

**LARKSPUR-CORTE MADERA
SCHOOL DISTRICT
MARIN COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2023**

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District, as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the LEA Organization Structure, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
September 26, 2023

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

This discussion and analysis of Larkspur-Corte Madera School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by approximately \$6.2 million.
- Overall revenues were \$29.4 million.
- The total cost of the basic programs was \$23.2 million. Because a portion of these costs were paid for with charges, fees and intergovernmental aid, the net cost that required taxpayer funding was \$18.5 million.
- Governmental funds increased by \$4.7 million, or 26.0%.
- Reserves for the General Fund increased by \$3.9 million, or 52.8%. Revenues were \$25.8 million and expenditures were \$21.6 million.

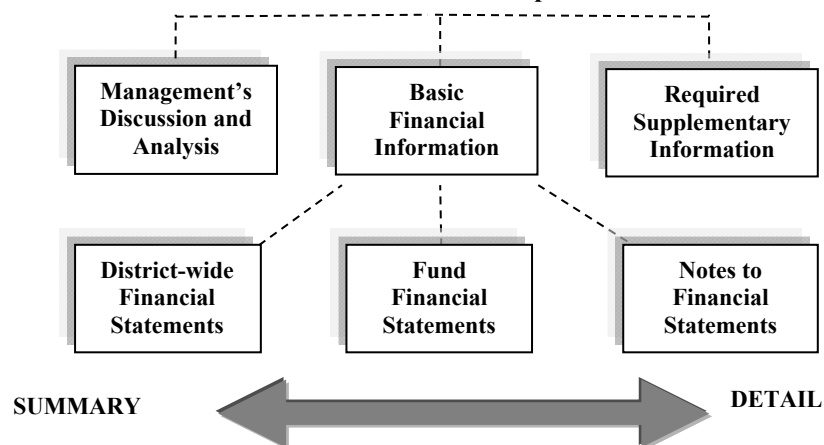
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-Wide Statements

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

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

The District has one type fund:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2023, than it was the year before – increasing 47.9% to \$(6.8) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2023	2022*	Increase (Decrease)
Current assets	\$ 45,916,009	\$ 41,679,702	\$ 4,236,307
Capital assets	44,102,882	45,917,447	(1,814,565)
Total assets	90,018,891	87,597,149	2,421,742
Total deferred outflows	6,764,335	5,167,810	1,596,525
Current liabilities	2,255,804	1,738,294	517,510
Long-term liabilities	74,800,320	71,458,822	3,341,498
Total liabilities	77,056,124	73,197,116	3,859,008
Total deferred inflows	26,511,840	32,580,201	(6,068,361)
Net Position			
Net investment in capital assets	(6,214,977)	(6,010,439)	(204,538)
Restricted	11,195,487	10,452,120	743,367
Unrestricted	(11,765,248)	(17,454,039)	5,688,791
Total net position	\$ (6,784,738)	\$ (13,012,358)	\$ 6,227,620

*As restated

Changes in net position, governmental activities. The District's total revenues increased 9.4% to \$29.4 million (See Table A-2). The increase is due primarily to additional Federal grants and State aid.

The total cost of all programs and services increased 4.6% to \$23.2 million. The District's expenses are predominantly related to educating and caring for students, 64.6%. The purely administrative activities of the District accounted for just 9.1% of total costs. A significant contributor to the increase in costs was spending of additional grants on instruction-related services.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance
	2023	2022	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	\$ 37,065	\$ 64,396	\$ (27,331)
Operating grants & contributions	4,592,295	3,688,144	904,151
Capital grants & contributions	61,734	8,712	53,022
General Revenues:			
Property taxes	19,128,566	19,919,805	(791,239)
Federal & state aid	3,405,100	1,670,284	1,734,816
Interest & investment earnings	306,889	5,187	301,702
Miscellaneous and interagency	1,860,490	1,517,740	342,750
Total Revenues	29,392,139	26,874,268	2,517,871
Expenses:			
Instruction	13,500,639	12,451,971	1,048,668
Pupil services	1,464,040	1,406,264	57,776
Administration	2,109,479	1,533,201	576,278
Plant services	1,886,451	2,289,556	(403,105)
All other activities	4,203,910	4,471,272	(267,362)
Total Expenses	23,164,519	22,152,264	1,012,255
Increase (decrease) in net position	6,227,620	4,722,004	\$ 1,505,616
Total Net Position	\$ (6,784,738)	\$ (13,012,358)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$22.7 million, which is above last year's ending fund balance of \$18.0 million. The primary cause of the increased fund balance is a surplus in the General Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
Fund	July 1, 2022	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
General Fund	\$ 8,433,859	\$ 25,794,084	\$ 21,581,392	\$ -	\$ 12,646,551
Student Activity Fund	2,621	6,402	6,402	-	2,621
Cafeteria Fund	123,242	359,761	444,985	-	38,018
Deferred Maintenance Fund	97,606	1,913	9,983	-	89,536
Building Fund	12,345	242	-	-	12,587
Capital Facilities Fund	229,689	42,037	4,151	-	267,575
County School Facilities Fund	5,401,201	101,253	287,532	-	5,214,922
Bond Interest and Redemption Fund	3,718,886	4,346,357	3,641,423	-	4,423,820
	\$ 18,019,449	\$ 30,652,049	\$ 25,975,868	\$ -	\$ 22,695,630

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by \$1.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – decreased \$0.3 million due to revised staffing estimates.
- Other non-personnel costs – increased \$0.8 million to revise operation cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$0.8 million, the actual results for the year show that revenues exceeded expenditures by roughly \$4.2 million. Actual revenues were \$1.1 million more than anticipated, and expenditures were \$2.3 million less than budgeted. That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had obtained \$0.2 million in new capital assets, related to its ongoing modernization efforts and \$0.1 million in new subscription assets. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year approximated \$2.2 million.

