

SAN JOAQUIN COUNTY OFFICE OF EDUCATION

**AUDIT REPORT
JUNE 30, 2022**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
San Joaquin County Office of Education
Stockton, 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 the San Joaquin County Office of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the San Joaquin County Office of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin County Office of Education, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter***Change in Accounting Principle***

As described in Note 1 to the financial statements, the San Joaquin County Office of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (continued)

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 San Joaquin County Office of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the San Joaquin County Office of Education'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 San Joaquin County Office of Education'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 San Joaquin County Office of Education's internal control over financial reporting and compliance.

San Diego, California
December 7, 2022

SAN JOAQUIN COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of San Joaquin County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's (COE) financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The County Office of Education's total net position was \$200,793,474 at June 30, 2022. This was an increase of \$34,239,321 from the prior year.
- ▶ Overall revenues were \$312,426,912, which exceeded expenses of \$278,187,591.

The County Office of Education is a regional agency that provides educational leadership, resources, and customized services to assist school districts. The County Office of Education promotes student achievement and accountability, serves San Joaquin County's most at-risk students, and strives to create an environment in which every student, regardless of circumstances, has an opportunity for a quality education.

It is the goal of the County Office of Education to provide systematic staff development activities; expand diverse educational programs for all children and youth; provide opportunities for students to demonstrate their skills and their successes; integrate curriculum and instructional methodologies with state curriculum frameworks and special initiatives; provide business and data processing services.

Program Highlights

The County Office of Education is a service agency dedicated to providing quality education to all learners and believes that every student deserves to have the opportunity for quality education.

Educational Services

Educational Services provides instructional leadership to local school districts, working in conjunction with regional and statewide consortia and agencies for the improvement of services to students. Education staff also work with local schools and county offices of education to provide professional development, instructional resources, clarification of mandates, and processes for monitoring and documenting the effectiveness of the instructional programs. Listed below are some of the departments and programs of Educational Services.

In partnership with our education community, The Continuous Improvement and Support Department designs and facilitates innovative learning that fosters relationships, champions equity and is responsive to student needs. COEs are the first line of support for Local Education Agencies (LEA) that are eligible for additional support and assistance using the Differentiated Assistance funding. The goal for differentiated assistance is to assist LEAs and their schools to meet the needs of each student served, with a focus on building capacity to sustain improvement and effectively address inequities in student opportunities and outcomes. This means that the outcomes for this work include not only improvement on Dashboard indicators from year to year, but also progress on interim measurements that LEAs collect locally and use throughout the year. COEs work alongside LEAs to understand their strengths and challenges across students' groups. They also analyze underlying causes to create a personalized support plan that aligns with the LCAP priorities of each LEA. In addition to the numerous programs and services offered, educational programs receive additional grants and entitlements throughout the fiscal year.

The Migrant Education Program is an example of providing sound educational programs to students whose families traditionally follow the seasons to harvest various agricultural crops. It provides services to students from ages 3 to 22 years old (if the student has not graduated from high school). The program provides supplementary health, academic and support services. In addition, there is an active component for parental involvement.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS (continued)

Educational Services (continued)

The County Office of Education coordinates and administers Early Education and Support Programs providing a lead role in a variety of projects that promote early education for childcare professionals and parents. The Early Childhood Education Programs benefit both directly and indirectly more than 10,000 children (ages 0-12), families and care providers in San Joaquin County.

The County Office of Education was funded in July 2015 by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start to provide Head Start and Early Head Start services in San Joaquin County. The County Office of Education’s Head Start San Joaquin (HSSJ) program provides Head Start services to eligible children from birth to age five and pregnant women through a partnership with local school districts and non-profit organizations. The County Office of Education will provide Head Start and Early Head Start services to approximately 1,754 children.

The Teachers College of San Joaquin (TCSJ) was established in 2009 as California’s first graduate school to be established through a county office of education. TCSJ’s mission is to develop a new generation of teachers and school leaders that are able to connect high-quality academics with real-world experience, preparing California’s students for both work and higher education. The master’s degree programs prepare K-12 educators to implement reform strategies directly to the classroom, including multiple pathways model.

