 with interest at 3.1%. The minimum annual payments were $60,547. The following summarizes the future lease payments:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	$ 52,879	$ 7,668	$ 60,547
2024	54,542	6,005	60,547
2025	56,257	4,290	60,547
2026	58,026	2,521	60,547
2027	49,746	710	50,456
Totals	$ 271,451	$ 21,194	$ 292,644

NOTE 9 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in a joint venture under a joint powers agreement (JPA) with the San Mateo County Schools Insurance Group (SMCSIG). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The SMCSIG arranges and provides workers' compensation, medical, property and liability insurance for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

The following is a summary the JPA financial statement information:

	SMCSIG June 30, 2021
Total Assets & Deferred Outflows	$ 30,522,324
Total Liabilities & Deferred Inflows	10,414,354
Total Equity	20,107,970
Total Revenues	47,186,957
Total Expenditures	42,682,077

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

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

NOTE 11 - CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	22.910%	22.910%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.
For the year ended June 30, 2022 the District's contributions were as follows:

	CalPERS
Contributions - employer	$ 1,129,040

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 6,159,299

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	CalPERS
Proportion - June 30, 2021	0.02876%
Proportion - June 30, 2022	0.03029%
Change - Increase/(Decrease)	0.00153%

For the year ended June 30, 2022, the District recognized pension expense of $731,168 for the Plan. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	183,871	14,520
Differences between Projected and Actual Investment Earnings	-	2,363,756
Differences between Employer's Contributions and Proportionate Share of Contributions	410	136,704
Change in Employer's Proportion	387,475	12,608
Pension Contributions Made Subsequent to Measurement Date	1,129,040	-
Total	$ 1,700,796	$ 2,527,588

The District reported $1,129,040 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	$ (367,462)
2024	(462,700)
2025	(468,264)
2026	(657,406)
2027	-
Thereafter	-
Total	$ (1,955,832)

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 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 the Plan. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

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

	CalPERS
1% Decrease	6.15%
Net Pension Liability	$ 10,385,444
Current	7.15%
Net Pension Liability	$ 6,159,299
1% Increase	8.15%
Net Pension Liability	$ 2,650,693

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 12 - CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.920%	16.920%
Required State contribution rates	10.828%	10.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2022 the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 2,341,880
State Contributions	1,492,677
Total	$ 3,834,557

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 10,562,365
State	5,314,560
Total	$ 15,876,925

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. 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 employers, actuarially determined. The state contributed 10.46% percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046..

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	CalSTRS
Proportion - June 30, 2021	0.02300%
Proportion - June 30, 2022	0.02321%
Change - Increase/(Decrease)	0.00021%

For the year ended June 30, 2022, the District recognized pension expense of $3,037,153 for the Plan, which included a state contribution of $1,293,657. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 1,496,575	$ -
Differences between Expected and Actual Experience	26,459	1,124,056
Differences between Projected and Actual Investment Earnings	-	8,355,103
Differences between Employer's Contributions and Proportionate Share of Contributions	32,531	635,548
Change in Employer's Proportion	966,557	218,354
Pension Contributions Made Subsequent to Measurement Date	2,341,880	-
Total	$ 4,864,002	$ 10,333,061

The District reported $2,341,880 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources**
2023	$ (1,637,069)
2024	(1,415,414)
2025	(2,035,632)
2026	(2,467,581)
2027	(144,717)
Thereafter	(110,526)
Total	$ (7,810,939)

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2019 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan'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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) Real return is net of assumed 2.75% inflation.
(b) 20-year geometric average.

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 21,501,427
Current	7.10%
Net Pension Liability	$ 10,562,365
1% Increase	8.10%
Net Pension Liability	$ 1,483,577

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District's Postemployment Healthcare Plan (the OPEB plan) is a single-employer defined benefit healthcare plan.

