

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL
DISTRICT**

**AUDIT REPORT
JUNE 30, 2023**

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Marcum-Illinois Union Elementary School District
East Nicolaus, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Marcum-Illinois Union Elementary School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marcum-Illinois Union Elementary School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Marcum-Illinois Union Elementary School District, as of June 30, 2023, 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.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Marcum-Illinois Union Elementary 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marcum-Illinois Union Elementary 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marcum-Illinois Union Elementary 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marcum-Illinois Union Elementary 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marcum-Illinois Union Elementary School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2023 on our consideration of the Marcum-Illinois Union Elementary 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 the Marcum-Illinois Union Elementary 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 Marcum-Illinois Union Elementary School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 2, 2023

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

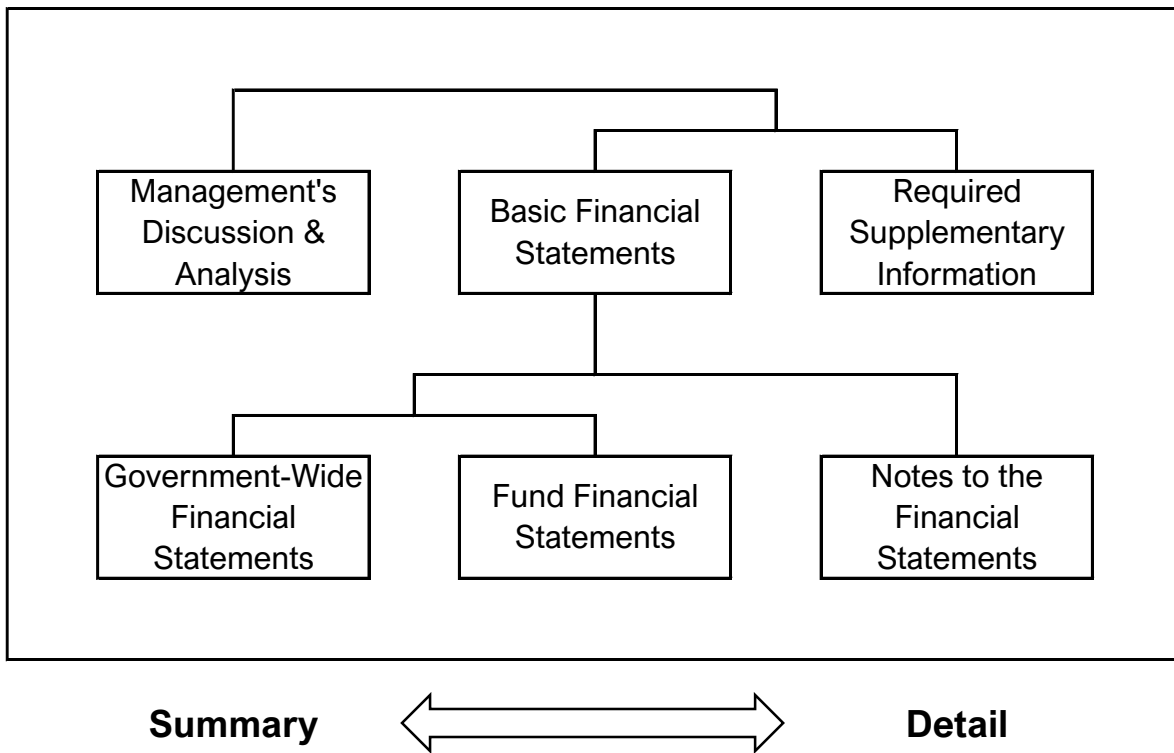
Our discussion and analysis of Marcum-Illinois Union Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$3,029,784 at June 30, 2023. This was an increase of \$1,006,454 from the prior year.
- ▶ Overall revenues were \$4,035,696 which exceeded expenses of \$3,029,242.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. 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 financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$3,029,784 at June 30, 2023, as reflected in the table below. Of this amount, \$(140,473) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 8,085,197	\$ 7,863,793	\$ 221,404
Capital assets	2,790,624	2,817,417	(26,793)
Total Assets	10,875,821	10,681,210	194,611
DEFERRED OUTFLOWS OF RESOURCES	802,270	644,716	157,554
LIABILITIES			
Current liabilities	329,908	620,056	(290,148)
Long-term liabilities	2,695,941	1,904,128	791,813
Total Liabilities	3,025,849	2,524,184	501,665
DEFERRED INFLOWS OF RESOURCES	5,622,458	6,778,412	(1,155,954)
NET POSITION			
Net investment in capital assets	2,475,042	2,474,745	297
Restricted	695,215	360,206	335,009
Unrestricted	(140,473)	(811,621)	671,148
Total Net Position	\$ 3,029,784	\$ 2,023,330	\$ 1,006,454