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

	Governmental Activities		Variance
	2023	2022*	Increase (Decrease)
Land	\$ 279,448	\$ 279,448	\$ -
Building & improvements	42,594,351	44,409,605	(1,815,254)
Improvement of sites	686,902	969,799	(282,897)
Equipment & vehicles	412,674	258,595	154,079
Subscriptions	129,507	-	129,507
Total	<u>\$ 44,102,882</u>	<u>\$ 45,917,447</u>	<u>\$ (1,814,565)</u>

*As restated

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had \$74.8 million in long-term debt – an increase of 4.7% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 6-8 to the financial statements).

	Governmental Activities		Variance
	2023	2022	Increase (Decrease)
General obligation bonds	\$ 57,664,218	\$ 59,625,247	\$ (1,961,029)
Compensated absences	68,708	20,396	48,312
Early retirement incentive	151,249	302,497	(151,248)
Other post employment benefits	122,789	173,542	(50,753)
Net pension liability	16,793,356	11,337,140	5,456,216
Total	<u>\$ 74,800,320</u>	<u>\$ 71,458,822</u>	<u>\$ 3,341,498</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by \$2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored \$1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education

Funds Modest Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down \$3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by \$953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits

In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of \$7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of \$1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Provides Large COLA to School and Community College Districts

In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is \$4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes \$300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as \$250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap

The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses \$1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas (\$1.6 billion for schools and \$290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

Funds School Facilities Grants

The 2022-23 budget package provided \$1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional \$2.1 billion in 2023-24 and \$875 million in 2024-25. The budget provides about \$2 billion to the SFP in 2023-24, which is \$100 million less than the previously intended augmentation, and continues to assume an additional \$875 million will be provided in 2024-25. The budget also delays the intended \$550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Larkspur-Corte Madera School District budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Statement of Net Position**June 30, 2023*

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 20,940,234
Accounts receivable	2,378,006
Lease receivable	22,597,769
Capital assets:	
Non-depreciable assets	279,448
Depreciable assets	75,729,106
Less accumulated depreciation	(32,035,179)
Subscription assets	143,738
Less accumulated amortization	(14,231)
Total assets	<u>90,018,891</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	5,695,285
Unamortized power purchase costs	216,125
Deferred amounts on refunding	852,925
Total deferred outflows of resources	<u>6,764,335</u>
LIABILITIES	
Accounts payable	1,706,086
Accrued interest payable	505,903
Unearned revenue	43,815
Noncurrent liabilities:	
Due or payable within one year	2,778,750
Due in more than one year:	
Other than OPEB and pensions	55,105,425
Total OPEB liability	122,789
Net pension liability	16,793,356
Total liabilities	<u>77,056,124</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	5,041,362
Deferred inflows of resources - leases	21,470,478
Total deferred inflows of resources	<u>26,511,840</u>
NET POSITION	
Net investment in capital assets	(6,214,977)
Restricted for:	
Capital projects	5,482,497
Debt service	4,423,820
Categorical programs	1,286,549
Student activity	2,621
Unrestricted	(11,765,248)
Total net position	<u>\$ (6,784,738)</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 11,499,105	\$ 33,097	\$ 3,750,837	\$ 61,734	\$ (7,653,437)
Instruction-Related Services:					
Supervision of instruction	161,868	-	295,028	-	133,160
Instructional library, media and technology	331,052	1,111	40,272	-	(289,669)
School site administration	1,508,614	-	(65,829)	-	(1,574,443)
Pupil Support Services:					
Home-to-school transportation	81,038	-	20,035	-	(61,003)
Food services	444,765	-	490,770	-	46,005
All other pupil services	938,237	2,765	111,863	-	(823,609)
General Administration Services:					
Data processing services	85,219	-	-	-	(85,219)
Other general administration	2,024,260	61	(123,257)	-	(2,147,456)
Plant services	1,886,451	31	1,054	-	(1,885,366)
All other activities	42,176	-	11,315	-	(30,861)
Interest on long-term debt	1,764,338	-	-	-	(1,764,338)
Other outgo	190,899	-	60,207	-	(130,692)
Depreciation (unallocated)	2,192,266	-	-	-	(2,192,266)
Amortization (unallocated)	14,231	-	-	-	(14,231)
Total Governmental Activities	\$ 23,164,519	\$ 37,065	\$ 4,592,295	\$ 61,734	(18,473,425)
General Revenues:					
Property taxes					19,128,566
Federal and state aid not restricted to specific purpose					3,405,100
Interest and investment earnings					306,889
Miscellaneous					1,860,490
Total general revenues					24,701,045
Change in net position					6,227,620
Net position - July 1, 2022, as originally stated					(13,217,939)
Restatement - change in accounting principle (Note 12)					205,581
Net position - July 1, 2022, as restated					(13,012,358)
Net position - June 30, 2023					\$ (6,784,738)