County Operated Schools and Programs (COSP)

COSP operates the following programs:

- | | |
|--------------------------------------|------------------------------------|
| Direct Support Professional Training | Court and Community Schools |
| one.Charter | Foster Youth and Homeless Services |
| Youth Build | Greater Valley Conservation Corp |
| Technical Education | Workforce Development Career |
| Venture Academy Family of Schools | Discovery ChalleNGe Academy |

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS (continued)

County Operated Schools and Programs (COSP) (continued)

Court and Community Schools programs serve a large population of students enrolled as a result of the expulsion, parent referral, Student Attendance Review Board (SARB) referral and County Probation referral. The program enables students to become productive members of the community by providing quality learning opportunities. Students develop an appreciation of self and others, individual talents, critical thinking and problem-solving skills, workforce readiness, and complete a course of study resulting in a high school diploma or GED.

The Career Technical Education program provides a variety of career training and related support services to many students by offering classes through the County Office of Education and eight school districts within San Joaquin County. Students have the opportunity to participate in a wide variety of programs including Business Careers, Construction Technology, Culinary Arts, Digital Graphics, Fire Science, Health Occupations, and Computer Technology.

The Greater Valley Conservation Corps (GVCC), formerly called San Joaquin Regional Conservation Corps has the mission to create a foundation for future success by embracing a diverse and innovative environment that recognizes individuality while instilling ethics, honesty, and integrity through actions. The GVCC helps youth succeed by providing young adults ages 18-25 with academic instruction, employment, green job training, and life skills. GVCC has contracts for landscaping services and its crews are responsible for the collection of recyclables at local sites, such as restaurants, offices, gyms, schools, etc. Corps members earn minimum wage and all work equipment is provided. The experience and knowledge Corps members develop in the program serve as an excellent introduction to a career in green jobs.

The YouthBuild programs assist undereducated and unemployed young adults, ages 17-24, to work toward completion of a high school diploma or GED; learn construction skills while building affordable housing; develop leadership skills by becoming involved in their community; and secure apprenticeships as well as jobs within the construction industry after graduating from the program. We provide a comprehensive program that focuses on non-traditional approaches to education and paid on-the-job training.

SELPA/Special Education

Special Education means “specially designed instruction to meet the unique needs of a child with a disability.” The County Office of Education’s Special Education division partners with local school districts to ensure that students with disabilities receive the best possible education. Programs offered by the County Office of Education serve more than 1,243 special education students, including instruction for those with needs described as deaf, blind, speech and language impaired, and orthopedically handicapped, as well as those developmentally or communicatively disabled, emotionally disturbed or in need of adaptive physical education. The majority of special education students are served in special day classes on general education campuses. In addition, the Special Education Local Plan Area (SELPA), as part of the County Office of Education, continues to provide a variety of support to both small and large school county offices of education alike. This program has received recognition throughout all of California.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS (continued)

County Charter Schools

Venture Academy Family of Schools, and one.Charter all maintain a relationship with the San Joaquin County Superintendent of Schools regarding personnel, fiscal accountability and other identified support areas. Each charter is maintained as a separate entity for required financial and program reporting.

Venture Academy Family of Schools provides a voluntary public education choice for parents with students in grades TK-12 who choose to have their children educated in a variety of learning environments, and students in grades 7-12 for state-of-the-art technology, competitive sports, and college prep courses.

The one.Charter – Academy of Schools provides high-promise students in grades TK–12 with a non-traditional education that allows them to explore learning in a variety of settings. The academies include TK-6th grade, 7 – 12th grade Visual and Performing Arts focus, 11 - 12th grade Career Readiness Academy, and a Come Back Kids Academy which gives students a second chance to earn their high school diploma.

The San Joaquin Building Futures Academy is a grade 9-12 site-based charter school that offers an academic program for high school diploma or GED, as well as vocational education certification in one or more of the following areas: Construction Technology, Green Technology, Alternative Energy, Masonry, and Forklift.