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 128,587	\$ 116,736	\$ 11,851
Operating grants and contributions	631,888	679,859	(47,971)
General revenues			
Property taxes	623,293	601,156	22,137
Unrestricted federal and state aid	1,579,938	1,326,641	253,297
Other	1,071,990	709,387	362,603
Total Revenues	4,035,696	3,433,779	601,917
EXPENSES			
Instruction	1,620,331	1,642,063	(21,732)
Instruction-related services	439,578	439,439	139
Pupil services	340,951	270,868	70,083
General administration	134,584	122,556	12,028
Plant services	415,689	390,315	25,374
Ancillary and community services	10,534	3,584	6,950
Debt service	14,887	15,127	(240)
Other outgo	52,688	81,469	(28,781)
Total Expenses	3,029,242	2,965,421	63,821
Change in net position	1,006,454	468,358	538,096
Net Position - Beginning	2,023,330	1,554,972	468,358
Net Position - Ending	\$ 3,029,784	\$ 2,023,330	\$ 1,006,454

The cost of all our governmental activities this year was \$3,029,242 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$623,293 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District’s functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2023	2022
Instruction	\$ 1,108,253	\$ 1,182,941
Instruction-related services	417,052	377,706
Pupil services	142,006	62,978
General administration	123,651	118,149
Plant services	414,263	390,315
Ancillary and community services	(592)	(1,609)
Debt service	14,887	15,127
Transfers to other agencies	49,247	23,219
Total	\$ 2,268,767	\$ 2,168,826

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$2,540,234, which is more than last year’s ending fund balance of \$1,749,381. The District’s General Fund had \$860,249 more in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$2,790,624 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 148,378	\$ 48,596	\$ 99,782
Land improvements	1,638,752	1,655,547	(16,795)
Buildings & improvements	4,347,133	4,290,596	56,537
Furniture & equipment	905,332	830,443	74,889
Less: Accumulated depreciation	(4,278,785)	(4,045,192)	(233,593)
Lease assets - furniture & equipment	38,061	38,061	-
Less: Accumulated amortization (lease assets)	(8,247)	(634)	(7,613)
Total Capital Assets	\$ 2,790,624	\$ 2,817,417	\$ (26,793)

Long-Term Liabilities

At year-end, the District had \$2,695,941 in long-term liabilities, an increase of 43.63% from last year – as shown in the table below. More detailed information about the District’s long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Financed purchases	\$ 285,448	\$ 305,215	\$ (19,767)
Leases	30,134	37,457	(7,323)
Net pension liability	2,409,916	1,561,456	848,460
Less: current portion of long-term liabilities	(29,557)	(27,090)	(2,467)
Total Long-term Liabilities	\$ 2,695,941	\$ 1,877,038	\$ 818,903

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California’s economy regardless of the Federal Reserve’s policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, Marcum-Illinois Union Elementary School District, 2452 El Centro Blvd. East Nicolaus, CA 95659, (530) 656-2407.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,324,050
Accounts receivable	355,730
Inventory	2,748
Lease receivable	5,402,669
Capital assets, not depreciated	148,378
Capital assets, net of accumulated depreciation	2,612,432
Lease assets, net of accumulated amortization	29,814
Total Assets	10,875,821
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	802,270
Total Deferred Outflows of Resources	802,270
LIABILITIES	
Accrued liabilities	198,056
Unearned revenue	102,295
Long-term liabilities, current portion	29,557
Long-term liabilities, non-current portion	2,695,941
Total Liabilities	3,025,849
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	377,846
Deferred inflows related to leases	5,244,612
Total Deferred Inflows of Resources	5,622,458
NET POSITION	
Net investment in capital assets	2,475,042
Restricted:	
Capital projects	29,260
Educational programs	572,171
Food service	75,777
Associated student body	18,007
Unrestricted	(140,473)
Total Net Position	\$ 3,029,784

The accompanying notes are an integral part of these financial statements.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 1,620,331	\$ 117,457	\$ 394,621	\$ (1,108,253)
Instruction-related services				
Instructional supervision and administration	41,611	-	7,498	(34,113)
Instructional library, media, and technology	17,307	-	-	(17,307)
School site administration	380,660	226	14,802	(365,632)
Pupil services				
Home-to-school transportation	143,672	-	-	(143,672)
Food services	195,942	-	198,945	3,003
All other pupil services	1,337	-	-	(1,337)
General administration				
Centralized data processing	2,675	-	-	(2,675)
All other general administration	131,909	3,848	7,085	(120,976)
Plant services	415,689	215	1,211	(414,263)
Ancillary services	10,396	6,841	4,285	730
Community services	138	-	-	(138)
Interest on long-term debt	14,887	-	-	(14,887)
Other outgo	52,688	-	3,441	(49,247)
Total Governmental Activities	\$ 3,029,242	\$ 128,587	\$ 631,888	(2,268,767)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				623,293
Federal and state aid not restricted for specific purposes				1,579,938
Interest and investment earnings				(90,461)
Interagency revenues				259,203
Miscellaneous				903,248
Subtotal, General Revenue				3,275,221
CHANGE IN NET POSITION				1,006,454
Net Position - Beginning				2,023,330
Net Position - Ending				\$ 3,029,784

