KENTFIELD SCHOOL DISTRICT
COUNTY OF MARIN
KENTFIELD, CALIFORNIA

AUDIT REPORT

JUNE 30, 2022

KENTFIELD SCHOOL DISTRICT

JUNE 30, 2022

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Kentfield School District
Kentfield, California

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kentfield School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Bond Interest & Redemption Fund	Unmodified
Building Fund	Unmodified
County School Facilities Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2022 or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

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

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Basis for Adverse and Unmodified Opinions

We conducted our audit 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. 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 Kentfield School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. The effect of not including the District's legally separate component unit on the government-wide financial statements has not been determined.

<u>Responsibilities of Management for the Financial Statements</u>

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 Kentfield School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentfield School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentfield School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Auditor's Responsibilities for the Audit of the Financial Statements (Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kentfield School District's basic financial statements. The accompanying combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and other supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and other supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 on our consideration of Kentfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kentfield School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kentfield School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2022

This section of Kentfield School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 24, provides information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District's overall financial status improved during the course of the year, as total net position increased $3,158,265.
- Capital assets, net of depreciation, decreased $105,584 due to the current year addition capital assets valued at $1,560,559, and the current year recognition of $1,666,143 of depreciation expense.
- Total long-term liabilities decreased $12,632,264, due primarily to the $10,499,941 current year reduction of the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. The significant reduction of the net pension liabilities has resulted primarily from recent contribution rate increases, supplementary contributions to the pension plans made by the State of California, and investment earnings from pension plan assets.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2021-22, General Fund expenditures and transfers out totaled $20,452,660. At June 30, 2022, the District had available reserves of $1,705,459 in the General Fund, which represents a reserve of 8.3%.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-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 comprise the remaining statements.
  - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

THE FINANCIAL REPORT (CONCLUDED)

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 provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities all amounts represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular and special education, and administration, are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as special education transportation are also included here, but are financed by a combination of state and local revenues.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The major governmental funds of Kentfield School District are the General Fund, the Bond Interest and Redemption Fund, the Building Fund, and the County School Facilities Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's overall financial status improved during the course of the year, as total net position increased $3,158,265.

Comparative Statement of Net Position

	Governmental Activities	
	2021	2022
Assets		
Deposits and Investments	$ 9,078,785	$ 9,407,919
Receivables	818,890	1,065,344
Capital Assets, net	40,439,609	40,334,025
Total Assets	50,337,284	50,807,288
Deferred Outflows of Resources		
OPEB Deferrals	315,829	275,654
Pension Deferrals	4,618,991	3,531,946
Deferred Amount on Refunding	165,192	138,335
Total Deferred Outflows of Resources	5,100,012	3,945,935
Liabilities		
Current	3,422,193	3,834,067
Long-term	58,394,126	45,937,620
Total Liabilities	61,816,319	49,771,687
Deferred Inflows of Resources		
OPEB Deferrals	301,366	434,116
Pension Deferrals	749,113	8,818,657
Total Deferred Inflows of Resources	1,050,479	9,252,773
Net Position		
Net Investment in Capital Assets	5,674,439	6,110,083
Restricted	2,499,570	3,727,204
Unrestricted (Deficit)	(15,603,511)	(14,108,524)
Total Net Position (Deficit)	$ (7,429,502)	$ (4,271,237)

Table includes financial data of the combined governmental funds

The unrestricted deficit balance, presented above, is a result of the District's requirement to record liabilities in the financial statements to reflect the District's total OPEB liability and its proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The District's total current year revenues exceeded total current year expenses by $3,158,265.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2021	2022
Program Revenues		
Operating Grants & Contributions	$ 2,853,809	$ 3,258,352
Capital Grants and Contributions	0	1,335,145
General Revenues		
Taxes Levied	17,496,954	18,215,064
Federal & State Aid	1,045,908	1,068,419
Interest & Investment Earnings	43,876	4,570
Miscellaneous	1,249,320	1,165,540
Total Revenues	22,689,867	25,047,090
Expenses		
Instruction	15,333,721	13,868,279
Instruction-Related Services	2,094,759	2,031,766
Pupil Services	852,054	1,253,642
General Administration	1,348,216	1,619,019
Plant Services	1,273,431	1,480,957
Ancillary Services	7,843	12,822
Community Services	10,649	30,099
Interest on Long-Term Debt	1,344,115	1,277,921
Other Outgo	279,110	314,320
Total Expenses	22,543,898	21,888,825
Changes in Net Position	$ 145,969	$ 3,158,265

Table includes financial data of the combined governmental funds

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

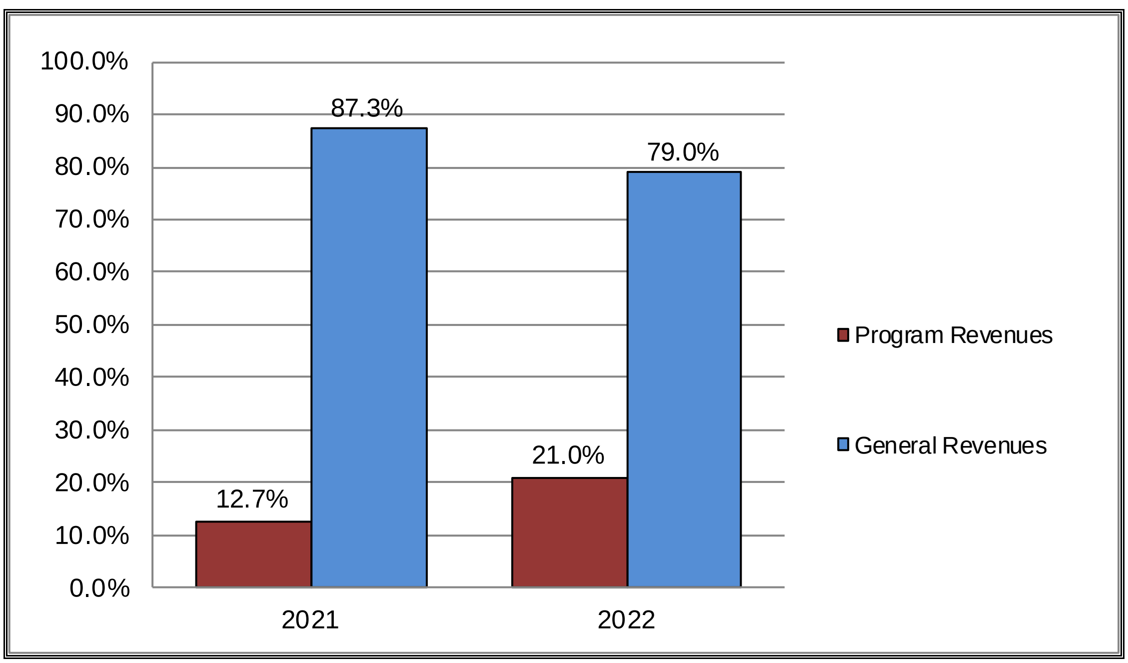
The table below presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $17,295,328 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed below.

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2021	2022	2021	2022
Instruction	$ 15,333,721	$ 13,868,279	$ 12,756,693	$ 9,961,783
Instruction-Related Services	2,094,759	2,031,766	2,011,879	1,841,158
Pupil Services	852,054	1,253,642	764,355	950,198
General Administration	1,348,216	1,619,019	1,313,727	1,549,452
Plant Services	1,273,431	1,480,957	1,273,105	1,426,773
Interest on Long-Term Debt	1,344,115	1,277,921	1,344,115	12,737
Other Expenses	297,602	357,241	226,215	1,553,227
Totals	$ 22,543,898	$ 21,888,825	$ 19,690,089	$ 17,295,328

Table includes financial data of the combined governmental funds

In fiscal year 2021-22, program revenues financed 21% of the total cost of providing the services listed above, while the general revenues of the District financed the remaining 79%.