Benefits Provided - The following is a summary of the plan benefits provided:

	Certificated	Classified
Benefits Provided:	Medical Only	Medical Only
Duration of Benefits:	Lifetime*	Lifetime**
Required Services:	10 years at age 60 plus one year per additional year before age 60	10 years at age 65 plus one year per additional year before age 65 to maximum of 20 years at age 55
Minimum Age:	55	55
Dependent Coverage:	No	No
Contribution Percentage:	50%	60%
Cap:	50% of least expensive of four plans with greatest participation	60% of least expensive plan

* Those hired after 12/31/2010 are eligible for these benefits only to Medicare age

** Those hired after 5/31/2011 are eligible got these benefits only to Medicare age

Employees Covered by Benefit Terms - At June 30, 2021 (the valuation date), the benefit terms covered the following employees:

Active employees	160
Inactive employees	70
Total employees	230

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $272,6811. Total contributions included in the measurement period were $670,781. The actuarially determined contribution for the measurement period was $81,281. The District's contributions were 1.58% of payroll during the fiscal year ended June 30, 2022. Employees are not required to contribute to the plan. The plan fiduciary net position assets are accumulated in an irrevocable trust.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	6.75%, Net of OPEB plan investment expenses, including inflation
Mortality	2020 CalSTRS Mortality and 2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Certificated 2009 CalSTRS Retirement Rates Hired before 2013: 2009 CalPERS Retirement Rates for School Employees Hired after 2013: 2009 CalPERS 2%@ 60 Retirement Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Certificated Management: 100% at age plus service of at least 70 and minimum 10 years of service Certificated: 100% at age plus service of at least 70 and minimum 10 years of service Classified: 100% at age plus service of at least 75 and minimum 10 years of service Classified Management: 100% at age plus service of at least 75 and minimum 10 years of service

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00%	7.545%
All Fixed Income	25.00%	4.250%
Real Estate Investment Trusts	8.00%	7.250%
All Commodities	3.00%	7.545%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.000%
Total	100.00%	

Changes in the Net OPEB Liability (asset) - The following summarizes the changes in the net OPEB liability (asset) during the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022 (Measurement Date June 30, 2021)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	$ 7,209,645	$ 5,772,508	$ 1,437,137
Service cost	160,805	-	160,805
Interest in Total OPEB Liability	510,303	-	510,303
Employer contributions	-	670,781	(670,781)
Balance of diff between actual and exp experience	(1,088,842)	-	(1,088,842)
Balance of changes in assumptions	349,846	-	349,846
Actual investment income	-	1,583,359	(1,583,359)
Administrative expenses	-	(2,185)	2,185
Benefit payments	(231,150)	(231,150)	-
Net changes	(299,038)	2,020,805	(2,319,843)
Balance at June 30, 2022	$ 6,910,607	$ 7,793,313	$ (882,706)

Covered Employee Payroll	$ 16,832,329
Total OPEB Liability as a % of Covered Employee Payroll	41.06%
Plan Fid. Net Position as a % of Total OPEB Liability	112.77%
Service Cost as a % of Covered Employee Payroll	0.96%
Net OPEB Liability (asset) as a % of Covered Employee Payroll	-5.24%

Deferred Inflows and Outflows of Resources - At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 1,612,923
Difference between actual and expected earnings	-	798,826
Change in assumptions	310,974	-
OPEB contribution subsequent to measurement date	272,681	-
Totals	$ 583,655	$ 2,411,749

Of the total amount reported as deferred outflows of resources related to OPEB, $670,781 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	$ (400,462)
2024	(395,307)
2025	(405,482)
2026	(444,535)
2027	(199,765)
Thereafter	(255,224)
Total	$ (2,100,775)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2022, for the measurement date of June 30, 2021:

Service cost	$ 160,805
Interest in TOL	510,303
Expected investment income	(419,387)
Difference between actual and expected experience	(250,611)
Difference between actual and expected earnings	(188,722)
Change in assumptions	38,872
Administrative expenses	2,185
OPEB Expense	**$ (146,555)**

The following summarizes changes in the net OPEB liability (Asset) as reconciled to OPEB expense during the year ended June 30, 2022, for the measurement date of June 30, 2021:

Net OPEB liability (asset) ending	$ (882,706)
Net OPEB liability (asset) beginning	(1,437,137)
Change in net OPEB liability (asset)	(2,319,843)
Changes in deferred outflows	(134,549)
Changes in deferred inflows	1,637,056
Employer contributions and implicit subsidy	670,781
OPEB Expense	**$ (146,555)**

Sensitivity to Changes in the Discount Rate - The net OPEB liability (Asset) of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	**6.75%**	**(1% Increase)**
Net OPEB Liability (asset)	$ 61,026	$ (882,706)	$ (1,594,617)

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net 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 current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	**4.00%**	**(1% Increase)**
Net OPEB Liability (asset)	$ (1,706,659)	$ (882,706)	$ 217,922

REQUIRED SUPPLEMENTARY INFORMATION

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources	$ 24,691,519	$ 25,239,499	$ 25,180,410	$ (59,089)
Federal	309,821	1,054,572	704,910	(349,662)
Other state	1,649,144	2,679,681	2,736,918	57,237
Other local	5,156,563	5,203,140	5,490,811	287,671
Total revenues	31,807,047	34,176,892	34,113,049	(63,843)
Expenditures:				
Certificated salaries	13,315,374	13,911,065	14,335,601	(424,536)
Classified salaries	4,561,992	4,895,902	4,967,334	(71,432)
Employee benefits	7,682,908	7,887,286	8,085,900	(198,614)
Books and supplies	968,949	1,740,571	1,004,997	735,574
Services and other operating expenses	3,165,400	5,681,476	4,373,694	1,307,782
Capital outlay	195,500	217,237	212,388	4,849
Other outgo	124,205	232,081	294,783	(62,702)
Total expenditures	30,014,328	34,565,618	33,274,697	1,290,921
Excess (deficiency) of revenues over (under) expenditures	1,792,719	(388,726)	838,352	1,227,078
Change in fund balance	$ 1,792,719	$ (388,726)	$ 838,352	$ 1,227,078
Fund balance beginning			18,250,162	
Prior period restatement - GASB 84			3,857,293	
Fund balance beginning as restated			22,107,455	
Fund balance ending			$ 22,945,807	

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

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Contractually Required Contributions	$ 393,467	$ 418,052	$ 500,033	$ 572,768	$ 726,054	$ 819,237	$ 900,832	$ 1,129,040
Contributions in Relation to Contractually Required Contributions	393,467	418,052	500,033	572,768	726,054	819,237	900,832	1,129,040
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 3,342,681**	**$ 3,528,758**	**$ 3,600,468**	**$ 3,687,902**	**$ 4,019,787**	**$ 4,154,135**	**$ 4,351,845**	**$ 4,928,155**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.72%**	**20.70%**	**22.91%**

Notes to Schedule:

Valuation Date: June 30, 2020

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.50%
Investment Rate of Returns set at 7.00%
CalPERS mortality table 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.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CALPERS PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.02570%	0.02673%	0.02741%	0.02823%	0.02781%	0.02886%	0.02876%	0.03029%
Proportionate Share of Net Pension Liability	$ 2,917,576	$ 3,940,650	$ 5,413,579	$ 6,739,246	$ 7,415,022	$ 8,410,157	$ 8,824,453	$ 6,159,299
Covered Payroll	$ 2,699,537	$ 3,342,681	$ 3,528,758	$ 3,600,468	$ 3,687,902	$ 4,019,787	$ 4,154,135	$ 4,351,845
Proportionate Share of NPL as a % of Covered Payroll	**108.08%**	**117.89%**	**153.41%**	**187.18%**	**201.06%**	**209.22%**	**212.43%**	**141.53%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**	**70.00%**	**80.97%**

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF STRS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CalSTRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Contractually Required Contributions	$ 955,622	$ 1,174,440	$ 1,426,933	$ 1,741,837	$ 2,000,193	$ 2,159,124	$ 2,029,305	$ 2,341,880
Contributions in Relation to								
Contractually Required Contributions	955,622	1,174,440	1,426,933	1,741,837	2,000,193	2,159,124	2,029,305	2,341,880
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$10,761,509**	**$10,945,387**	**$11,342,870**	**$12,070,942**	**$12,286,198**	**$12,626,456**	**$12,565,356**	**$ 13,840,897**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**17.10%**	**16.15%**	**16.92%**

Notes to Schedule:

Valuation Date: June 30, 2020

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalSTRS during the year.