The accompanying notes are an integral part of these financial statements.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,244,926	\$ 79,124	\$ 2,324,050
Accounts receivable	303,052	52,678	355,730
Stores inventory	-	2,748	2,748
Lease receivable	5,402,669	-	5,402,669
Total Assets	\$ 7,950,647	\$ 134,550	\$ 8,085,197
LIABILITIES			
Accrued liabilities	\$ 198,056	\$ -	\$ 198,056
Unearned revenue	95,603	6,692	102,295
Total Liabilities	293,659	6,692	300,351
DEFERRED INFLOWS			
Deferred inflows related to leases	5,244,612	-	5,244,612
Total Deferred Inflows	5,244,612	-	5,244,612
FUND BALANCES			
Nonspendable	4,500	2,998	7,498
Restricted	570,377	124,838	695,215
Assigned	259,203	22	259,225
Unassigned	1,578,296	-	1,578,296
Total Fund Balances	2,412,376	127,858	2,540,234
Total Liabilities, Deferred Inflows and Fund Balances	\$ 7,950,647	\$ 134,550	\$ 8,085,197

The accompanying notes are an integral part of these financial statements.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ 2,540,234

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation and accumulated amortization:

Capital assets	\$ 7,039,595	
Lease assets	38,061	
Accumulated depreciation	(4,278,785)	
Accumulated amortization (lease assets)	<u>(8,247)</u>	2,790,624

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 consist of:

Financed purchases	\$ 285,448	
Leases	30,134	
Net pension liability	<u>2,409,916</u>	(2,725,498)

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 related to pensions	\$ 802,270	
Deferred inflows of resources related to pensions	<u>(377,846)</u>	424,424

Total Net Position - Governmental Activities \$ 3,029,784

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	\$ 2,156,900	\$ -	\$ 2,156,900
Federal sources	54,170	91,333	145,503
Other state sources	743,569	211,915	955,484
Other local sources	777,816	100,734	878,550
Total Revenues	3,732,455	403,982	4,136,437
EXPENDITURES			
Current			
Instruction	1,534,521	174,419	1,708,940
Instruction-related services			
Instructional supervision and administration	57,229	-	57,229
Instructional library, media, and technology	17,307	-	17,307
School site administration	430,189	484	430,673
Pupil services			
Home-to-school transportation	141,989	-	141,989
Food services	25,000	186,262	211,262
All other pupil services	1,337	-	1,337
General administration			
Centralized data processing	2,675	-	2,675
All other general administration	142,980	3,275	146,255
Plant services	336,612	461	337,073
Facilities acquisition and construction	85,872	99,773	185,645
Ancillary services	1,692	8,704	10,396
Community services	138	-	138
Transfers to other agencies	52,688	-	52,688
Debt service			
Principal	27,090	-	27,090
Interest and other	14,887	-	14,887
Total Expenditures	2,872,206	473,378	3,345,584
Excess (Deficiency) of Revenues Over Expenditures	860,249	(69,396)	790,853
Other Financing Sources (Uses)			
Transfers in	-	106,603	106,603
Transfers out	(106,603)	-	(106,603)
Net Financing Sources (Uses)	(106,603)	106,603	-
NET CHANGE IN FUND BALANCE	753,646	37,207	790,853
Fund Balance - Beginning	1,658,730	90,651	1,749,381
Fund Balance - Ending	\$ 2,412,376	\$ 127,858	\$ 2,540,234

The accompanying notes are an integral part of these financial statements.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 790,853

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay:	\$	256,950	
Depreciation expense:		(276,130)	
Amortization expense:		<u>(7,613)</u>	(26,793)

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: 27,090

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 215,304

Change in Net Position of Governmental Activities \$ 1,006,454

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, 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 the 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 potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Lease Receivables

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

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

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 because 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.

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred 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 (revenue) until that time.

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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, 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.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021.—The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental
	Activities
Investment in county treasury	\$ 2,427,056
Fair value adjustment	(126,157)
Cash on hand and in banks	18,401
Cash in revolving fund	4,750
Total	\$ 2,324,050

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Sutter County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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 Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$2,300,899. The average weighted maturity for this pool is 1,648 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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, 2023, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 Sutter 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 at June 30, 2023 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 2,300,899
Total	<u>\$ 2,300,899</u>

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 3 – RECEIVABLES

A. Accounts Receivable

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
Federal Government			
Categorical aid	\$ 24,658	\$ 27,391	\$ 52,049
State Government			
Apportionment	3,303	-	3,303
Categorical aid	61,122	25,287	86,409
Lottery	11,119	-	11,119
Local Government			
Other local sources	202,850	-	202,850
Total	<u>\$ 303,052</u>	<u>\$ 52,678</u>	<u>\$ 355,730</u>

B. Lease Receivable

On October 10, 2019 the District entered into a lease of real property agreement whereby the District agrees to lease a parcel of property at 2452 El Centro Boulevard, Nicolaus, California to South Sutter Charter School (SSCS) for the purpose of constructing and operating a Resource Center. The lease term is a period of twenty-five years and contains an option to extend for an additional term of twenty-five years on the expiration of the original term. If the District is no longer SSCS’s authorizer, the District may terminate this agreement. Ownership of improvements by SSCS shall vest in SSCS until the expiration of the term and any extended lease term.