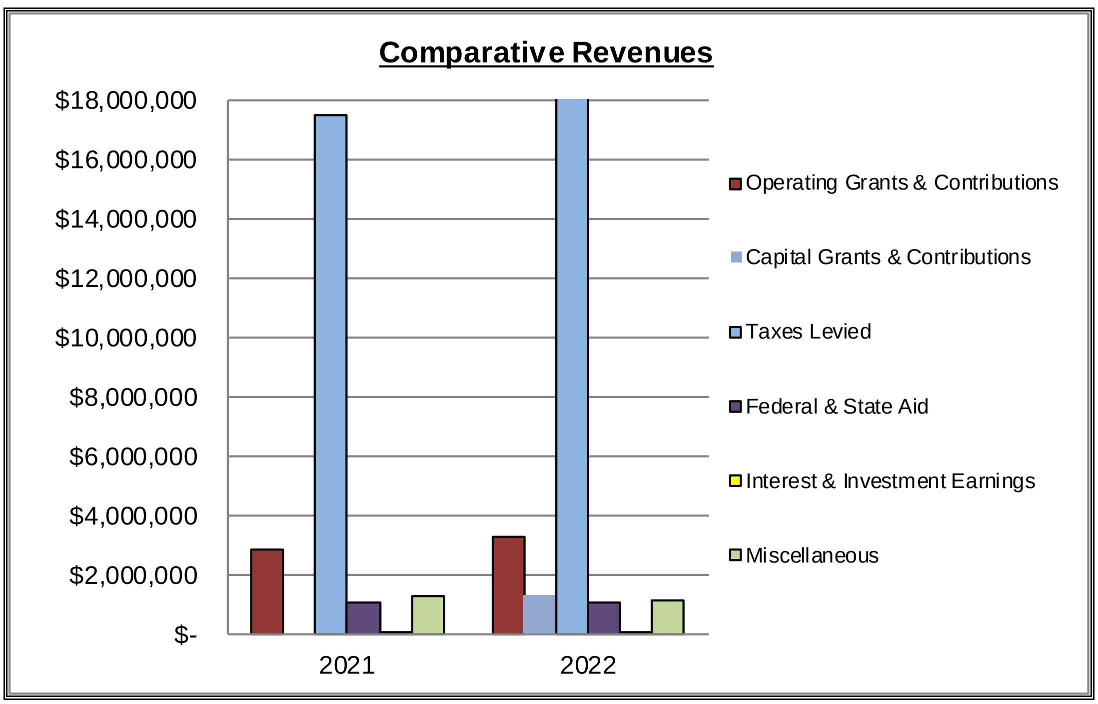


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2021 Amount	Percent of Total	FYE 2022 Amount	Percent of Total
Program Revenues				
Operating Grants & Contributions	$ 2,853,809	12.58%	$ 3,258,352	13.01%
Capital Grants & Contributions	0	0.00%	1,335,145	5.33%
General Revenues				
Taxes Levied	17,496,954	77.11%	18,215,064	72.72%
Federal & State Aid	1,045,908	4.61%	1,068,419	4.27%
Interest & Investment Earnings	43,876	0.19%	4,570	0.02%
Miscellaneous	1,249,320	5.51%	1,165,540	4.65%
Total Revenues	$ 22,689,867	100.00%	$ 25,047,090	100.00%

Table includes financial data of the combined governmental funds

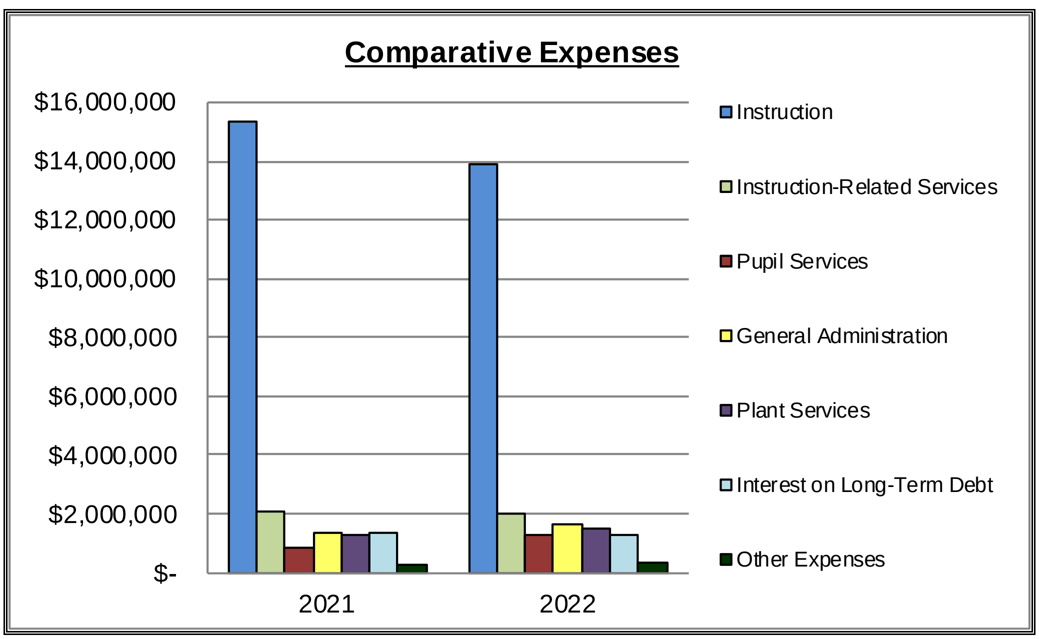


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2021 Amount	Percent of Total	FYE 2022 Amount	Percent of Total
Expenses				
Instruction	$ 15,333,721	68.02%	$ 13,868,279	63.36%
Instruction-Related Services	2,094,759	9.29%	2,031,766	9.28%
Pupil Services	852,054	3.78%	1,253,642	5.73%
General Administration	1,348,216	5.98%	1,619,019	7.40%
Plant Services	1,273,431	5.65%	1,480,957	6.77%
Interest on Long-Term Debt	1,344,115	5.96%	1,277,921	5.84%
Other Expenses	297,602	1.32%	357,241	1.63%
Total Expenses	$ 22,543,898	100.00%	$ 21,888,825	100.00%

Table includes financial data of the combined governmental funds



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2021	2022
Land	$ 1,514,919	$ 1,514,919
Construction-In-Progress	321,088	0
Sites and Improvements	3,865,866	4,254,847
Buildings and Improvements	54,015,129	55,507,795
Furniture and Equipment	1,761,087	1,761,087
Subtotals	61,478,089	63,038,648
Less: Accumulated Depreciation	(21,038,480)	(22,704,623)
Capital Assets, net	$ 40,439,609	$ 40,334,025

Capital assets, net of depreciation, decreased $105,584 due to the current year addition capital assets valued at $1,560,559, and the current year recognition of $1,666,143 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2021	2022
Compensated Absences	$ 109,681	$ 56,274
General Obligation Bonds	34,465,000	32,855,000
Bond Premiums	2,654,699	2,423,833
Note Payable	856,611	716,054
Early Retirement Incentives	128,085	91,481
Total OPEB Liability	2,083,166	2,022,277
Net Pension Liabilities	20,243,208	9,743,267
Totals	$ 60,540,450	$ 47,908,186

Total long-term liabilities decreased $12,632,264, due primarily to the $10,499,941 current year reduction of the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. The significant reduction of the net pension liabilities has resulted primarily from recent contribution rate increases, supplementary contributions to the pension plans made by the State of California, and investment earnings from pension plan assets.

The general obligation bonds are financed by local taxpayers and represent approximately 57% of the District's total long-term liabilities. The remaining long-term liabilities will be financed by the General Fund.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on its current debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2021	Fund Balances June 30, 2022	Increase (Decrease)
General	$ 2,312,889	$ 2,529,991	$ 217,102
Bond Interest & Redemption	2,619,624	2,534,647	(84,977)
Building	3,129,364	1,632,610	(1,496,754)
County School Facilities	0	1,335,600	1,335,600
Capital Facilities	49,630	36,593	(13,037)
Kent Middle School Gymnasium	102,131	108,820	6,689
Capital Projects - Special Reserve	1,031,088	1,031,755	667
Totals	$ 9,244,726	$ 9,210,016	$ (34,710)

During fiscal year 2021-22, the fund balance of the General Fund increased $217,102, and the combined fund balances of all other governmental funds decreased $251,812.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures, and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Adjustments at First and Second Interim.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

During the 2022-23 school year, the District will continue to be impacted by the on-going effects of the Covid-19 health crisis and the remediation programs implemented to assist with the recovery. In addition, State and Local economies have also been impacted by Covid-19, which may adversely affect future school funding and student enrollment.