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LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF STRS PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of Net Pension Liability	0.02300%	0.02042%	0.02068%	0.02100%	0.02200%	0.02300%	0.02300%	0.02321%
District's Proportionate Share of Net Pension Liability	$ 13,440,510	$ 13,747,575	$ 16,730,115	$ 19,420,590	$ 20,219,540	$ 20,772,680	$ 22,289,070	$ 10,562,365
State's Proportionate Share of Net Pension Liability Associated with the District	8,115,918	7,270,955	9,524,120	11,489,027	11,576,698	11,332,951	11,490,016	5,314,560
	$ 21,556,428	$ 21,018,530	$ 26,254,235	$ 30,909,617	$ 31,796,238	$ 32,105,631	$ 33,779,086	$ 15,876,925
Covered Payroll	$ 10,425,309	$ 10,761,509	$ 10,945,387	$ 11,342,870	$ 12,070,942	$ 12,286,198	$ 12,626,456	$ 12,565,356
Proportionate Share of NPL as a % of Covered Payroll	**128.92%**	**127.75%**	**152.85%**	**171.21%**	**167.51%**	**169.07%**	**176.53%**	**84.06%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**	**71.82%**	**87.21%**

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District’s portion of the net pension liability of CalSTRS in compliance with GASB 68.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR
OTHER POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ended	**2018**	**2019**	**2020**	**2021**	**2022**
Actuarially determined contribution (ADC)	$ 455,533	$ 409,145	$ 331,397	$ 294,683	$ 81,281
Less: actual contribution in relation to ADC	(671,460)	(667,451)	(666,764)	(670,781)	(272,681)
Contribution deficiency (excess)	$ (215,927)	$ (258,306)	$ (335,367)	$ (376,098)	$ (191,400)
Covered employee payroll	$ 15,516,677	$ 15,943,386	$ 16,381,829	$ 16,832,329	$ 17,295,218
Contrib. as a % of covered employee payroll	4.33%	4.19%	4.07%	3.99%	1.58%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	6.75%, Net of OPEB plan investment expenses, including inflation
Mortality	2020 CalSTRS Mortality and 2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Certificated 2009 CalSTRS Retirement Rates Hired before 2013: 2009 CalPERS Retirement Hired after 2013: 2009 CalPERS 2%@ 60

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate decreased by .25 basis points in 2022.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ended	**2018**	**2019**	**2020**	**2021**	**2022**
Total OPEB liability					
Service cost	$ 158,544	$ 162,904	$ 167,384	$ 156,501	$ 160,805
Interest	472,037	493,822	516,610	477,100	510,303
Differences between expected and actual experience	-	-	(945,999)	(78,069)	(1,088,841)
Changes of assumptions	-	-	-	-	349,846
Benefit payments	(317,391)	(330,087)	(303,943)	(244,764)	(231,150)
Net change in Total OPEB Liability	313,190	326,639	(565,948)	310,768	(299,037)
Total OPEB Liability - beginning	6,824,995	7,138,185	7,464,824	6,898,876	7,209,644
Total OPEB Liability - ending	$ 7,138,185	$ 7,464,824	$ 6,898,876	$ 7,209,644	$ 6,910,607
Plan fiduciary net position					
Employer contributions	$ 667,077	$ 671,460	$ 667,451	$ 666,764	$ 670,781
Net investment income	337,720	309,394	278,922	181,434	1,583,359
Benefit payments	(317,391)	(330,087)	(303,943)	(244,764)	(231,150)
Other	-	1,950	-	-	-
Administrative expense	(2,850)	(7,215)	(970)	(2,526)	(2,185)
Net change in plan fiduciary net position	684,556	645,502	641,460	600,908	2,020,805
Plan fiduciary net position - beginning	3,200,082	3,884,638	4,530,140	5,171,600	5,772,508
Plan fiduciary net position - ending	$ 3,884,638	$ 4,530,140	$ 5,171,600	$ 5,772,508	$ 7,793,313
Net OPEB liability (asset)	$ 3,253,547	$ 2,934,684	$ 1,727,276	$ 1,437,136	(882,706)
Plan fiduciary net position as a percentage of the total OPEB liability	54.42%	60.69%	74.96%	80.07%	112.77%
Covered Employee Payroll	$ 15,101,389	$ 15,516,677	$ 15,943,386	$ 16,381,829	$ 16,832,329
Net OPEB liability as a percentage of covered employee payroll	21.54%	18.91%	10.83%	8.77%	-5.24%
Total OPEB liability as a percentage of covered employee payroll	47.27%	48.11%	43.27%	44.01%	41.06%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