All improvements including the facility constructed on the premises, at the expiration of the term or extended term of this lease shall, without compensation to SSCS, then automatically and without any act of SSCS or any third party become District’s premises. SSCS shall pay to the District an annual rent for each year during the term of this lease in the amount of \$361,000 (above market rate rental value for premises) payable in four equal payments on the first business day of each successive three-month period following the effective date.

The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.40%, which is based on the lessee’s incremental borrowing rate. There have been no variable payments received for this agreement. At June 30, 2023, the District reported a lease receivable of \$5,402,669 in the General Fund.

In 2022-2023, the District recognized \$249,744 of lease revenue and \$187,395 of interest revenue under the lease.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 48,596	\$ 99,782	\$ -	\$ 148,378
Total capital assets not being depreciated	48,596	99,782	-	148,378
Capital assets being depreciated				
Land improvements	1,655,547	25,742	42,537	1,638,752
Buildings & improvements	4,290,596	56,537	-	4,347,133
Furniture & equipment	830,443	74,889	-	905,332
Total capital assets being depreciated	6,776,586	157,168	42,537	6,891,217
Less: Accumulated depreciation				
Land improvements	929,813	124,197	42,537	1,011,473
Buildings & improvements	2,496,854	110,813	-	2,607,667
Furniture & equipment	618,525	41,120	-	659,645
Total accumulated depreciation	4,045,192	276,130	42,537	4,278,785
Total capital assets being depreciated, net	2,731,394	(118,962)	-	2,612,432
Lease assets being amortized				
Furniture & equipment	38,061	-	-	38,061
Total lease assets being amortized	38,061	-	-	38,061
Less: Accumulated amortization for lease assets				
Furniture & equipment	634	7,613	-	8,247
Total accumulated amortization for lease assets	634	7,613	-	8,247
Total lease assets being amortized, net	37,427	(7,613)	-	29,814
Governmental Activities				
Capital Assets, net	\$ 2,817,417	\$ (26,793)	\$ -	\$ 2,790,624

Depreciation and amortization were allocated to governmental activities as follows:

Governmental Activities	
Instruction	\$ 143,227
School site administration	2,554
Home-to-school transportation	1,555
Food services	3,194
All other general administration	2,183
Plant services	88,493
Total	\$ 241,206

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

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

	Interfund Transfers Out	Interfund Transfers In	
		Non-Major Governmental Funds	Total
General Fund		\$ 106,603	\$ 106,603
Total		\$ 106,603	\$ 106,603

The General Fund transferred to the Non-Major Cafeteria Fund for reimbursement of afterschool snacks.	\$ 6,821
The General Fund transferred to the Non-Major Special Reserve Fund for Capital Outlay Projects for the purchase of new property.	99,782
Total	\$ 106,603

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	General Fund
Payroll	\$ 55,530
Vendors payable	115,158
Due to grantor government	27,368
Total	\$ 198,056

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 740	\$ -	\$ 740
State categorical sources	89,671	6,692	96,363
Local sources	5,192	-	5,192
Total	\$ 95,603	\$ 6,692	\$ 102,295

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
Financed purchases	\$ 305,215	\$ -	\$ 19,767	\$ 285,448	\$ 22,086
Leases	37,457	-	7,323	30,134	7,471
Net pension liability	1,561,456	848,460	-	2,409,916	-
Total	\$ 1,904,128	\$ 848,460	\$ 27,090	\$ 2,725,498	\$ 29,557

- Payments for financed purchases-are made in the General Fund.
- Payments for leases are made in the General Fund.

A. Financed Purchases

On March 12, 2020 the District executed an Equipment Lease Purchase Agreement with Holman Capital Corporation for \$338,382. The financing, secured by a first lien on the equipment, was used to partially finance the costs of solar field project equipment. The District has paid all costs of equipment in excess of the amount financed or \$29,176 from the General Fund. Variable semiannual payments began on September 12, 2020 through September 12, 2031 and include principal and 4.73% interest.

At June 30, 2023 the principal balance outstanding was \$285,448 and has been included as long-term debt in the government-wide financial statements. The annual requirements to amortize the equipment lease agreement outstanding as of June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 22,086	\$ 13,244	\$ 35,330
2025	24,566	12,170	36,736
2026	27,212	10,977	38,189
2027	27,028	9,692	36,720
2028	29,807	8,381	38,188
2029 - 2032	154,749	17,003	171,752
Total	\$ 285,448	\$ 71,467	\$ 356,915

B. Leases

The District has entered into one non-cancellable agreement to lease office equipment. The lease agreement qualifies as other than short-term leases and are therefore considered right to use leased assets under GASB 87.

The agreement was executed May 2022, to lease two copy machines and requires 60 monthly payments of \$667.12. The lease liability is measured at a discount rate of 2%, which is based on the rate implicit in the agreement. The District paid \$942 for variable payments including per copy charges for use of the equipment and sales tax not included in the measurement of the lease liability.