Beginning in the 2022-23 school year, all public schools will be required to provide two free meals per school day to any students that request a meal.

Education Code section 48000(c) requires any school district operating a Kindergarten to also provide a TK program for all 4-year-old children by 2025-26. Beginning in 2022–23, children turning five between September 2 and February 2 are eligible for TK, and the age at which children are eligible for TK will be expanded and phased in over the next three years.

Given Kentfield's status as a basic aid or "Community Funded" district, there is concern that the percent increase in property taxes will not be as high as the cost of living adjustment (COLA) being applied to non-basic aid/community funded districts. With inflation increasing, which affects all costs, the District will need to remain vigilant in adjusting for these impacts.

Accordingly, based on the above factors, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

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 the District Office, Kentfield School District, 750 College Avenue, Kentfield, California 94904.

BASIC FINANCIAL STATEMENTS

KENTFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets	
Current Assets:	
Deposits and Investments (Note 2)	$ 9,407,919
Receivables (Note 3)	1,065,344
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	1,514,919
Capital Assets, Net	38,819,106
Total Assets	50,807,288
Deferred Outflows of Resources	
OPEB Deferrals (Note 9)	275,654
Pension Deferrals (Note 10)	3,531,946
Bond Refunding	138,335
Total Deferred Outflows of Resources	3,945,935
Liabilities	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	1,176,734
Accrued Interest Payable	600,254
Unearned Revenue (Note 1H)	86,513
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences	56,274
General Obligation Bonds	
Current Interest	1,500,000
Bond Premium	230,866
Note Payable	142,069
Early Retirement Incentives	41,357
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 6)	
Current Interest	31,355,000
Bond Premium	2,192,967
Note Payable (Note 7)	573,985
Early Retirement Incentives (Note 8)	50,124
Total OPEB Liability (Note 9)	2,022,277
Net Pension Liabilities (Note 10)	9,743,267
Total Liabilities	49,771,687
Deferred Inflows of Resources	
OPEB Deferrals (Note 9)	434,116
Pension Deferrals (Note 10)	8,818,657
Total Deferred Inflows of Resources	9,252,773
Net Position	
Net Investment in Capital Assets	6,110,083
Restricted:	
For Capital Projects	1,481,013
For Debt Service	1,934,393
For Educational Programs	311,098
For Other Purposes	700
Unrestricted (Deficit)	(14,108,524)
Total Net Position (Deficit)	$ (4,271,237)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

KENTFIELD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 13,868,279		$ 2,571,351	$ 1,335,145	$ (9,961,783)
Instruction-Related Services:					
Supervision of Instruction	21,171		11,172		(9,999)
Instructional Library and Technology	420,642		13,619		(407,023)
School Site Administration	1,589,953		165,817		(1,424,136)
Pupil Services:					
Home-to-School Transportation	149,471		32,866		(116,605)
Other Pupil Services	1,104,171		270,578		(833,593)
General Administration:					
Data Processing Services	134,974		23		(134,951)
Other General Administration	1,484,045		69,544		(1,414,501)
Plant Services	1,480,957		54,184		(1,426,773)
Ancillary Services	12,822		85		(12,737)
Community Services	30,099				(30,099)
Interest on Long-Term Debt	1,277,921				(1,277,921)
Other Outgo	314,320		69,113		(245,207)
Total Governmental Activities	$ 21,888,825	$ 0	$ 3,258,352	$ 1,335,145	(17,295,328)
General Revenues					
Taxes Levied for General Purposes					10,416,201
Taxes Levied for Debt Service					2,999,660
Taxes Levied for Specific Purposes					4,799,203
Federal and State Aid - Unrestricted					1,068,419
Interest and Investment Earnings					4,570
Miscellaneous					1,165,540
Total General Revenues					20,453,593
Change in Net Position					3,158,265
Net Position - July 1, 2021					(7,429,502)
Net Position - June 30, 2022					$ (4,271,237)

KENTFIELD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Interest and Redemption
Assets		
Deposits and Investments (Note 2)	$ 2,607,898	$ 2,534,647
Receivables (Note 3)	1,065,344	
Due from Other Funds (Note 4)		
Total Assets	$ 3,673,242	$ 2,534,647
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	$ 1,046,788	
Due to Other Funds (Note 4)	9,950	
Unearned Revenue (Note 1H)	86,513	
Total Liabilities	1,143,251	
Fund Balances:		
Nonspendable	700	
Restricted	311,098	$ 2,534,647
Assigned	512,735	
Unassigned	1,705,458	
Total Fund Balances	2,529,991	2,534,647
Total Liabilities and Fund Balances	$ 3,673,242	$ 2,534,647

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Building	County School Facilities	Non-Major Governmental Funds	Total Governmental Funds
$ 1,736,431	$ 1,335,600	$ 1,193,343	$ 9,407,919
			1,065,344
9,950			9,950
$ 1,746,381	$ 1,335,600	$ 1,193,343	$ 10,483,213
$ 113,771		$ 16,175	$ 1,176,734
			9,950
			86,513
113,771		16,175	1,273,197
			700
1,632,610	$ 1,335,600	145,413	5,959,368
		1,031,755	1,544,490
			1,705,458
1,632,610	1,335,600	1,177,168	9,210,016
$ 1,746,381	$ 1,335,600	$ 1,193,343	$ 10,483,213

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

Total Fund Balances - Governmental Funds		$ 9,210,016
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital Assets	$ 63,038,648	
Accumulated Depreciation	(22,704,623)	
Net		40,334,025
Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported:		
Deferred outflows of resources related to OPEB		275,654
Deferred inflows of resources related to OPEB		(434,116)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions		3,531,946
Deferred inflows of resources relating to pensions		(8,818,657)
Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, are:		138,335
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities are:		
Compensated Absences	$ 56,274	
General Obligation Bonds	32,855,000	
Bond Premiums	2,423,833	
Note Payable	716,054	
Early Retirement Incentives	91,481	
Total OPEB Liability	2,022,277	
Net Pension Liabilities	9,743,267	
Total		(47,908,186)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(600,254)
Total Net Position (Deficit) - Governmental Activities		$ (4,271,237)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

	General	Bond Interest and Redemption
Revenues		
LCFF Sources:		
State Apportionment / Transfers	$ 852,188	
Local Taxes	10,416,201	
Total LCFF Sources	11,268,389	
Federal Revenue	629,130	
State Revenue	2,164,252	$ 7,938
Local Revenue	6,607,991	2,992,641
Total Revenues	20,669,762	3,000,579
Expenditures		
Current:		
Instruction	13,692,217	
Supervision of Instruction	21,524	
Instructional Library and Technology	465,163	
School Site Administration	1,183,280	
Home-To-School Transportation	149,471	
Other Pupil Services	1,205,226	
Data Processing Services	150,716	
Other General Administration	1,530,788	
Plant Services	1,442,374	
Facilities Acquisition and Construction	121,200	
Ancillary Services	6,784	
Other Outgo	314,320	
Debt Service:		
Principal Retirement	140,557	1,610,000
Interest and Issuance Costs	29,040	1,475,556
Total Expenditures	20,452,660	3,085,556
Net Change in Fund Balances	217,102	(84,977)
Fund Balances - July 1, 2021	2,312,889	2,619,624
Fund Balances - June 30, 2022	$ 2,529,991	$ 2,534,647