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023*

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 10,960,881	\$ 5,237,162	\$ 4,423,820	\$ 318,371	\$ 20,940,234
Accounts receivable	2,322,980	-	-	55,026	2,378,006
Lease receivable	22,597,769	-	-	-	22,597,769
Total Assets	<u>\$ 35,881,630</u>	<u>\$ 5,237,162</u>	<u>\$ 4,423,820</u>	<u>\$ 373,397</u>	<u>\$ 45,916,009</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,631,250	\$ 22,240	\$ -	\$ 52,596	\$ 1,706,086
Unearned revenue	43,815	-	-	-	43,815
Total Liabilities	<u>1,675,065</u>	<u>22,240</u>	<u>-</u>	<u>52,596</u>	<u>1,749,901</u>
Deferred Inflows	<u>21,470,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,470,478</u>
Fund Balances					
Nonspendable	1,000	-	-	-	1,000
Restricted	1,248,531	5,214,922	4,423,820	320,801	11,208,074
Assigned	89,536	-	-	-	89,536
Unassigned	11,397,020	-	-	-	11,397,020
Total Fund Balances	<u>12,736,087</u>	<u>5,214,922</u>	<u>4,423,820</u>	<u>320,801</u>	<u>22,695,630</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 35,881,630</u>	<u>\$ 5,237,162</u>	<u>\$ 4,423,820</u>	<u>\$ 373,397</u>	<u>\$ 45,916,009</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total fund balances - governmental funds		\$ 22,695,630
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
	Capital assets relating to governmental activities:	76,008,554
	Accumulated depreciation:	(32,035,179)
	Subscription assets relating to governmental activities:	143,738
	Accumulated amortization:	(14,231)
	Net:	44,102,882
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		
		852,925
In governmental funds, costs associated with the power purchase agreement are recognized as expenditures in the period they are incurred. In the government-wide statements, power purchase costs are amortized over the life of the debt. Unamortized costs included in deferred outflows on the statement of net position are:		
		216,125
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
	Deferred outflows of resources	5,695,285
	Deferred inflows of resources	(5,041,362)
		653,923
Long-term liabilities, including bonds payable, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
	General obligation bonds payable	57,664,218
	Early retirement incentive	151,249
	Compensated absences payable	68,708
	Other postemployment benefits payable	122,789
	Net pension liability	16,793,356
		(74,800,320)
In government funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		
		(505,903)
Total net position - governmental activities		<u>\$ (6,784,738)</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 14,203,614	\$ -	\$ -	\$ -	\$ 14,203,614
Federal sources	736,250	-	-	94,536	830,786
Other state sources	2,934,022	-	12,512	264,494	3,211,028
Other local sources	7,922,111	101,253	4,333,845	49,412	12,406,621
Total Revenues	25,795,997	101,253	4,346,357	408,442	30,652,049
EXPENDITURES					
Current:					
Instruction	13,710,327	-	-	-	13,710,327
Instruction-Related Services:					
Supervision of instruction	200,133	-	-	-	200,133
Instructional library, media and technology	361,416	-	-	-	361,416
School site administration	1,732,278	-	-	-	1,732,278
Pupil Support Services:					
Home-to-school transportation	81,038	-	-	-	81,038
Food services	-	-	-	444,985	444,985
All other pupil services	1,119,321	-	-	-	1,119,321
Ancillary services	35,878	-	-	6,402	42,280
General Administration Services:					
Data processing services	85,219	-	-	-	85,219
Other general administration	2,228,939	-	-	-	2,228,939
Plant services	1,845,927	3,258	-	4,151	1,853,336
Capital outlay	-	284,274	-	-	284,274
Intergovernmental transfers	190,899	-	-	-	190,899
Debt service:					
Principal	-	-	1,544,986	-	1,544,986
Interest	-	-	2,096,437	-	2,096,437
Total Expenditures	21,591,375	287,532	3,641,423	455,538	25,975,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,204,622	(186,279)	704,934	(47,096)	4,676,181
Fund Balances, July 1, 2022	8,531,465	5,401,201	3,718,886	367,897	18,019,449
Fund Balances, June 30, 2023	\$ 12,736,087	\$ 5,214,922	\$ 4,423,820	\$ 320,801	\$ 22,695,630

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds **\$ 4,676,181**

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

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

Expenditures for capital outlay	248,194	
Depreciation expense:	(2,192,266)	
Expenditures for subscriptions	143,738	
Amortization expense:	(14,231)	
Net:		(1,814,565)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Expenditures for payment of the liability were: 1,544,986

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, including early retirement incentives. This year, expenses incurred for such obligations were: 151,248

Accreted interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. Accreted interest paid exceeded the amount earned during the year by: 298,543

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The premiums amortized for the period were: 117,500

The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized to interest expense over the life of the liability. (52,701)

In governmental funds, power purchase agreement costs are recognized as expenditures in the period they are incurred. In the government-wide statements, agreement costs are amortized over the life of the benefit. The difference between costs recognized in the current period and unamortized costs for the period is: (16,625)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period, was: 18,546

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 1,302,066

In the statement of activities, certain operating expenses, compensated absences and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between the amounts earned and paid was: (48,312)

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 50,753

Change in net position of governmental activities **\$ 6,227,620**

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

Other

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

1. Larkspur Schools Foundation (SPARK)

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Fund Financial Statements

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

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund which does not meet the definition of a Special Revenue Fund as it is not primarily comprised of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

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

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

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds (continued):

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

2. Measurement Focus, Basis of Accounting

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

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

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

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

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

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

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

D. Encumbrances

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

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

1. Cash and Cash Equivalents

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

2. Prepaid Items

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets

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

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

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

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases

Lessee:

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Lessor:

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

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

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

11. Fund Balances

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

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Fund Balances (continued)

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

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

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

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

12. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

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

H. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Governmental funds/activities	<u><u>\$ 20,940,234</u></u>
-------------------------------	-----------------------------

Deposits and investments as of June 30, 2023 consist of the following:

Cash on hand and in banks	\$ 2,621
Cash in revolving fund	1,000
Investments	20,936,613
Total deposits and investments	<u><u>\$ 20,940,234</u></u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Marin County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Marin 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 Marin County Treasurer, which is recorded on the amortized basis.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk

The District's investment policy does not place limits on investment maturities. The District's Chief Fiscal Officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for investment decisions. Maturities of investments held at June 30, 2023, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	\$ 20,936,613	\$ 20,936,613	\$ -	uncategorized	N/A

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2023, all investments were maintained in the county treasury investment pool.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District did not have any investments outside of the county treasury investment pool.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements

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

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

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

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

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

NOTE 3 – RECEIVABLES

A. Accounts Receivable

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

	General Fund	Non-Major Governmental Funds	Total
Federal Government:			
Categorical aid programs	\$ 882,677	\$ 10,804	\$ 893,481
State Government:			
LCFF	224,198	-	224,198
Lottery	84,148	-	84,148
Child Nutrition	-	44,222	44,222
Categorical aid programs	607,921	-	607,921
Local:			
Other local	524,036	-	524,036
Total	<u>\$ 2,322,980</u>	<u>\$ 55,026</u>	<u>\$ 2,378,006</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 3 – RECEIVABLES (continued)

B. Leases Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for a real property lease the District maintains with an outside party. The lease had an initial term of 40 years, ending in 2045. There are no variable payments not considered in the measurement of the lease receivable and the District has not issued debt for which the principal and interest payments are secured by the lease payments. Measurement policies and key estimates related to leases can be found in Note 1.E.7. For the fiscal year ended June 30, 2023, the District reported lease revenue of \$257,869 and interest revenue of \$342,835 related to lease payments received. The lease held by the District does not have an implicit rate of return, therefore the District used the State's incremental borrowing rate of 1.5% to discount the lease revenue to the net present value. The leases reported under GASB 87 contains a termination clause, which requires the lessee or lessor to show cause to terminate the lease.