As a result of the lease, the District has recorded a right to use leased asset with a net book value of \$29,814 on June 30, 2023.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 8 – LONG-TERM LIABILITIES

B. Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,471	\$ 534	\$ 8,005
2025	7,622	384	8,006
2026	7,776	230	8,006
2027	7,265	73	7,338
Total	\$ 30,134	\$ 1,221	\$ 31,355

C. Net Pension Liability

The District's beginning net pension liability was \$1,561,456 and increased by \$848,460 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$2,409,916. See Note 10 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Non-spendable			
Revolving cash	\$ 4,500	\$ 250	\$ 4,750
Stores inventory	-	2,748	2,748
Total non-spendable	4,500	2,998	7,498
Restricted			
Educational programs	570,377	1,794	572,171
Food service	-	75,777	75,777
Associated student body	-	18,007	18,007
Capital projects	-	29,260	29,260
Total restricted	570,377	124,838	695,215
Assigned			
Charter oversight	259,203	-	259,203
Other assignments	-	22	22
Total assigned	259,203	22	259,225
Unassigned	1,578,296	-	1,578,296
Total Fund Balance	\$ 2,412,376	\$ 127,858	\$ 2,540,234

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 17 percent of General Fund expenditures and other financing uses.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 861,460	\$ 243,288	\$ 126,663	\$ (76,570)
PERS Pension	1,548,456	558,982	251,183	179,655
Total	<u>\$ 2,409,916</u>	<u>\$ 802,270</u>	<u>\$ 377,846</u>	<u>\$ 103,085</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. 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 2.0 percent of final compensation for each year 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 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. 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 percent of final compensation for each year 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 percent at age 65 or older.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 10 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$140,296 for the year ended June 30, 2023.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$68,474 to CalSTRS.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	861,460
State's proportionate share of the net pension liability associated with the District		<u>431,421</u>
Total	\$	<u>1,292,881</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District’s proportion was 0.001 percent, which did not change from its proportion measured as of June 30, 2021.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$(76,570). In addition, the District recognized pension expense and revenue of \$(32,267) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 42,115
Differences between expected and actual experience	707	64,592
Changes in assumptions	42,722	-
Changes in proportion and differences between District contributions and proportionate share of contributions	59,563	19,956
District contributions subsequent to the measurement date	140,296	-
Total	<u>\$ 243,288</u>	<u>\$ 126,663</u>

The \$140,296 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 52,434	\$ 63,143
2025	16,295	48,001
2026	12,028	64,615
2027	12,029	(61,754)
2028	10,206	9,321
2029	-	3,337
Total	<u>\$ 102,992</u>	<u>\$ 126,663</u>

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	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%
	100%	

*20-year geometric average

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 1,463,078	\$ 861,460	\$ 361,936

Pension Plan Fiduciary Net Position

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

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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 CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$178,093 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,548,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.005 percent, which did not change from its proportion measured as of June 30, 2021.

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$179,655. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 182,831	\$ -
Differences between expected and actual experience	6,998	38,528
Changes in assumptions	114,546	-
Changes in proportion and differences between District contributions and proportionate share of contributions	76,514	212,655
District contributions subsequent to the measurement date	178,093	-
Total	<u>\$ 558,982</u>	<u>\$ 251,183</u>

The \$178,093 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 153,004	\$ 127,999
2025	67,039	105,365
2026	49,362	17,819
2027	111,484	-
Total	<u>\$ 380,889</u>	<u>\$ 251,183</u>

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 2,236,823	\$ 1,548,456	\$ 979,546

Pension Plan Fiduciary Net Position

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

MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

C. Construction Commitments

As of June 30, 2023, the District had no material commitments with respect to unfinished capital projects.

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under joint powers authority (JPA), the North Valley Schools Insurance Group (NVSIG). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPA and the District are included in these statements. The audited financial statements are generally available from the respective entity.

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to pensions was \$802,270 and total deferred inflows related to pensions was \$377,846.

B. Leases

Pursuant to GASB Statement No. 87, *Leases*, the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3B. At June 30, 2023, total deferred inflows related to leases was \$5,244,612.

REQUIRED SUPPLEMENTARY INFORMATION

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 1,931,002	\$ 2,151,310	\$ 2,156,900	\$ 5,590
Federal sources	-	-	54,170	54,170
Other state sources	34,036	34,906	743,569	708,663
Other local sources	573,336	639,322	824,499	185,177
Total Revenues	2,538,374	2,825,538	3,779,138	953,600
EXPENDITURES				
Certificated salaries	816,974	801,464	822,016	(20,552)
Classified salaries	487,904	496,124	596,512	(100,388)
Employee benefits	632,633	632,814	750,178	(117,364)
Books and supplies	97,701	108,307	125,362	(17,055)
Services and other operating expenditures	278,009	286,053	365,084	(79,031)
Capital outlay	50,000	74,000	126,394	(52,394)
Other outgo				
Excluding transfers of indirect costs	33,972	33,972	86,660	(52,688)
Total Expenditures	2,397,193	2,432,734	2,872,206	(439,472)
Excess (Deficiency) of Revenues Over Expenditures	141,181	392,804	906,932	514,128
Other Financing Sources (Uses)				
Transfers out	(58,223)	(39,100)	(106,603)	(67,503)
Net Financing Sources (Uses)	(58,223)	(39,100)	(106,603)	(67,503)
NET CHANGE IN FUND BALANCE	82,958	353,704	800,329	446,625
Fund Balance - Beginning	1,469,598	1,469,597	1,658,730	189,133
Fund Balance - Ending	\$ 1,552,556	\$ 1,823,301	\$ 2,459,059	\$ 635,758