	Building	County School Facilities	Non-Major Governmental Funds	Total Governmental Funds
				$ 852,188
				10,416,201
				11,268,389
				629,130
		$ 1,335,145		3,507,335
	$ 1,431	455	$ 39,718	9,642,236
	1,431	1,335,600	39,718	25,047,090
				13,692,217
				21,524
				465,163
				1,183,280
				149,471
				1,205,226
				150,716
				1,530,788
				1,442,374
	1,498,185		45,399	1,664,784
				6,784
				314,320
				1,750,557
				1,504,596
	1,498,185	0	45,399	25,081,800
	(1,496,754)	1,335,600	(5,681)	(34,710)
	3,129,364	0	1,182,849	9,244,726
	$ 1,632,610	$ 1,335,600	$ 1,177,168	$ 9,210,016

KENTFIELD SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds		$ (34,710)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlay Expenditures	$ 1,560,559	
Depreciation Expense	(1,666,143)	
Net		(105,584)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,750,557
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		22,666
Compensated absences and early retirement incentives: In governmental funds, compensated absences and early retirement incentives are measured by the amounts paid during the period. In the statement of activities, compensated absences and early retirement incentives are measured by the amounts earned. The difference between amounts paid and amounts earned were:		90,011
Other post employment benefits (OPEB): In governmental funds, OPEB costs are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(112,036)
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:		1,343,352
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premiums or discount, or deferred gain or loss from debt refunding, for the period is:		204,009
Change in Net Position of Governmental Activities		$ 3,158,265

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Kentfield School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Education elected by registered voters of the District, which comprises an area in Marin County. The District serves students in kindergarten through grade eight.

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).

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management’s professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, the organization should be included as a component unit.

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines a *primary government* as any state government, general-purpose local government, or special-purpose government that meets all of the following criteria:

- It has a separately elected governing body
- It is legally separate
- It is fiscally independent of other state and local governments

The primary government consists of all funds that make up the legal entity. The primary government also consists of funds for which it has a fiduciary responsibility, even though those funds may represent organizations that do not meet the definition for inclusion in the financial reporting entity.

Component units include legally separate organizations (whether governmental, not-for-profit, or for-profit organizations) for which elected officials of the primary government are financially accountable. A primary government is financially accountable if it appoints a voting majority of the organization’s governing body and *(a)* it is able to impose its will on that organization or *(b)* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has *(a)* a separately elected governing board, *(b)* a governing board appointed by a higher level of government, or *(c)* a jointly appointed board. The primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

In addition, GASB 61 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary government are such that excluding them would cause the financial reporting entity's financial statements to be misleading. Based on the GASB 61 criteria and definitions, the District is the primary government and there are no material potential component units, which should be included in the Financial Reporting Entity in these financial statements.

Governmental Accounting Standards Board Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if all of the following criteria are met:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that the Kentfield Schools Foundation (the Foundation), a non-profit, public benefit corporation, meets the criteria set forth in GASB 39. However, since the Foundation does not issue audited financial statements, the financial statements of the District include only the financial data of the primary government, which consists of all funds that comprise the District's legal entity, and all funds for which it has a fiduciary responsibility. The financial statements do not include financial data of the Foundation, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, these financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the financial reporting entity, or its respective changes in its financial position.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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 and its component units. Eliminations have been made to remove the double-counting of internal activities.

Governmental activities are supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The government-wide financial 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 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 which 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 non-major funds are aggregated into one column.

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 and current liabilities 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

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. Under the 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. For the District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available 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.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grant funds received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity 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 maintains the following governmental fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major and non-major funds as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District. For financial reporting purposes, the financial activities and balances of the Deferred Maintenance Fund have been combined with the General Fund.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for the repayment of District bonds, interest, and related costs.

Building Fund is used to account for resources including bonds proceeds from the Election of 2014 (Measure D) authorization to finance school improvement and expansion.

County School Facilities Fund is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

Non-Major Governmental 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).

The *Kent Middle School Gymnasium Fund* was established to account for donations from the community and expenditures for the construction of a new gymnasium. The fund is currently used to account for facilities use fees generated by the gymnasium, which are used to maintain the facility.

Capital Projects - Special Reserve Fund was established to account for revenues and expenditures associated with the acquisition of the new District Office. The proceeds from the sale of District property in fiscal year 2016-17 will be used for future capital improvement projects.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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 Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 59.

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.

F. Use of Estimates

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 at June 30.

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC).

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 County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

1. Deposits and Investments (Concluded)

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.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more 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.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Sites and Improvements	5-36
Buildings and Improvements	7-50
Furniture and Equipment	5-20

3. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements.

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.

6. Other Post Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, when applicable.

8. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the obligation, when applicable. Liabilities are reported net of applicable premiums and discounts.

In the fund financial statements, governmental funds recognize premiums and discounts when the debt is issued. The face amount of the debt issued, premiums and discounts are reported as other financing sources or uses.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The five fund balance classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance includes amounts that are not expected to be converted to cash, such as resources that are not in spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts constrained to a specific purpose by their providers (e.g., creditors, grantors, and contributors), or by law.

Committed Fund Balance includes amounts that are constrained to specific purposes by the Board. For this purpose, all commitments of funds shall be approved by majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

Assigned Fund Balance includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. The Board delegates authority to assign funds to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent may further delegate the authority to assign funds at his/her discretion.

Unassigned Fund Balance includes amounts that are available for any purpose.

The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability to protect the District against unforeseen circumstances. If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance, which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance, as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Local Control Funding Formula (LCFF)/Property Tax

The formula for determining the level of funding per student is the “Local Control Funding Formula” (LCFF). District funding under the LCFF is generally provided by a mix of state aid and local property taxes.

The County of Marin is responsible for assessing, collecting and apportioning property taxes to the District. 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 January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 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 (January 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 alternative 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. The District records property taxes as local LCFF sources. The California Department of Education reduces the District’s LCFF transition entitlement by the District’s local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

Since the amount of property taxes received by the District exceeds the amount of the LCFF entitlement, the District is considered to be a “basic aid” school district and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion $120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	Governmental Activities
Cash in Revolving Fund	$ 700
County Pool Investments	9,407,219
Totals	$ 9,407,919

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

County Pool Investments

County pool investments consist of District cash held by the Marin County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Marin County Investment Pool.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 9,407,219	$ 9,319,960	236

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the Marin County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

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

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Fair Value	Uncategorized
County Pool Investments	$ 9,319,960	$ 9,319,960

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

NOTE 3 - RECEIVABLES

Receivables at June 30, 2022 consist of the following:

	General Fund
Federal Government	$ 558,096
State Government	167,104
Local Governments	316,804
Miscellaneous	23,340
Total	$ 1,065,344

NOTE 4 - INTERFUND ACTIVITIES

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. 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.

Balances Due From/Due To Other Funds

All interfund receivables and payables are scheduled to be paid within one year. Balances due from/due to other funds at June 30, 2022 consisted of the following:

Amount owed from General Fund to Building fund to correct prior year expenditure transfer	$ 9,950

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

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

	Balances July 1, 2021	Additions	Deletions	Balances June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 1,514,919			$ 1,514,919
Construction-in-Progress	321,088	$ 1,671,783	$ 1,992,871	0
Total Capital Assets Not Being Depreciated	1,836,007	1,671,783	1,992,871	1,514,919
Capital Assets Being Depreciated:				
Sites and Improvements	3,865,866	388,981		4,254,847
Buildings and Improvements	54,015,129	1,492,666		55,507,795
Furniture and Equipment	1,761,087			1,761,087
Total Capital Assets Being Depreciated	59,642,082	1,881,647	0	61,523,729
Less Accumulated Depreciation:				
Sites and Improvements	2,908,574	122,934		3,031,508
Buildings and Improvements	17,603,765	1,399,245		19,003,010
Furniture and Equipment	526,141	143,964		670,105
Total Accumulated Depreciation	21,038,480	1,666,143	0	22,704,623
Total Capital Assets Being Depreciated, Net	38,603,602	215,504	0	38,819,106
Capital Assets, Net	$ 40,439,609	$ 1,887,287	$ 1,992,871	$ 40,334,025

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 1,067,465
Instruction-Related Services	510,929
General Administration	27,469
Plant Services	24,026
Ancillary Services	6,155
Community Services	30,099
Total	$ 1,666,143