SUPPLEMENTARY INFORMATION

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	
	Deferred Maintenance Fund	Capital Facilities Fund	Totals
Assets			
Cash and investments	$ 2,199,172	$ 395,393	$ 2,594,565
Accounts receivable	5,939	928	6,867
Total Assets	$ 2,205,111	$ 396,321	$ 2,601,432
Fund Balances			
Fund balances:			
Restricted for:			
Site repairs	$ -	$ 250,911	$ 250,911
Committed for:			
Repairs and maintenance	2,205,111	-	2,205,111
Site repairs	-	145,128	145,128
Total Fund Balances	2,205,111	396,039	2,601,150
Total Liabilities and Fund Balances	$ 2,205,111	$ 396,321	$ 2,601,432

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	
	Deferred Maintenance Fund	Capital Facilities Fund	Totals
Revenues:			
LCFF sources	$ 158,000	$ -	$ 158,000
Other state	-	-	-
Other local	20,014	241,763	261,777
Total revenues	178,014	241,763	419,777
Expenditures:			
Current:			
Plant services	-	85,653	85,653
Total expenditures	-	85,653	85,653
Excess (deficiency) of revenues over (under) expenditures	178,014	156,110	334,124
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	178,014	156,110	334,124
Fund balances beginning	2,027,097	239,929	2,267,026
Fund balances ending	$ 2,205,111	$ 396,039	$ 2,601,150

COMPLIANCE SECTION

The Las Lomitas Elementary School District Board was established in 1904 in San Mateo County, California. There were no changes in boundaries during the current year. The District is comprised of one elementary and one middle school.

Governing Board

Name	Office	Term Expires
Jason Morimoto	President	2024
Heather Hopkins	Clerk	2022
Gautam Nadella	Member	2022
Molly Finn	Member	2022
Cynthia Solis Yi	Member	2022

Administration

Dr. Beth Polito
Superintendent

Mei Chan
Chief Business Officer

Shannon Potts
Assistant Superintendent

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades TK/K through three	418.77	419.73	418.77	419.73
Grades four through six	316.63	319.34	316.63	319.34
Grades seven and eight	224.25	223.90	224.25	223.90
Regular ADA Totals	959.65	962.97	959.65	962.97
Special education - nonpublic, nonsect schools:				
Grades TK/K through three	0.94	0.92	0.94	0.92
Grades four through six	3.26	3.33	3.26	3.33
Extended year special education - nonpublic, nonsect schools:				
Grades TK/K through three	0.03	-	0.03	-
Grades four through six	0.31	0.03	0.31	0.03
Grades seven and eight	-	0.31	-	0.31
Regular ADA Totals	964.19	967.56	964.19	967.56
Basic Aid Choice/Court-Ordered Voluntary Pupil Transfer ADA:				
Grades TK/K through three	42.86	42.73	42.86	42.73
Grades four through six	20.91	20.72	20.91	20.72
Grades seven and eight	16.30	16.34	16.30	16.34
Regular ADA Totals	80.07	79.79	80.07	79.79

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Grade Level	Minutes Requirements	2022 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,480	180	0	In compliance
Grade 1	50,400	51,280	180	0	In compliance
Grade 2	50,400	51,280	180	0	In compliance
Grade 3	50,400	51,280	180	0	In compliance
Grade 4	54,000	54,890	180	0	In compliance
Grade 5	54,000	54,890	180	0	In compliance
Grade 6	54,000	59,670	180	0	In compliance
Grade 7	54,000	59,670	180	0	In compliance
Grade 8	54,000	59,670	180	0	In compliance

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

SCHEDULE OF CHARTER SCHOOLS (UNAUDITED).