The annual payments receivable as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest
2023-2024	\$ 297,780	\$338,967
2024-2025	340,451	334,500
2025-2026	386,055	329,393
2026-2027	434,773	323,602
2027-2028	486,797	317,081
2028-2033	3,345,070	1,458,354
2033-2038	5,274,807	1,153,257
2038-2043	7,918,931	683,269
2043-2045	4,113,105	93,687
Total	<u>\$ 22,597,769</u>	<u>\$ 5,032,110</u>

As of June 30, 2023, the remaining deferred inflows associated with this lease are \$21,470,478.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Total Nonspendable	1,000	-	-	-	1,000
Restricted:					
Categorical programs	1,248,531	-	-	38,018	1,286,549
Student activities	-	-	-	2,621	2,621
Capital projects	-	5,214,922	-	280,162	5,495,084
Debt service	-	-	4,423,820	-	4,423,820
Total Restricted	1,248,531	5,214,922	4,423,820	320,801	11,208,074
Assigned:					
Deferred maintenance program	89,536	-	-	-	89,536
Total Assigned	89,536	-	-	-	89,536
Unassigned:					
Remaining unassigned balances	11,397,020	-	-	-	11,397,020
Total Unassigned	11,397,020	-	-	-	11,397,020
Total	\$ 12,736,087	\$ 5,214,922	\$ 4,423,820	\$ 320,801	\$ 22,695,630

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2022	Restatements	Additions	Retirements	Balance, June 30, 2023
Capital assets not being depreciated:					
Land	\$ 279,448	\$ -	\$ -	\$ -	\$ 279,448
Total capital assets not being depreciated	279,448	-	-	-	279,448
Capital assets being depreciated:					
Building & improvements	71,254,660	-	213,024	-	71,467,684
Improvement of sites	3,398,312	-	-	-	3,398,312
Equipment & vehicles	622,359	205,581	35,170	-	863,110
Total capital assets being depreciated	75,275,331	205,581	248,194	-	75,729,106
Less accumulated depreciation:					
Buildings & improvements	(26,845,055)	-	(2,028,278)	-	(28,873,333)
Improvement of sites	(2,634,094)	-	(77,316)	-	(2,711,410)
Equipment & vehicles	(363,764)	-	(86,672)	-	(450,436)
Total accumulated depreciation	(29,842,913)	-	(2,192,266)	-	(32,035,179)
Total capital assets being depreciated, net	45,432,418	205,581	(1,944,072)	-	43,693,927
Subscription assets:					
IT Subscriptions	-	-	143,738	-	143,738
Accumulated amortization for:					
IT Subscriptions	-	-	(14,231)	-	(14,231)
Total leased assets, net	-	-	129,507	-	129,507
Governmental activities capital assets, net	\$ 45,711,866	\$ 205,581	\$ (1,814,565)	\$ -	\$ 44,102,882

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2023, were as follows:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	\$ 51,817,954	\$ -	\$ 1,544,986	\$ 50,272,968	\$ 1,627,627
Accreted interest	6,779,390	561,471	860,014	6,480,847	882,373
Premiums	1,027,903	-	117,500	910,403	117,501
Total - Bonds	59,625,247	561,471	2,522,500	57,664,218	2,627,501
Compensated absences	20,396	48,312	-	68,708	-
Early retirement incentive	302,497	-	151,248	151,249	151,249
Total	\$ 59,948,140	\$ 609,783	\$ 2,673,748	\$ 57,884,175	\$ 2,778,750

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

A. General Obligation Bonds

Election of 2000

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

Election of 2011

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

Election of 2014

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

Prior-Year Defeasance of Debt

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

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2023 of \$852,925 remain to be amortized.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

As of June 30, 2023, the principal balance outstanding on the defeased debt amounted to \$18,035,000.

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

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
GO Bonds								
2000A	9/13/2000	8/1/2025	4.5%-5.8%	\$ 18,000,000	\$ 1,218,139	\$ -	\$ 324,986	\$ 893,153
2000B	9/1/2005	8/1/2030	3.5%-4.8%	3,699,815	2,999,815	-	-	2,999,815
2014A	10/14/2014	8/1/2025	3.0%-8.0%	19,000,000	620,000	-	165,000	455,000
Refunding								
2021A Ref	2/23/2021	8/1/2031	4.0%	7,725,000	7,470,000	-	770,000	6,700,000
2021B Ref	2/23/2021	8/1/2042	0.139%-2.865%	39,685,000	39,510,000	-	285,000	39,225,000
				<u>\$ 88,109,815</u>	<u>\$ 51,817,954</u>	<u>\$ -</u>	<u>\$ 1,544,986</u>	<u>\$ 50,272,968</u>
Accreted Interest								
2000A				\$ 3,094,159	\$ 227,072	\$ 860,014	\$ 2,461,217	
2000B				3,685,231	334,399	-	4,019,630	
				<u>Total</u>	<u>\$ 6,779,390</u>	<u>\$ 561,471</u>	<u>\$ 860,014</u>	<u>\$ 6,480,847</u>
Premiums								
2014A				\$ 19,427	\$ -	\$ 6,475	\$ 12,952	
2021A				1,008,476	-	111,025	897,451	
				<u>Total</u>	<u>\$ 1,027,903</u>	<u>\$ -</u>	<u>\$ 117,500</u>	<u>\$ 910,403</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2023, were as follows:

Fiscal Year	Current Interest Bonds		Capital Appreciation Bonds		Total Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023-24	\$ 1,320,000	\$ 1,197,198	\$ 307,627	\$ 882,373	\$ 1,627,627	\$ 2,079,571	\$ 3,707,198
2024-25	1,435,000	1,145,417	297,277	922,723	1,732,277	2,068,140	3,800,417
2025-26	1,590,000	1,084,878	288,248	966,752	1,878,248	2,051,630	3,929,878
2026-27	1,080,000	1,051,081	668,353	1,161,647	1,748,353	2,212,728	3,961,081
2027-28	1,185,000	1,025,390	630,142	1,199,858	1,815,142	2,225,248	4,040,390
2028-2033	8,455,000	4,559,001	1,701,321	3,803,680	10,156,321	8,362,681	18,519,002
2033-2038	13,250,000	3,304,228	-	-	13,250,000	3,304,228	16,554,228
2038-2043	18,065,000	1,329,177	-	-	18,065,000	1,329,177	19,394,177
Total	<u>\$ 46,380,000</u>	<u>\$ 14,696,370</u>	<u>\$ 3,892,968</u>	<u>\$ 8,937,033</u>	<u>\$ 50,272,968</u>	<u>\$ 23,633,403</u>	<u>\$ 73,906,371</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2023, for these obligations are shown below.

Fiscal Year	Premium
2023-24	\$ 151,249

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 46,690	\$ -	\$ -	\$ (1,700)
MPP Program	76,099	-	-	(25,109)
Total	\$ 122,789	\$ -	\$ -	\$ (26,809)

The details of each plan are as follows:

District Plan

Plan Description

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

Benefits Provided

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

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided(continued)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	3
Total	<u>10</u>

Total OPEB Liability

The District's total OPEB liability of \$46,690 for the Plan was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

Discount Rate

The discount rate of 3.65% was based on Bond Buyer 20-Bond General Obligation Index.

Mortality Rates

Mortality rates were based on a generational projection based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees and the 2020 CalSTRS Mortality tables.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 72,334
Changes for the year:	
Service cost	1,374
Interest	2,161
Differences between expected and actual experience	(5,274)
Changes of assumptions	39
Benefit payments	(23,944)
Net changes	(25,644)
Balance at June 30, 2023	\$ 46,690

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	OPEB Liability
1% decrease	\$ 47,179
Current discount rate	46,690
1% increase	46,187

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 46,960
Current trend rate	46,690
1% increase	46,690

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

The average of expected remaining lives was rounded to 1.0 for the purpose of determining annual expense and deferral amounts. For the year ended June 30, 2023, the District recognized OPEB expense of \$(1,700). At June 30, 2023, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2023, the District reported a liability of \$76,099 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Proportion of the Net OPEB Liability	0.023102%	0.025374%	-0.002272%

For the year ended June 30, 2023, the District reported OPEB expense of \$(25,109).

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions And Other Inputs

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

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 101,568
Current discount rate	76,099
1% increase	70,156

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 69,824
Current trend rate	76,099
1% increase	83,213

NOTE 8 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2023, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 10,695,890	\$ 2,624,101	\$ 3,278,154	\$ (159,829)
CalPERS	6,097,466	3,071,184	1,763,208	698,194
Total	<u>\$ 16,793,356</u>	<u>\$ 5,695,285</u>	<u>\$ 5,041,362</u>	<u>\$ 538,365</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Contributions

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

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

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were \$1,802,205.

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:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	10,695,890
State's proportionate share of the net pension liability associated with the District		<u>5,356,460</u>
Total	\$	<u><u>16,052,350</u></u>

The net pension liability was measured as of 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 and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.015393%	0.016880%	-0.001488%

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$(159,829). In addition, the District recognized pension expense and revenue of \$(400,624) 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,802,205	\$ -
Net change in proportionate share of net pension liability	282,684	1,953,136
Difference between projected and actual earnings on pension plan investments	-	523,050
Changes of assumptions	530,438	-
Differences between expected and actual experience	8,774	801,968
Total	<u>\$ 2,624,101</u>	<u>\$ 3,278,154</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 547,030	\$ 1,036,004
2025	107,101	865,701
2026	98,611	1,071,965
2027	66,230	(496,876)
2028	1,462	385,443
Thereafter	1,462	415,918
Total	<u>\$ 821,896</u>	<u>\$ 3,278,154</u>

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

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

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 18,165,588
Current discount rate (7.10%)	10,695,890
1% increase (8.10%)	4,493,795

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$859,287.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were \$710,114.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$6,097,466. The net pension liability was measured as of 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. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.017721%	0.017975%	-0.000255%

For the year ended June 30, 2023, the District recognized pension expense of \$698,194. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 710,114	\$ -
Net change in proportionate share of net pension liability	8,708	457,691
Difference between projected and actual earnings on pension plan investments	1,873,749	1,153,804
Changes of assumptions	451,056	-
Differences between expected and actual experience	27,557	151,713
Total	<u>\$ 3,071,184</u>	<u>\$ 1,763,208</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 693,719	\$ 629,841
2025	649,374	629,841
2026	578,980	487,308
2027	438,997	16,217
2028	-	-
Thereafter	-	-
Total	<u>\$ 2,361,070</u>	<u>\$ 1,763,208</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 8,808,098
Current discount rate (6.9%)	6,097,466
1% increase (7.9%)	3,857,228

C. Social Security

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

D. Payables to the Pension Plans

At June 30, 2023, the District reported payables of \$831 and \$11,959 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – JOINT VENTURES

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

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2023.

C. Long-Term Utility Commitment

On June 17, 2015, the District's board of trustees approved entering into a 20-year power purchase agreement with SH3 Solar, LLC for the delivery of electric power at a set rate. The cost of the power purchase agreement was \$350,000. As of June 30, 2023, the unamortized cost of the agreement of \$216,125 is shown as a deferred outflow on the Statement of Net Position.

D. Construction Commitments

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 11 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the MSIA JPA for workers' compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

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

NOTE 12 – ADJUSTMENTS FOR RESTATEMENT

The July 1, 2022 beginning balance of net position on the Statement of Activities has been restated by \$205,581 to account for additional capital assets.