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because that schedule includes current year audit adjustments impacting local revenues.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
District's proportionate share of the net pension liability	\$ 861,460	\$ 626,160	\$ 1,246,251	\$ 1,156,140	\$ 1,121,783	\$ 1,094,324	\$ 1,088,798	\$ 890,450	\$ 584,370
State's proportionate share of the net pension liability associated with the District	431,421	313,278	642,437	630,757	642,276	647,399	619,925	447,651	357,858
Total	<u>\$ 1,292,881</u>	<u>\$ 939,438</u>	<u>\$ 1,888,688</u>	<u>\$ 1,786,897</u>	<u>\$ 1,764,059</u>	<u>\$ 1,741,723</u>	<u>\$ 1,708,723</u>	<u>\$ 1,338,101</u>	<u>\$ 942,228</u>
District's covered payroll	\$ 719,740	\$ 738,173	\$ 710,082	\$ 684,281	\$ 650,991	\$ 624,769	\$ 675,666	\$ 606,160	\$ 584,483
District's proportionate share of the net pension liability as a percentage of its covered payroll	119.7%	84.8%	175.5%	169.0%	172.3%	175.2%	161.1%	146.9%	100.0%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.005%	0.005%	0.006%	0.004%	0.004%	0.005%	0.005%	0.005%	0.004%
District's proportionate share of the net pension liability	\$ 1,548,456	\$ 935,296	\$ 1,816,232	\$ 1,271,188	\$ 1,145,060	\$ 1,113,202	\$ 964,569	\$ 742,264	\$ 420,040
District's covered payroll	\$ 690,057	\$ 695,082	\$ 646,818	\$ 604,662	\$ 566,615	\$ 591,359	\$ 587,170	\$ 557,489	\$ 434,163
District's proportionate share of the net pension liability as a percentage of its covered payroll	224.4%	134.6%	280.8%	210.2%	202.1%	188.2%	164.3%	133.1%	96.7%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 140,296	\$ 121,780	\$ 119,215	\$ 121,424	\$ 111,401	\$ 93,938	\$ 78,596	\$ 72,499	\$ 53,827
Contributions in relation to the contractually required contribution*	(140,296)	(121,780)	(119,215)	(121,424)	(111,401)	(93,938)	(78,596)	(72,499)	(53,827)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 733,026	\$ 719,740	\$ 738,173	\$ 710,082	\$ 684,281	\$ 650,991	\$ 624,769	\$ 675,666	\$ 606,160
Contributions as a percentage of covered payroll	19.14%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 178,093	\$ 158,092	\$ 143,882	\$ 127,559	\$ 109,214	\$ 88,001	\$ 82,128	\$ 69,562	\$ 65,622
Contributions in relation to the contractually required contribution*	(178,093)	(158,092)	(143,882)	(127,559)	(109,214)	(88,001)	(82,128)	(69,562)	(65,622)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 702,434	\$ 690,057	\$ 695,082	\$ 646,818	\$ 604,662	\$ 566,615	\$ 591,359	\$ 587,170	\$ 557,489
Contributions as a percentage of covered payroll	25.35%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 801,464	\$ 822,016	\$ 20,552
Classified salaries	\$ 496,124	\$ 596,512	\$ 100,388
Employee benefits	\$ 632,814	\$ 750,178	\$ 117,364
Books and supplies	\$ 108,307	\$ 125,362	\$ 17,055
Services and other operating expenditures	\$ 286,053	\$ 365,084	\$ 79,031
Capital outlay	\$ 74,000	\$ 126,394	\$ 52,394
Other outgo			
Excluding transfers of indirect costs	\$ 33,972	\$ 86,660	\$ 52,688

SUPPLEMENTARY INFORMATION

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
 FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	81.59	81.40
Fourth through Sixth		
Regular ADA	62.16	61.91
Seventh through Eighth		
Regular ADA	38.77	38.48
TOTAL SCHOOL DISTRICT	182.52	181.79

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	55,360	180	Complied
Grade 1	50,400	55,360	180	Complied
Grade 2	50,400	55,360	180	Complied
Grade 3	50,400	56,580	180	Complied
Grade 4	54,000	56,580	180	Complied
Grade 5	54,000	56,580	180	Complied
Grade 6	54,000	57,160	180	Complied
Grade 7	54,000	57,160	180	Complied
Grade 8	54,000	57,160	180	Complied