NOTE 6 - GENERAL OBLIGATION BONDS

The District's outstanding general obligation debt, excluding $2,423,833 of unamortized bond premiums, as of June 30, 2022 is as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2022
1/18/12	2.00-3.50	8/1/29	$ 9,585,000	$ 5,570,000		$ 550,000	$ 5,020,000
5/13/15	3.00-5.00	8/1/44	12,000,000	10,295,000			10,295,000
5/13/15	2.00-5.00	8/1/23	5,535,000	2,295,000		730,000	1,565,000
5/17/18	3.00-5.00	8/1/43	18,000,000	16,305,000		330,000	15,975,000
		Totals	$ 45,120,000	$ 34,465,000	$ 0	$ 1,610,000	$ 32,855,000

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

The annual requirements to amortize the general obligation bonds, as of June 30, 2022, are as follows:

Year Ended June 30	Principal	Interest	Totals
2023	$ 1,500,000	$ 1,413,181	$ 2,913,181
2024	1,615,000	1,351,956	2,966,956
2025	880,000	1,302,406	2,182,406
2026	970,000	1,265,406	2,235,406
2027	1,065,000	1,226,306	2,291,306
2028-2032	5,360,000	5,476,653	10,836,653
2033-2037	5,890,000	4,394,988	10,284,988
2038-2042	9,450,000	2,711,525	12,161,525
2043-2047	6,125,000	389,625	6,514,625
Totals	$ 32,855,000	$ 19,532,046	$ 52,387,046

The general obligation bonds are secured by the full faith and credit of the District. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Marin County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District.

NOTE 7 - NOTES PAYABLE

On October 7, 2011, the District refinanced the note payable agreement for the District Office building on the outstanding principal amount of $1,647,947. The agreement requires monthly payments of $11,652.94, which continue through September 7, 2027, at which time title will pass to the District. The note payable is secured by two buildings located at Bacich Elementary School. There is no acceleration clause in the agreement.

On June 15, 2021, the District entered into a note payable agreement to finance the purchase of $83,416 of computer equipment. The agreement requires three annual payments of $29,303, which commenced during fiscal year 2021-22. Title will pass to the District at the end of the term. Future minimum payments under these agreements are as follows:

Year Ended June 30	Lease Payments
2023	$ 169,138
2024	169,138
2025	139,835
2026	139,835
2027	139,835
2028-2032	34,939
Total payments	792,720
Less amounts representing interest	(76,666)
Present value of net minimum lease payments	$ 716,054

NOTE 8 - EARLY RETIREMENT INCENTIVES

In accordance with Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits,* termination benefits including benefits provided by employers to employees as an inducement to hasten the termination of services, such as early retirement incentives, should be recognized when the employees accept the offer, and the amounts can be estimated.

The District offers an early retirement incentive program through the Public Agency Retirement Services (PARS), where eligible employees receive a lump sum benefit based on their years of service at retirement. In general, this benefit is available to employees who are at least 50% FTE with 10 or more years of service with the District and who retire under the California State Teachers' Retirement System (CalSTRS).

The liability reported is the present value of future expected cash flows, using a 5% discount rate. The cost for this benefit in fiscal year 2021-22 was $55,220. At June 30, 2022, the liability is $91,481 for eleven retirees.

Future payments as of June 30, 2022 are as follows:

Year Ended June 30	Annual Payments
2023	$ 45,000
2024	35,000
2025	13,750
2026	5,000
Total payments	98,750
Less amounts representing interest	(7,269)
Present value of annual payments	$ 91,481

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District's defined benefit plan, Kentfield School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. The Plan does not issue a stand-alone financial report.

Plan Descriptions/Benefits Provided

The Plan provides medical, dental and vision benefits. Active employees and retirees are offered a choice of five medical/prescription drug options from Kaiser Permanente and Blue Shield of California, with prescription drug carved out and provided through Navitus for the two Blue Shield options. These coverages are self-insured on a pooled basis by the Self-Insured Schools of California (SISC III), effective October 1, 2020. In addition, all groups are offered dental and vision benefits through Delta Dental and VSP Vision, respectively.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Descriptions/Benefits Provided (Concluded)

Certificated and Classified employees (including management) who attain age 55 and have completed at least 5 years of continuous service prior to retirement are eligible to retire with District-paid medical, dental and vision coverages, to a maximum of the Kaiser Traditional single rate for active employees (currently $745.00/month), plus retiree-only dental and vision premiums (currently $73.48/month and $19.32/month, respectively) for a total of $837.80/month, pro-rated for part-time service, if applicable. Retirees may cover dependents at their own expense. District-paid benefits end at age 65.

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

Employees covered by benefit terms

The number of employees covered by the benefit terms of the plan as of June 30, 2022 are as follows:

Inactive employees currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees *	110
Total number of participants	117

* May become eligible to retire and receive benefits

Actuarial Assumptions

The total OPEB liability was determined using an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age
Inflation	2.50%
Discount Rate	3.54%, net of expenses
Salary Increases	2.75%
Healthcare cost trend rate	4.00% based on the conclusion that while medical trends will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin.

Because the Plan is unfunded, the yield for the 20-year, tax-exempt general obligation municipal bond was used to determine the liability. The discount rate was based on the Bond Buyer 20 Index.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions (Concluded)

Mortality assumptions were based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table and the 2020 CalSTRS Mortality table. Retirement assumptions were based on the 2017 CalPERS 2.0% @ 55 Rates for Schools Employees, 2017 CalPERS 2.0% @ 62 Rates for Schools Employees, 2020 CalSTRS 2.0% @ 60 Rates and 2020 CalSTRS 2.0% @ 62 Rates tables. Turnover assumptions were based on the 2017 CalPERS Termination Rates for School Employees and 2020 CalSTRS Termination Rates tables. For other assumptions, actual plan provisions and plan data were used.

Total OPEB Liability

The District's total OPEB liability of $2,022,277 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	$ 2,083,166
Changes for the year:	
Service cost	168,940
Interest on total OPEB liability	45,870
Changes of assumptions or other inputs	(187,662)
Benefit payments, including implicit subsidy	(88,037)
Net change in OPEB liability	(60,889)
Balance at June 30, 2022	$ 2,022,277

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

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 3.54%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	Discount Rate 1% Decrease	Discount Rate Current Rate	Discount Rate 1% Increase
District's total OPEB liability	$ 2,163,900	$ 2,022,277	$ 1,931,637

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

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

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current healthcare cost trend rate of 4.00% as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	Healthcare Cost Trend Rate 1% Decrease	Healthcare Cost Trend Rate Current Rate	Healthcare Cost Trend Rate 1% Increase
District's total OPEB liability	$ 1,811,417	$ 2,022,277	$ 2,258,517

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $200,072. 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
Differences between expected and actual experience	$ 197,076	$ 34,555
Changes of assumptions or other inputs	78,578	399,561
Totals	$ 275,654	$ 434,116

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

Year Ended June 30	
2023	$ (14,736)
2024	(14,736)
2025	(14,054)
2026	(10,869)
2027	(15,301)
Thereafter	(88,766)

Differences between expected and actual experience and changes of assumptions or other inputs are amortized over the average of expected remaining service life of members at the various measurement dates. The average expected remaining service life was 10.8 years as of the June 30, 2022 measurement date.

NOTE 10 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 7,155,573	$ 2,932,101	$ 7,549,650	$ 1,480,732
CalPERS	2,587,694	599,845	1,269,007	136,292
Totals	$ 9,743,267	$ 3,531,946	$ 8,818,657	$ 1,617,024

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

The STRP Defined Benefit Program has two benefit structures:

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

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

Contributions

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

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation) signed into law in June 2019 and June 2020, respectively, provided supplemental contributions to the defined benefit program along with supplemental contribution rate relief to employers through fiscal year 2021-22. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: The member contribution rate for 2% at 60 members is set in statute at 10.25%, while 2% at 62 members are required to pay at least one-half of the normal cost of their Defined Benefit Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for 2% at 62 members was 10.205% for fiscal year 2021-22.