Required Supplementary Information

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Budgetary Comparison Schedule – General Fund**For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF sources	\$ 14,313,569	\$ 14,575,999	\$ 14,203,614	\$ (372,385)
Federal sources	320,396	328,886	736,250	407,364
Other State sources	1,616,093	3,064,183	2,934,022	(130,161)
Other local sources	6,625,880	6,686,118	7,920,198	1,234,080
Total Revenues	22,875,938	24,655,186	25,794,084	1,138,898
Expenditures				
Current:				
Certificated Salaries	10,123,230	9,838,915	9,736,598	102,317
Classified Salaries	3,311,904	3,324,838	3,029,830	295,008
Employee Benefits	6,222,395	6,178,851	5,384,333	794,518
Books and Supplies	459,852	648,821	656,354	(7,533)
Services and Other Operating Expenditures	2,698,565	3,313,347	2,546,812	766,535
Capital Outlay	-	23,000	3,403	19,597
Other outgo	502,650	519,727	224,062	295,665
Total Expenditures	23,318,596	23,847,499	21,581,392	2,266,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(442,658)	807,687	4,212,692	3,405,005
Fund Balances, July 1, 2022	7,154,047	8,433,859	8,433,859	-
Fund Balances, June 30, 2023	\$ 6,711,389	\$ 9,241,546	12,646,551	\$ 3,405,005
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			89,536	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			\$ 12,736,087	

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0154%	0.0169%	0.0172%	0.0177%	0.0174%
District's proportionate share of the net pension liability	\$ 10,695,890	\$ 7,681,961	\$ 16,656,813	\$ 16,006,860	\$ 15,959,094
State's proportionate share of the net pension liability associated with the District	5,356,460	3,865,265	8,586,589	8,732,811	9,137,328
Totals	<u>\$ 16,052,350</u>	<u>\$ 11,547,225</u>	<u>\$ 25,243,402</u>	<u>\$ 24,739,671</u>	<u>\$ 25,096,422</u>
District's covered payroll	\$ 9,121,723	\$ 9,089,708	\$ 8,310,968	\$ 9,577,572	\$ 9,285,198
District's proportionate share of the net pension liability as a percentage of its covered payroll	117.26%	89.48%	200.42%	167.13%	171.88%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
	2016-17	2015-16	2014-15	2013-14	
District's proportion of the net pension liability	0.0171%	0.0170%	0.0190%	0.0190%	
District's proportionate share of the net pension liability	\$ 15,793,517	\$ 13,749,770	\$ 12,791,560	\$ 11,103,030	
State's proportionate share of the net pension liability associated with the District	9,343,311	7,828,651	6,765,307	6,704,556	
Totals	<u>\$ 25,136,828</u>	<u>\$ 21,578,421</u>	<u>\$ 19,556,867</u>	<u>\$ 17,807,586</u>	
District's covered payroll	\$ 9,079,801	\$ 8,798,593	\$ 8,514,022	\$ 8,276,594	
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.94%	156.27%	150.24%	134.15%	
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%	

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	0.0177%	0.0180%	0.0183%	0.0207%	0.0205%
District's proportionate share of the net pension liability	\$ 6,097,466	\$ 3,655,179	\$ 5,620,787	\$ 6,028,941	\$ 5,476,411
District's covered payroll	\$ 2,722,082	\$ 2,707,104	\$ 3,578,728	\$ 2,856,816	\$ 2,726,116
District's proportionate share of the net pension liability as a percentage of its covered payroll	224.00%	135.02%	157.06%	211.04%	200.89%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
		<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability		0.0189%	0.0190%	0.0197%	0.0197%
District's proportionate share of the net pension liability		\$ 4,514,923	\$ 3,752,512	\$ 2,903,800	\$ 2,236,430
District's covered payroll		\$ 2,417,720	\$ 2,283,430	\$ 2,190,298	\$ 2,064,796
District's proportionate share of the net pension liability as a percentage of its covered payroll		186.74%	164.34%	132.58%	108.31%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Schedule of Pension Contributions-CalSTRS**For the Fiscal Year Ended June 30, 2023*

	Last Ten Fiscal Years*				
	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	\$ 1,802,205	\$ 1,543,396	\$ 1,467,988	\$ 1,421,176	\$ 1,559,229
Contributions in relation to the contractually required contribution	<u>1,802,205</u>	<u>1,543,396</u>	<u>1,467,988</u>	<u>1,421,176</u>	<u>1,559,229</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 9,435,626</u>	<u>\$ 9,121,723</u>	<u>\$ 9,089,708</u>	<u>\$ 8,310,968</u>	<u>\$ 9,577,572</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	
Contractually required contribution	\$ 1,339,854	\$ 1,142,239	\$ 944,089	\$ 756,045	
Contributions in relation to the contractually required contribution	<u>1,339,854</u>	<u>1,142,239</u>	<u>944,089</u>	<u>756,045</u>	
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	<u>\$ 9,285,198</u>	<u>\$ 9,079,801</u>	<u>\$ 8,798,593</u>	<u>\$ 8,514,022</u>	
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>	

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Pension Contributions-CalPERS

For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	\$ 710,114	\$ 623,629	\$ 533,868	\$ 705,761	\$ 515,998
Contributions in relation to the contractually required contribution	710,114	623,629	533,868	705,761	515,998
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,799,030	\$ 2,722,082	\$ 2,707,104	\$ 3,578,728	\$ 2,856,816
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%
		2017-18	2016-17	2015-16	2014-15
Contractually required contribution		\$ 423,393	\$ 335,773	\$ 270,518	\$ 257,820
Contributions in relation to the contractually required contribution		423,393	335,773	270,518	257,820
Contribution deficiency (excess):		\$ -	\$ -	\$ -	\$ -
District's covered payroll		\$ 2,726,116	\$ 2,417,720	\$ 2,283,430	\$ 2,190,298
Contributions as a percentage of covered payroll		15.531%	13.888%	11.847%	11.771%