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 3,349,340	\$ 3,779,138	\$ 3,272,555	\$ 2,757,373
Expenditures And Other Financing Uses	3,056,412	2,978,809	2,886,391	2,991,577
Net change in Fund Balance	<u>\$ 292,928</u>	<u>\$ 800,329</u>	<u>\$ 386,164</u>	<u>\$ (234,204)</u>
Ending Fund Balance	<u>\$ 2,751,987</u>	<u>\$ 2,459,059</u>	<u>\$ 1,658,730</u>	<u>\$ 1,272,566</u>
Available Reserves*	<u>\$ 1,938,939</u>	<u>\$ 1,578,296</u>	<u>\$ 1,099,094</u>	<u>\$ 880,971</u>
Available Reserves As A Percentage Of Outgo	<u>63.44%</u>	<u>52.98%</u>	<u>38.08%</u>	<u>29.45%</u>
Long-term Liabilities	<u>\$ 2,695,941</u>	<u>\$ 2,725,498</u>	<u>\$ 1,904,128</u>	<u>\$ 3,385,295</u>
Average Daily Attendance At P-2***	<u>183</u>	<u>183</u>	<u>174</u>	<u>175</u>

The General Fund ending fund balance has increased by \$1,186,493 over the past two years. The fiscal year 2023-24 budget projects a further increase of \$292,928. For a District this size, the State recommends available reserves of at least 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2023-24 fiscal year. Total long-term obligations have decreased by \$659,797 over the past two years.

Average daily attendance has increased by 8 ADA over the past two years. No change in ADA is anticipated during the 2023-24 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because that schedule includes current year audit adjustments.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
June 30, 2023, annual financial and budget report fund balance	\$ 2,459,059	\$ 2,259	\$ 80,041	\$ 30,864
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fair value adjustment - cash in county treasury	(122,822)	(465)	(1,266)	(1,604)
Lease receivable	(173,605)	-	-	-
Deferred inflows related to leases	249,744	-	-	-
Net adjustments and reclassifications	<u>(46,683)</u>	<u>(465)</u>	<u>(1,266)</u>	<u>(1,604)</u>
June 30, 2023, audited financial statement fund balance	<u>\$ 2,412,376</u>	<u>\$ 1,794</u>	<u>\$ 78,775</u>	<u>\$ 29,260</u>

See accompanying notes to supplementary information.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023**

Charter #	Charter School	Status	Included in Audit Report
0724	South Sutter Charter School	Active	No

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 JUNE 30, 2023**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 18,007	\$ 8,486	\$ 23,349	\$ 29,260	\$ 22	\$ 79,124
Accounts receivable	-	-	52,678	-	-	52,678
Stores inventory	-	-	2,748	-	-	2,748
Total Assets	\$ 18,007	\$ 8,486	\$ 78,775	\$ 29,260	\$ 22	\$ 134,550
LIABILITIES						
Unearned revenue	\$ -	\$ 6,692	\$ -	\$ -	\$ -	\$ 6,692
Total Liabilities	-	6,692	-	-	-	6,692
FUND BALANCES						
Non-spendable	-	-	2,998	-	-	2,998
Restricted	18,007	1,794	75,777	29,260	-	124,838
Assigned	-	-	-	-	22	22
Total Fund Balances	18,007	1,794	78,775	29,260	22	127,858
Total Liabilities and Fund Balances	\$ 18,007	\$ 8,486	\$ 78,775	\$ 29,260	\$ 22	\$ 134,550

See accompanying notes to supplementary information.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ -	\$ 91,333	\$ -	\$ -	\$ 91,333
Other state sources	-	93,485	118,430	-	-	211,915
Other local sources	11,124	81,435	(981)	9,143	13	100,734
Total Revenues	11,124	174,920	208,782	9,143	13	403,982
EXPENDITURES						
Current						
Instruction	-	174,419	-	-	-	174,419
Instruction-related services						
School site administration	-	484	-	-	-	484
Pupil services						
Food services	-	-	186,262	-	-	186,262
General administration						
All other general administration	-	-	-	3,275	-	3,275
Plant services	-	461	-	-	-	461
Facilities acquisition and construction	-	-	-	-	99,773	99,773
Ancillary services	8,704	-	-	-	-	8,704
Total Expenditures	8,704	175,364	186,262	3,275	99,773	473,378
Excess (Deficiency) of Revenues Over Expenditures	2,420	(444)	22,520	5,868	(99,760)	(69,396)
Other Financing Sources (Uses)						
Transfers in	-	-	6,821	-	99,782	106,603
Net Financing Sources (Uses)	-	-	6,821	-	99,782	106,603
NET CHANGE IN FUND BALANCE	2,420	(444)	29,341	5,868	22	37,207
Fund Balance - Beginning	15,587	2,238	49,434	23,392	-	90,651
Fund Balance - Ending	\$ 18,007	\$ 1,794	\$ 78,775	\$ 29,260	\$ 22	\$ 127,858

See accompanying notes to supplementary information.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023**

The Marcum-Illinois Union Elementary School District was established in 1926 and is located in Sutter County. There were no changes in the boundaries of the District during the current year. The District is operating one elementary school.