Employers: The employer contribution rate was 16.92% of applicable member earnings for fiscal year 2021-22. This rate reflects a 2.18% reduction of the employer contribution rate for fiscal year 2021-22 pursuant to special legislation, than is required by the CalSTRS Funding Plan. The District contributed $1,493,442 to the plan for the fiscal year ended June 30, 2022.

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021-22, which increased the state supplemental contribution rate to 6.311% effective July 1, 2021. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.828% for the fiscal year ended June 30, 2022.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	$ 7,155,573
State's proportionate share of the net pension liability associated with the District	3,600,407
Total net pension liability attributed to District	$ 10,755,980

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020 was as follows:

Proportion - June 30, 2021	0.0157%
Proportion - June 30, 2020	0.0164%
Change - Increase (Decrease)	-0.0007%

For the fiscal year ended June 30, 2022, the District recognized pension expense of $1,480,732, which includes $1,011,218 of support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 1,493,442	
Differences between expected and actual experience	17,938	$ 772,235
Changes of assumptions	1,019,418	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	401,303	1,148,938
Net differences between projected and actual earnings on plan investments		5,628,477
Totals	$ 2,932,101	$ 7,549,650

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Year Ended June 30	
2023	$ (1,287,872)
2024	(1,070,898)
2025	(1,539,121)
2026	(1,748,127)
2027	(222,984)
2028	(241,989)

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [1]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

[1] Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as an input to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
Total	100%	

* 20-year average

Mortality

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	$ 14,566,185	$ 7,155,573	$ 1,004,906

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. 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.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

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. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District’s contractually required contribution rate for the fiscal year ended June 30, 2022 was 22.91% of annual payroll. The District’s contribution to CalPERS for the fiscal year ended June 30, 2022 was $455,717.

District’s Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported a liability of $2,587,694 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability 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 as of June 30, 2021 and June 30, 2020 was as follows:

Proportion - June 30, 2021	0.0127%
Proportion - June 30, 2020	0.0141%
Change - Increase (Decrease)	-0.0014%

For the fiscal year ended June 30, 2022, the District recognized pension expense of $136,292. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 10 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 455,717	
Differences between expected and actual experience	77,548	$ 6,099
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	66,580	281,568
Net differences between projected and actual earnings on plan investments		981,340
Totals	$ 599,845	$ 1,269,007

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

Year Ended June 30	
2023	$ (244,676)
2024	(273,251)
2025	(330,757)
2026	(276,195)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4.0 years as of June 30, 2021. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Discount Rate (Concluded)

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class [1]	Assumed Asset Allocation	Real Return Years 1 - 10 [2, 4]	Real Return Years 11+ [3, 4]
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(1) In the CalPERS CAFR, liquidity is included in short-term investments, inflation assets are included in both public equity and fixed income.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

(4) Figures are based on the previous ALM of 2017.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, 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 one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	$ 4,363,215	$ 2,587,694	$ 1,113,630

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 - RETIREMENT PLANS (CONCLUDED)

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 11 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2022, is shown below.

	Balances July 1, 2021	Additions	Deductions	Balances June 30, 2022	Due within One Year
Long-Term Debt:					
General Obligation Bonds	$ 34,465,000		$ 1,610,000	$ 32,855,000	$ 1,500,000
Bond Premiums	2,654,699		230,866	2,423,833	230,866
Notes Payable	856,611		140,557	716,054	142,069
Early Retirement Incentives	128,085	$ 18,616	55,220	91,481	41,357
Other Long-Term Liabilities:					
Compensated Absences	109,681	56,274	109,681	56,274	56,274
Total OPEB Liability	2,083,166	27,148	88,037	2,022,277	
Net Pension Liabilities	20,243,208		10,499,941	9,743,267	
Totals	$ 60,540,450	$ 102,038	$ 12,734,302	$ 47,908,186	$ 1,970,566

The general obligation bonds are an obligation of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The remaining long-term liabilities are obligations of the General Fund.

NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of $1,011,218 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 13 - ECONOMIC DEPENDENCY

During fiscal year 2021-22, the District received $4,799,203 of parcel tax revenue that is subject to voter approval. The District also received $853,591 from the Kentfield Schools Foundation, a non-profit, public benefit corporation that is subject to voluntary public contributions to the organization.

NOTE 14 - FUND BALANCES

The District's fund balances at June 30, 2022 consisted of the following:

	General Fund	Bond Interest & Redemption Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Totals
Nonspendable:						
Revolving Cash	$ 700					$ 700
Total Nonspendable	700					700
Restricted:						
Categorical Programs	297,412					297,412
Developer Fees					$ 145,413	145,413
School Facilities				$ 1,335,600		1,335,600
Bond Proceeds			$ 1,632,610			1,632,610
Debt Service		$ 2,534,647				2,534,647
Local Programs	13,686					13,686
Total Restricted	311,098	2,534,647	1,632,610	1,335,600	145,413	5,959,368
Assigned:						
District Reserve	408,560					408,560
Special Education Reserve	100,000					100,000
Deferred Maintenance	4,175					4,175
Capital Projects					1,031,755	1,031,755
Total Assigned	512,735				1,031,755	1,544,490
Unassigned:						
Reserve for Economic Uncertainties	612,840					612,840
Remaining Unassigned Balances	1,092,618					1,092,618
Total Unassigned	1,705,458					1,705,458
Total Fund Balances	$ 2,529,991	$ 2,534,647	$ 1,632,610	$ 1,335,600	$ 1,177,168	$ 9,210,016

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021-22, the District participated in one joint power authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 17 - JOINT VENTURES

A. Marin Schools Insurance Authority (MSIA)

The District participates in a joint venture under a joint powers agreement with MSIA for workers' compensation and property and liability insurance. The relationship between the District and MSIA is such that MSIA is not a component unit of the District for financial reporting purposes.

MSIA arranges for and/or provides coverage for its members. MSIA is governed by a board consisting of a representative from each member district. MSIA's governing board controls the operations of MSIA, 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 proportionately to their participation in MSIA. MSIA is audited on an annual basis. Audit financial statements can be obtained by contacting MSIA's management.

B. Marin Pupil Transportation Agency (MPTA)

The District participates in a joint venture under a joint powers agreement with MPTA for pupil transportation services for special education children. The relationship between the District and MPTA is such that MPTA is not a component unit of the District for financial reporting purposes.

MPTA arranges for and/or provides special education transportation services for its members. MPTA is governed by a board consisting of a representative from each member district. MPTA's board controls the operations of MPTA, 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 fee commensurate with the level of service requested, and shares surpluses and deficits proportionately to their participation in MPTA. MPTA is audited on an annual basis. Audited financial statements can be obtained by contacting MPTA's management.

NOTE 18 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 8, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

KENTFIELD SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 819,116	$ 850,292	$ 852,188	$ 1,896
Local Sources	10,298,080	10,321,141	10,416,201	95,060
Total LCFF Sources	11,117,196	11,171,433	11,268,389	96,956
Federal Revenue	281,734	624,046	629,130	5,084
Other State Revenue	1,243,562	853,132	2,164,252	1,311,120
Other Local Revenue	6,265,320	6,515,339	6,607,991	92,652
Total Revenues	18,907,812	19,163,950	20,669,762	1,505,812
Expenditures				
Current:				
Certificated Salaries	8,921,190	9,277,044	9,301,416	(24,372)
Classified Salaries	2,423,672	2,431,204	2,348,353	82,851
Employee Benefits	4,477,192	4,293,405	5,223,347	(929,942)
Books and Supplies	688,094	885,947	759,250	126,697
Services and Other Operating Expenditures	1,492,884	2,040,540	2,232,877	(192,337)
Capital Outlay		103,500	103,500	
Debt Service:				
Principal Retirement	139,836	140,557	140,557	
Interest and Fiscal Charges		29,041	29,040	1
Other Expenditures	413,888	293,118	314,320	(21,202)
Total Expenditures	18,556,756	19,494,356	20,452,660	(958,304)
Net Change in Fund Balances	351,056	(330,406)	217,102	$ 547,508
Fund Balances - July 1, 2021	2,312,889	2,312,889	2,312,889	
Fund Balances - June 30, 2022	$ 2,663,945	$ 1,982,483	$ 2,529,991	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	$ 168,940	$ 172,684	$ 167,654	$ 156,226	$ 160,085
Interest on total OPEB liability	45,870	44,779	44,560	59,855	50,158
Differences between expected and actual experience		241,863	(55,285)		
Changes of assumptions or other inputs	(187,662)	(257,105)	83,175	56,141	(53,892)
Benefit payments, including implicit subsidy	(88,037)	(136,274)	(86,230)	(123,587)	(87,626)
Net Change in Total OPEB Liability	(60,889)	65,947	153,874	148,635	68,725
Total OPEB Liability - Beginning	2,083,166	2,017,219	1,863,345	1,714,710	1,645,985
Total OPEB Liability - Ending	$ 2,022,277	$ 2,083,166	$ 2,017,219	$ 1,863,345	$ 1,714,710
Covered-employee Payroll	$ 9,660,702	$ 9,402,143	$ 11,569,439	$ 9,285,799	$ 7,549,317
District's Total OPEB Liability as Percentage of Covered-employee Payroll	20.93%	22.16%	17.44%	20.07%	22.71%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2022