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					2017-18 2017-18
	2022-23 2022-23	2021-22 2021-22	2020-21 2020-21	2019-20 2019-20	2018-19 2018-19	
Total OPEB liability						
Service cost	\$ 1,374	\$ 1,640	\$ 912	\$ 885	\$ 2,065	\$ 2,099
Interest	2,161	1,904	2,437	3,044	6,685	7,204
Changes of benefit terms	-	-	-	-	-	104
Differences between expected and actual experience	(5,274)	-	8,370	(13,966)	(5,676)	-
Changes of assumptions or other inputs	39	(2,157)	(2,233)	4,983	1,962	(1,426)
Benefit payments	(23,944)	(32,795)	(32,145)	(30,023)	(31,500)	(36,000)
Net change in total OPEB liability	(25,644)	(31,408)	(22,659)	(35,077)	(26,464)	(28,019)
Total OPEB liability - beginning	72,334	103,742	126,401	161,478	187,942	215,961
Total OPEB liability - ending	\$ 46,690	\$ 72,334	\$ 103,742	\$ 126,401	\$ 161,478	\$ 187,942
 Covered-employee payroll	 \$ 12,536,862	 \$ 12,201,326	 \$ 12,578,338	 \$ 12,241,691	 \$ 16,656,542	 \$ 16,171,400
 Total OPEB liability as a percentage of covered-employee payroll	 0.4%	 0.6%	 0.8%	 1.03%	 0.97%	 1.16%

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**For the Fiscal Year Ended June 30, 2023*

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					
	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.0231%	0.0254%	0.0260%	0.0274%	0.0273%	0.0272%
District's proportionate share of net OPEB liability	\$ 76,099	\$ 101,208	\$ 110,390	\$ 102,008	\$ 104,520	\$ 114,352
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered- employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

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

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

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

Change of assumptions – The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

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Supplementary Information

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Local Educational Agency Organization Structure

June 30, 2023

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

BOARD OF TRUSTEES		
Member	Office	Term Expires
Annie Sherman	President	December, 2024
Eric Schmautz	Vice President	December, 2026
Beth Blair	Trustee	December, 2024
Amir Movafaghi	Clerk	December, 2026
Natalie Medved	Trustee	December, 2026

DISTRICT ADMINISTRATORS

Dr. Brett Geithman,
Superintendent

Paula Rigney,¹
Chief Business Official

¹ As of June 30, 2023. This role was subsequently assumed by Megan Atkins.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2023*

	Second Period Report	Annual Report
Regular & Extended Year ADA:		
Grades TK-3	468.17	469.50
Grades 4-6	423.09	423.03
Grades 7-8	297.52	297.82
Total Regular & Extended Year ADA	1,188.78	1,190.35
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 4-6	1.11	1.06
Grades 7-8	1.03	1.13
Total Special Education, Nonpublic, Nonsectarian Schools	2.14	2.19
Total ADA	1,190.92	1,192.54

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2023*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	48,485	180	Complied
Grade 1	50,400	54,735	180	Complied
Grade 2	50,400	54,735	180	Complied
Grade 3	50,400	54,735	180	Complied
Grade 4	54,000	55,635	180	Complied
Grade 5	54,000	55,635	180	Complied
Grade 6	54,000	62,184	180	Complied
Grade 7	54,000	62,184	180	Complied
Grade 8	54,000	62,184	180	Complied

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Schedule of Financial Trends and Analysis**For the Fiscal Year Ended June 30, 2023*

General Fund	(Budget) 2024 ²	2023	2022	2021
Revenues and other financing sources	\$ 24,381,121	\$ 25,794,084	\$ 24,217,662	\$ 23,159,436
Expenditures	23,761,812	21,581,392	20,943,635	20,380,403
Other uses and transfers out	-	-	75,000	18,287
Total outgo	23,761,812	21,581,392	21,018,635	20,398,690
Change in fund balance (deficit)	619,309	4,212,692	3,199,027	2,760,746
Ending fund balance	\$ 13,265,860	\$ 12,646,551	\$ 8,433,859	\$ 5,234,832
Available reserves ¹	\$ 10,714,387	\$ 11,397,020	\$ 7,456,378	\$ 5,107,194
Available reserves as a percentage of total outgo	45.1%	52.8%	35.5%	25.0%
Total long-term debt	\$ 71,898,781	\$ 74,677,531	\$ 71,285,280	\$ 84,714,406
Average daily attendance at P-2	1,155	1,191	1,299	N/A

The General Fund balance has increased by approximately \$7.4 million over the past two years. The adopted budget for the upcoming fiscal year projects an increase of \$0.6 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, and anticipates incurring an operating surplus during the upcoming fiscal year. Long-term debt has decreased by \$10.0 million over the past two years.

Average daily attendance decreased by 108 ADA compared to fiscal year 2021-22. Budgeted ADA is 1,155.

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

² Revised Final Budget September, 2023.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**June 30, 2023*

	General Fund	Bond Interest and Redemption Fund
	<hr/>	<hr/>
June 30, 2023, annual financial and budget report fund balance	\$ 11,519,260	\$ 3,752,268
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
To post current year activity	-	671,552
Current year lease activity	1,127,291	-
	<hr/>	<hr/>
June 30, 2023, annual financial and budget report fund balance	\$ 12,646,551	\$ 4,423,820
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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
School Breakfast Program - Basic	10.553	13525	\$ 6,267	
School Breakfast Program - Especially Needy	10.553	13526	2,846	
National School Lunch Program	10.555	13523	85,423	
Total Child Nutrition Cluster				\$ 94,536
Total U.S. Department of Agriculture				94,536
U.S. Department of Justice:				
Preventing School Violence	16.839	N/A		334,999
Total U.S. Department of Justice				334,999
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Low Income and Neglected	84.010	14329		42,807
Title II, Part A, Supporting Effective Instruction	84.367	14341		19,038
English Language Acquisition State Grants:				
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	12,505	
Title III, Immigrant Education Program	84.365	15299	11,314	
Total English Language Acquisition State Grants				23,819
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		7,500
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	27,738	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	69,322	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	38,606	
Subtotal Education Stabilization Fund				135,666
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster, passed through the				
Marin County SELPA:				
Basic Local Assistance Entitlement, Part B	84.027	13379	202,443	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	10,253	
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	17,347	
Total Special Education (IDEA) Cluster				230,043
Total U.S. Department of Education				458,873
Total Expenditures of Federal Awards				\$ 888,408