GOVERNING BOARD

Member	Office	Term Expires
Jeff Moore	President	December 2024
Jill Bramhill	Clerk	December 2024
Emily Daddow	Member	December 2026
Keith Turner	Member	December 2026
Joshua Wanner	Member	December 2024

DISTRICT ADMINISTRATORS

*Maggie Irby
Superintendent/Principal*

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

**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**

Independent Auditors' Report

Governing Board
Marcum-Illinois Union Elementary School District
East Nicolaus, 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, the major fund, and the aggregate remaining fund information of Marcum-Illinois Union Elementary School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marcum-Illinois Union Elementary School District's basic financial statements, and have issued our report thereon dated December 2, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marcum-Illinois Union Elementary School 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.

Christy White, Inc.

San Diego, California
December 2, 2023

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Marcum-Illinois Union Elementary School District
East Nicolaus, California

Report on State Compliance***Opinion on State Compliance***

We have audited Marcum-Illinois Union Elementary School District's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Marcum-Illinois Union Elementary School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, Marcum-Illinois Union Elementary School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Marcum-Illinois Union Elementary School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Marcum-Illinois Union Elementary School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Marcum-Illinois Union Elementary School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Marcum-Illinois Union Elementary School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Marcum-Illinois Union Elementary School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Marcum-Illinois Union Elementary School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	No
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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Auditor’s Responsibilities for the Audit of State Compliance (continued)

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

We did not perform testing for Classroom Teacher Salaries because the District was exempt under the provisions of *California Education Code* Section 41374.

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

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 finding #2023-001.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention 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 State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 2, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2023 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2023.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2023 - 001 – TRANSPORTATION MAINTENANCE OF EFFORT - 40000

Criteria: *California Education Code* Section 42238.03(a)(6)(B) provides of the funds a school district receives for home-to-school transportation programs in the local control funding formula (LCFF), the district shall expend no less for those programs than the amount of funds the school district expended (or received, if less) for home-to-school transportation in the 2012-2013 fiscal year.

Condition: The District was not able to meet the transportation maintenance of effort requirements, spending less in 2022-2023 (\$141,989) than was received (\$190,774), or expended (\$248,108) for home-to-school transportation in the 2012-2013 fiscal year.

Questioned Costs: This is a finding of noncompliance without associated questioned costs.

Cause: In 2012-2013 the District received and expended \$145,538 for the Small School District Bus Replacement Program, in addition to \$45,236 for Home-to-School Transportation. Annual expenditures for transportation will only meet the maintenance of effort in years when a bus is purchased. Fiscal year 2012-2013 was the base year used for the calculation of LCFF and so the District receives +/- \$190,774 as part of its base funding each year with the expectation that there be a maintenance of effort without consideration that the funding in 2012-2013 was inflated by one time dollars.

Effect: The District did not meet the maintenance of effort requirements for home-to-school transportation by \$48,785.

Repeat Finding: Yes.

Recommendation: The District should continue to provide transportation services to its students, recording all related and appropriate costs for providing these services.

District Response: The District will continue to provide transportation services to its students living within District boundaries, as has been past and best practice for our District families. We will continue recording all related and appropriate costs for providing these services.

**MARCUM-ILLINOIS UNION ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING # 2022 - 001 – TRANSPORTATION MAINTENANCE OF EFFORT - 40000

Criteria: *California Education Code* Section 42238.03(a)(6)(B) provides of the funds a school district receives for home-to-school transportation programs in the local control funding formula (LCFF), the district shall expend no less for those programs than the amount of funds the school district expended (or received, if less) for home-to-school transportation in the 2012-2013 fiscal year.

Condition: The District was not able to meet the transportation maintenance of effort requirements, spending less in 2021-2022 (\$130,499) than was received (\$190,774), or expended (\$248,108) for home-to-school transportation in the 2012-2013 fiscal year.

Questioned Costs: This is a finding of noncompliance without associated questioned costs.

Cause: In 2012-2013 the District received and expended \$145,538 for the Small School District Bus Replacement Program, in addition to \$45,236 for Home-to-School Transportation. Annual expenditures for transportation will only meet the maintenance of effort in years when a bus is purchased. Fiscal year 2012-2013 was the base year used for the calculation of LCFF and so the District receives +/- \$190,774 as part of its base funding each year with the expectation that there be a maintenance of effort without consideration that the funding in 2012-2013 was inflated by one time dollars.

Effect: The District did not meet the maintenance of effort requirements for home-to-school transportation by \$60,275.

Recommendation: The District should continue to provide transportation services to its students, recording all related and appropriate costs for providing these services.

District Response: The District will continue to provide transportation services to its students living within District boundaries, as has been past and best practice for our District families. We will continue recording all related and appropriate costs for providing these services.

Current Status: Not implemented, see current year finding and recommendation #2023-001.