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2022	0.0157%	$ 7,155,573	$ 3,600,407	$ 10,755,980	$8,579,381	83.40%	87.21%
2021	0.0164%	15,929,713	8,211,769	24,141,482	9,076,099	175.51%	71.82%
2020	0.0162%	14,654,743	7,995,141	22,649,884	8,902,457	164.61%	72.56%
2019	0.0156%	14,331,502	8,205,455	22,536,957	8,492,245	168.76%	70.99%
2018	0.0157%	14,551,637	8,608,625	23,160,262	8,409,650	173.03%	69.46%
2017	0.0160%	12,911,214	9,109,184	22,020,398	7,981,463	161.76%	70.04%
2016	0.0166%	11,180,790	7,398,590	18,579,380	7,665,529	145.86%	74.02%
2015	0.0164%	9,583,668	6,536,727	16,120,395	7,294,958	131.37%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2022

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2022	0.0127%	$ 2,587,694	$ 1,840,971	140.56%	80.97%
2021	0.0141%	4,313,495	2,026,053	212.90%	70.00%
2020	0.0131%	3,812,341	1,884,764	202.27%	70.05%
2019	0.0131%	3,487,203	1,695,718	205.65%	70.85%
2018	0.0141%	3,369,559	1,802,405	186.95%	71.87%
2017	0.0147%	2,906,491	1,763,037	164.86%	73.90%
2016	0.0152%	2,246,517	1,687,299	133.14%	79.43%
2015	0.0146%	1,657,455	1,531,035	108.26%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2022	$ 1,493,442	$ 1,493,442	$ 0	$ 8,826,489	16.92%
2021	1,385,570	1,385,570	0	8,579,381	16.15%
2020	1,552,013	1,552,013	0	9,076,099	17.10%
2019	1,449,320	1,449,320	0	8,902,457	16.28%
2018	1,225,431	1,225,431	0	8,492,245	14.43%
2017	1,057,934	1,057,934	0	8,409,650	12.58%
2016	856,411	856,411	0	7,981,463	10.73%
2015	680,699	680,699	0	7,665,529	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2022	$ 455,717	$ 455,717	$ 0	$ 1,989,162	22.910%
2021	381,081	381,081	0	1,840,971	20.700%
2020	399,558	399,558	0	2,026,053	19.721%
2019	340,426	340,426	0	1,884,764	18.062%
2018	263,362	263,362	0	1,695,718	15.531%
2017	250,318	250,318	0	1,802,405	13.888%
2016	208,867	208,867	0	1,763,037	11.847%
2015	198,612	198,612	0	1,687,299	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP).

Excess of expenditures over appropriations at June 30, 2022 are as follows:

General Fund	Excess Expenditures
Certificated Salaries	$ 24,372
Employee Benefits	929,942
Services and Other Operating Expenditures	192,337
Other Expenditures	21,202

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classification for which the budget was not revised.

B. Schedule of Changes in Total OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the total OPEB liability, the total OPEB liability, the covered-employee payroll, and the total OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

D. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Trust Assets

The District has no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

Benefit Terms

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

Changes in Assumptions or Other Inputs

The discount rate changed from 2.16% at June 30, 2021 to 3.54% at June 30, 2022.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

Changes of Assumptions

There were no changes in assumptions since the previous valuation for CalSTRS or CalPERS.

SUPPLEMENTARY INFORMATION SECTION

ORGANIZATION

The Kentfield School District is situated in Marin County, approximately 10 miles north of San Francisco. The District currently operates one elementary school and one middle school. There were no changes in the boundaries of the District during the year.

BOARD OF EDUCATION

Name	Office	Term Expires
David Riedel	President	December 2024
Annie Su	Vice President	December 2024
Sarah Killingsworth	Clerk	December 2022
Heather McPhail Sridharan	Member	December 2022
Davina Goldwasser	Member	December 2022

ADMINISTRATION

Raquel Rose
Superintendent

Kirsten Starsiak
Chief Business Official

KENTFIELD SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Capital Facilities	Kent Middle School Gymnasium	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
Assets				
Deposits and Investments	$ 46,207	$ 115,381	$ 1,031,755	$ 1,193,343
Total Assets	$ 46,207	$ 115,381	$ 1,031,755	$ 1,193,343
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	$ 9,614	$ 6,561		$ 16,175
Total Liabilities	9,614	6,561		16,175
Fund Balances:				
Restricted	36,593	108,820		145,413
Assigned			$ 1,031,755	1,031,755
Total Fund Balances	36,593	108,820	1,031,755	1,177,168
Total Liabilities and Fund Balances	$ 46,207	$ 115,381	$ 1,031,755	$ 1,193,343

SEE NOTES TO SUPPLEMENTARY INFORMATION

KENTFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Capital Facilities	Kent Middle School Gymnasium	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
Revenues				
Local Revenue	$ 23,452	$ 15,599	$ 667	$ 39,718
Total Revenues	23,452	15,599	667	39,718
Expenditures				
Current:				
Facilities Acquisition and Construction	36,489	8,910		45,399
Total Expenditures	36,489	8,910	0	45,399
Net Change in Fund Balances	(13,037)	6,689	667	(5,681)
Fund Balances - July 1, 2021	49,630	102,131	1,031,088	1,182,849
Fund Balances - June 30, 2022	$ 36,593	$ 108,820	$ 1,031,755	$ 1,177,168

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	P-2 Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	372.63	360.08	254.29	987.00
Extended Year - Special Education	0.38	0.45	0.31	1.14
Nonpublic	0.27			0.27
Totals	373.28	360.53	254.60	988.41

	Annual Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	370.98	359.48	253.95	984.41
Extended Year - Special Education	0.38	0.45	0.31	1.14
Nonpublic	0.27			0.27
Totals	371.63	359.93	254.26	985.82

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Instructional Minutes			Traditional Calendar Days			Number of Days	
Grade Level	Minutes Required	Offered	J-13A Credited	Total	Offered	J-13A Credited	Total	Multitrack Calendar	Status
Kindergarten	36,000	40,220	0	40,220	180	0	180	N/A	In Compliance
Grade 1	50,400	50,450	0	50,450	180	0	180	N/A	In Compliance
Grade 2	50,400	50,450	0	50,450	180	0	180	N/A	In Compliance
Grade 3	50,400	55,568	0	55,568	180	0	180	N/A	In Compliance
Grade 4	54,000	55,568	0	55,568	180	0	180	N/A	In Compliance
Grade 5	54,000	61,014	0	61,014	180	0	180	N/A	In Compliance
Grade 6	54,000	61,204	0	61,204	180	0	180	N/A	In Compliance
Grade 7	54,000	61,204	0	61,204	180	0	180	N/A	In Compliance
Grade 8	54,000	61,204	0	61,204	180	0	180	N/A	In Compliance