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school whether or not the charter school is included in the District audit.

There were no charter schools to be reported.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	(Budget)[1] 2023	2022	2021	2020
General Fund				
Revenues and other financial sources	$ 33,724,628	$ 34,113,049	$ 31,649,757	$ 29,769,644
Expenditures	34,254,458	33,554,803	30,027,943	29,234,879
Total outgo	34,254,458	33,554,803	30,027,943	29,234,879
Change in fund balance	(529,830)	558,246	1,621,814	534,765
Prior period adjustments	-	3,857,293	7,281	-
Ending fund balance	$ 22,135,871	$ 22,665,701	$ 18,250,162	$ 16,621,067
Available reserves [2]	$ 2,931,501	$ 3,829,362	$ 2,732,926	$ 1,183,915
Reserve for economic uncertainties	$ 1,027,634	$ 1,011,783	$ 900,794	$ 900,539
Unassigned fund balance	$ 1,903,867	$ 2,817,579	$ 1,832,132	$ 283,376
Available reserves as a percentage of total outgo	8.56%	11.41%	9.10%	4.05%
Total long-term liabilities	$ 143,382,287	$ 146,160,166	$ 164,227,750	$ 124,117,954
Average daily attendance (ADA) at P-2	1,043	1,044	1,175	1,176

Average daily attendance has decreased by 132 since 2020. The District anticipates a decrease of 1 ADA during fiscal year 2022/23.

The state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). The fiscal year 2022/23 budget projects a $529,830 decrease in fund balance.

The District operated at a surplus in each of the past three years. Total long-term liabilities have increased by $22,042,212 over the last three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2022/23, which is unaudited.

[2] Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds
June 30, 2022 Annual Financial and Budget Report Fund Balances	$ 9,629,672	$ 35,426,103	$ 7,717,237	$ 11,819,682
Adjustments and Reclassifications:				
GASB 87 Adjustments				
Leases Receivable	19,167,359	-	-	-
Deferred Inflows of Resources	(15,069,756)	-	-	-
Special Res Fund for Other Than Cap Outlay:				
GASB 54 Adjustments	9,198,391	-	-	(9,198,391)
Student Activity Special Revenue Fund:				
GASB 54 Adjustments	20,141	-	-	(20,141)
June 30, 2022 Audited Financial Statements Fund Balances	$ 22,945,807	$ 35,426,103	$ 7,717,237	$ 2,601,150

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has not received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

C. 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.

D. Reconciliation of Annual Financial and Budget Report to the Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased to two years.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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

Board of Education
Las Lomitas Elementary School District
Menlo Park, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Lomitas Elementary School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

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regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

C & A LLP

February 6, 2023
Morgan Hill, California

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Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

Board of Trustees
of the Las Lomitas Elementary School District
Menlo Park, California

Report of State Compliance

We have audited the Las Lomitas Elementary School District's (the District) compliance with the types of compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2022.

In our opinion the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2022.

Basis for Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

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

In connection with the compliance 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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A

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Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Job Acts	N/A
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	N/A
Independent Study-Course Based	N/A
Immunization	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	N/A
Career Technical Education Incentive Grant	N/A
In Person Instructional Grant	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Districts	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
District Facility Grant Program	N/A

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Audit Guide*, we:

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

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

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

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Chavan and Associates, llp
Certified Public Accountants

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

C & A LLP

February 6, 2023
Morgan Hill, California

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FINDINGS AND RECOMMENDATIONS

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ None Reported
Non-compliance material to financial statements noted?	___ Yes _x_ No

Federal Awards

The District did not incur expenditures of $750,000 or more in federal awards.

State Awards

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

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.