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

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Note to the 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 number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Asst. Listing	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 830,786
Differences between Federal Revenues and Expenditures:		
ESSER III Fund	84.425U	57,622
Total Schedule of Expenditures of Federal Awards		\$ 888,408

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Other Independent Auditors' Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Larkspur-Corte Madera School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

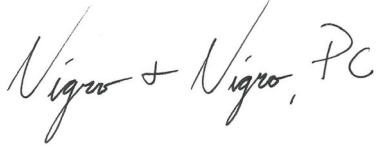
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Nigro + Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
September 26, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Larkspur-Corte Madera School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Larkspur-Corte Madera School District's major federal programs for the year ended June 30, 2023. The Larkspur-Corte Madera School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Larkspur-Corte Madera School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Larkspur-Corte Madera School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Larkspur-Corte Madera School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Larkspur-Corte Madera School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

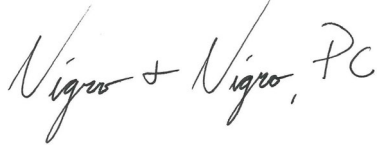
Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
September 26, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on Compliance

Opinion

We have audited the Larkspur-Corte Madera School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Larkspur-Corte Madera School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

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

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

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

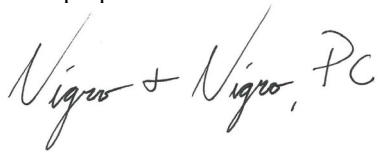
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC". The signature is written in dark ink and is positioned above the printed text of the firm's name.

Murrieta, California
September 26, 2023

Schedule of Findings and Questioned Costs

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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2023

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

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

There were no financial statement findings in 2022-23.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Federal Award Findings and Recommendations

For the Fiscal Year Ended June 30, 2023

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

There were no federal award findings or questioned costs in 2022-23.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

State Award Findings and Recommendations

For the Fiscal Year Ended June 30, 2023

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

There were no state award findings or questioned costs in 2022-23.

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2022-001: Independent Study</i>	<p>Pursuant to Education Code Secs 51744 -51749.6, every written independent study agreement is required to contain the following required elements:</p> <ol style="list-style-type: none">1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work.5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code Sec 51747:	10000	We recommend that all independent study contracts be updated to reflect all required elements. We further recommend establishing a process to oversee independent study contracts and monitor the requirements surrounding, signatures, work samples, and synchronous tracking. Finally, the District should discontinue the practice of offering distance learning styled instruction without obtaining a valid independent study contract	Implemented

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
	<p>A. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and</p> <p>B. The level of satisfactory educational progress as defined in Education Code Sec 51747(b)(2)(A)-(D); and</p> <p>C. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.</p> <p>6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year</p> <p>7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion</p> <p>8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code Sec 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.</p> <p>9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.</p> <p>Signatures must be affixed prior to the commencement no later than 30 days after the first day of independent study</p>			

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
	<p>instruction or October 15, whichever date comes later, by the pupil; the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years old; the certificated employee who has been designated as having responsibility for the general supervision of independent study; and all other persons, if any, who had direct responsibility for providing assistance to the pupil.</p> <p>Attendance records must be supported by the teacher's register, record of the pupil's work completed, and the corresponding work assignment record. Pupil work samples must be retained in the file.</p> <p>The LEA must document each pupil's participation in live interaction and synchronous instruction pursuant to Education Code Sec 51747.5(c) and maintain written or computer-based evidence of each pupil's engagement, that includes, but is not limited to, a grade book or summary document that, for each class, list all assignments, assessment, and associated grades.</p> <p>During testing of independent study attendance, we noted the following issues:</p> <ul style="list-style-type: none">• At Hall Middle, two of the four contracts tested were not signed timely by all parties, and none of the tested contracts had work samples or written or computer-based evidence of each pupil's engagement, that includes a grade book or summary document that, for each class, list all assignments, assessment, and associated grades. In addition, one contract was for 15+ days but no synchronous tracking was maintained.• At Cove, none of the five contracts tested were signed timely by all required parties, and one contract was for 15+ days but no synchronous tracking was maintained.			

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
	<ul style="list-style-type: none">• At all sites it was noted that independent study contracts were missing required elements. Although there were several different contract versions in use, all contracts were missing at least five or more of the elements listed below:<ul style="list-style-type: none">◦ Manner of reporting, frequency of meeting, time of event, place of reporting and for communicating with a pupil's parent or guardian regarding a pupil's academic progress◦ Major objectives of the course of study◦ Specific resources, including materials and personnel, to be made available by the District Shall include confirming or providing access to the connectivity and devices adequate to participate in the program and complete work.◦ The number of assignments a pupil may miss before there must be an evaluation of whether independent study is in the pupil's best interest◦ The level of satisfactory educational progress◦ A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas<ul style="list-style-type: none">◦ Statement that independent study is a voluntary program			

LARKSPUR-CORTE MADERA SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
	<ul style="list-style-type: none">It was further noted that all sites were still operating distance learning programs during 2021-22. Synchronous instruction was being provided but no independent study agreements were on file for these days of attendance.			



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

In planning and performing our audit of the basic financial statements of Larkspur-Corte Madera School District for the year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated September 26, 2023, on the financial statements of Larkspur-Corte Madera School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: We noted that the ASB is not preparing or submitting financial statements to the District Office on a regular basis. Financial statement review by the District office is an important oversight activity.

Recommendation: We recommend that periodic financial statements and monthly bank reconciliations be prepared and submitted to the District office on a monthly basis for review and to ensure proper oversight. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed.

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

Murrieta, California
September 26, 2023