KENTFIELD SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Deferred Maintenance Fund
June 30, 2022 Annual Financial and Budget Report Fund Balances	$ 2,523,926	$ 6,065
Reclassifications Increasing (Decreasing) Fund Balances:		
Reclassification of Fund Balances	6,065	(6,065)
June 30, 2022 Audited Financial Statements Fund Balances	$ 2,529,991	$ 0

Auditor's Comments

The fund balances of the General Fund and Deferred Maintenance Fund have been combined for financial reporting purposes in accordance with GASB 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2022.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND			
	(Budget) 2022-23	2021-22	2020-21	2019-20
Revenues and Other Financial Sources	$ 20,576,358	$ 20,669,762	$ 19,777,475	$ 18,842,981
Expenditures	20,572,599	20,452,660	18,410,947	19,945,080
Other Uses and Transfers Out	0	0	0	0
Total Outgo	20,572,599	20,452,660	18,410,947	19,945,080
Change in Fund Balance	3,759	217,102	1,366,528	(1,102,099)
Ending Fund Balance	$ 2,533,750	$ 2,529,991	$ 2,312,889	$ 946,361
Available Reserves	$ 1,793,866	$ 1,705,459	$ 1,805,971	$ 784,187
Reserve for Economic Uncertainties *	$ 426,412	$ 612,840	$ 553,126	$ 784,187
Available Reserves as a Percentage of Total Outgo	8.7%	8.3%	9.8%	3.9%
Average Daily Attendance at P-2	995	988	N/A	1,142
Total Long-Term Liabilities	$ 45,937,620	$ 47,908,186	$ 60,540,450	$ 61,053,843

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased $1,583,630 (167%) over the past two years. The fiscal year 2022-23 budget projects an increase of $3,759 (.15%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District incurred an operating deficit of $1,102,099 during fiscal year 2019-20, and produced operating surpluses of $1,366,528, and $217,102 during fiscal years 2020-21 and 2021-22, respectively.

Average daily attendance (ADA) decreased 154 ADA over the past two years. The Districts 2022-23 budget projects an increase of 7 ADA.

Total long-term liabilities decreased $13,145,657 over the past two years, due primarily to current year reduction of the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers approved by the California Department of Education, when applicable.

D. Reconciliation of Annual Financial and Budget Report with 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.

E. 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.

OTHER INDEPENDENT AUDITOR’S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
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
Kentfield School District
Kentfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kentfield School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2022 that included an unmodified opinion on the governmental activities, each major fund and the aggregate remaining fund information and an adverse opinion on the discretely presented component unit. The report on the financial statements included an adverse opinion on the discretely presented component unit because the financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. The effect of not including the District's legally separate component unit on the government-wide financial statements has not been determined.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Report on Compliance and Other Matters

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

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2022

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Kentfield School District
Kentfield, California

Report on State Compliance

Opinion on State Compliance

We have audited Kentfield School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state programs identified below for the year ended June 30, 2022.

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists.

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Auditor's Responsibilities for the Audit of Compliance (Compliance)

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and;
- Select and test transactions and records to determine the District's compliance with 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	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description (Concluded)	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2022 - 001** and **2022 - 002**. Further, the results of our auditing procedures disclosed instances of noncompliance with other state laws and regulations, which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2022 - 003**.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis.

Report on Internal Control over Compliance (Concluded)

A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 8, 2022

FINDINGS AND QUESTIONED COSTS SECTION

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Opinion Unit**	**Opinion**
	Governmental Activities	Unmodified
	Discretely Presented Component Unit	Adverse
	General Fund	Unmodified
	Bond Interest & Redemption Fund	Unmodified
	Building Fund	Unmodified
	County School Facilities Fund	Unmodified
	Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:		
Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified	
Any audit findings required to be reported in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	X Yes	____ No
Any audit findings required to be reported in accordance with other state laws or regulations?	X Yes	____ No
Internal control over state programs:		
Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2022.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022 - 001 / 70000

INSTRUCTIONAL MATERIALS

Criteria: In accordance with the requirements of Education Code Section 60119(b), the governing board shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places in the school district. In addition, the public hearing notice should be retained for audit purposes, to document the District's compliance with the posting requirements.

Condition: The District was unable to provide a copy of the public hearing notice.

Questioned Costs: None. This noncompliance has no fiscal impact.

Context: The individual responsible for retaining the public hearing notice no longer works for the District.

Effect: There is no for the District's to substantiate compliance with Education Code Section 60119(b) if the public hearing notice is not retained.

Cause: The District did not have appropriate procedures in place to ensure that a copy of the public hearing notice was retained for the annual audit.

Recommendation: The District shall establish appropriate procedures to ensure that a copy of the public hearing notice is retained for the annual audit.

District Response: At the time of the 2021/2022 audit, the District was experiencing staffing turnover in the office that is responsible for posting public hearings. Since that time, protocols have been established that ensure required public notices are published in the required venues for the required period of time.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022 - 002 / 70000

INSTRUCTIONAL MATERIALS

Criteria:	In accordance with the requirements of Education Code Section 60119(a)(1)(C), the governing board of a school district shall also make a written determination as to whether each pupil enrolled in a foreign language or health course has sufficient textbooks or instructional materials that are consistent with the content and cycles of the curriculum frameworks adopted by the state board for those subjects.
Condition:	The Governing Board did not make a written determination as to whether each student enrolled in a foreign language course had sufficient textbooks or instructional materials that were consistent with the content and cycles of the curriculum frameworks adopted by the state board.
Questioned Costs:	None. This noncompliance has no fiscal impact.
Context:	The District did provide sufficient textbooks and/or instructional materials to pupils enrolled in foreign language courses offered during the year.
Effect:	The District did not comply with the requirements of Education Code Section 60119(a)(1)(C).
Cause:	The District was not aware of the requirements of Education Code Section 60119(a)(1)(C).
Recommendation:	The District should establish procedures to ensure that they comply with the requirements of Education Code Section 60119(a)(1)(C) when foreign language courses are offered.
District Response:	The District will review the language used in the annual instructional materials resolution to ensure the resolution includes the required determination regarding instructional materials for foreign language courses offered by the District in the future."

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2022 - 003 / 40000

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Criteria: In accordance with Education Code Section 42600, the total amount budgeted as the proposed expenditure of the school district for each major classification of school district expenditures listed in the school district budget forms prescribed by the Superintendent of Public Instruction shall be the maximum amount which may be expended for that classification of expenditures for the school year.

Condition: Total General Fund expenditures exceeded total General Fund appropriations by $958,304 during fiscal year 2021-22.

Questioned Cost: None.

Context: Total expenditures exceeded total appropriations in the General Fund as of June 30, 2022. (See Page 59)

Effect: The District did not comply with the legal requirements for expenditure appropriations.

Cause: Expenditures were made when no appropriations for such expenditures were available.

Recommendation: To ensure compliance, transfers may be made from available reserves in unspent expenditure classifications, designated fund balance, or unappropriated fund balance, to any expenditure classifications with Board approval under Education Code Section 42600. No payments should be made when there are no available appropriations in the expenditure classification.

District Response: In the last year, the District has instituted a protocol of reviewing the budget on a monthly basis, making the needed budgetary and appropriations adjustments and getting Board approval. Expenditures that require the use of the fund balance, reserves or the transfer from other funds get prior Board approval.

KENTFIELD SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
2021 - 001 / 30000		
MATERIAL WEAKNESS		
FINANCIAL REPORTING - UNAUDITED ACTUALS		
The District should establish appropriate internal controls, such as a year-end checklist to ensure that amounts are appropriately recorded on the District's general ledger.	Implemented	
STATE AWARDS		
2021 - 002 / 72000		
SCHOOL ACCOUNTABILITY REPORT CARD - FACILITIES		
The District should establish procedures to ensure that the pupil counts reported on the CALPADS "1.18 - FRPM / EL / Foster Youth - Student List" report are properly supported by appropriate documentation. In addition, the District should submit the audit adjustments to the 2020-21 unduplicated pupil counts on the principal apportionment software.	Implemented	