Average Daily Attendance (ADA)

A source of revenue for the County Office of Education is generated by the average daily attendance (ADA) of students in the county. The funding is based on P2 or Annual ADA. Due to the loss of ADA during the COVID 19 pandemic, the 2020-21 budget included a hold harmless provision which funds schools based upon 2019-20 ADA. Schools did not collect and report ADA in 2020-21. The county operated student programs ADA for 2021-22 is 1,713,00 and Charter school ADA is 2,482.84.

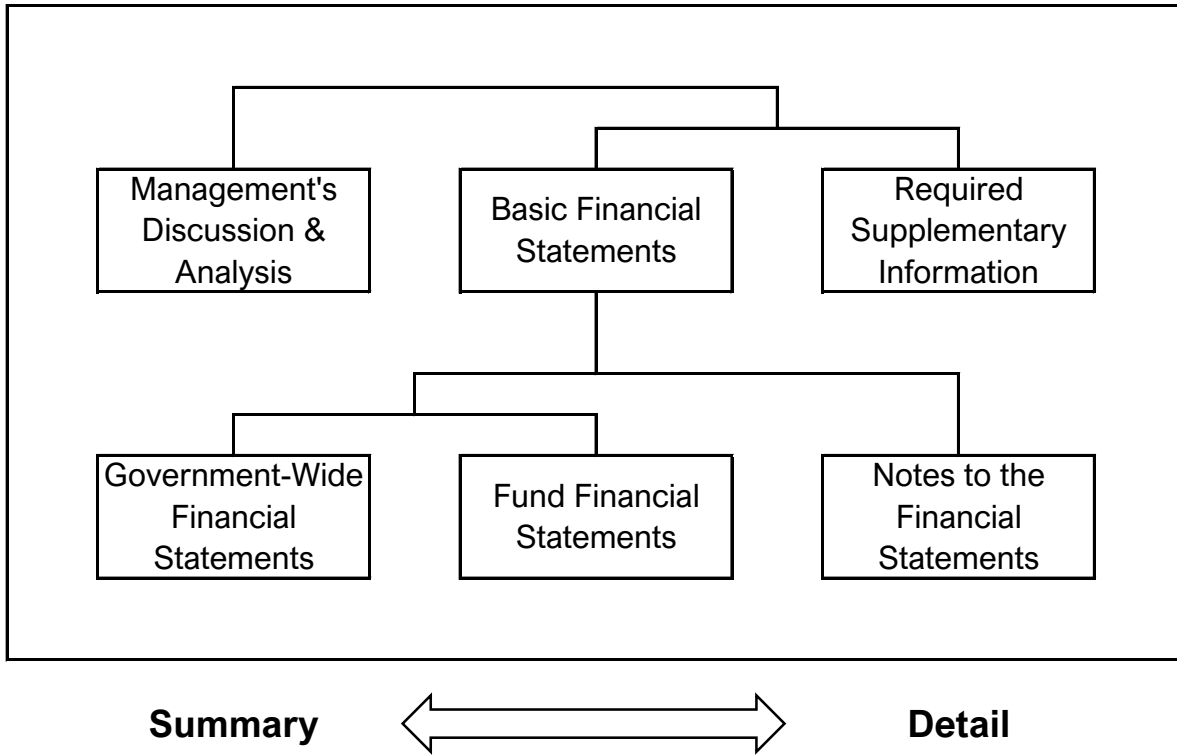
Solvency

The County Office of Education is required to maintain a 2% reserve for economic uncertainties on all county school service fund expenditures excluding special education funds that are passed through to County Offices of Education. The County Office of Education ended the 2021-22 year with \$18,804,678 combined reserve for economic uncertainties and unassigned reserves. This reserve combined with various individual program resources likely will keep the office solvent during the next few years of uncertain revenues from the State of California.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the County Office of Education. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity’s overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of County Office of Education operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office of Education programs.
 - ▶ **Proprietary Funds** report services for which the County Office of Education charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report resources held for the benefit of parties outside of the County Office of Education. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the County Office of Education’s own programs.

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

Government-Wide Statements

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

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The County Office of Education’s net position was \$200,793,474 at June 30, 2022, as reflected in the table below. Of this amount, \$(7,106,332) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board’s ability to use that net position for day-to-day operations.

	Governmental Activities		
	2022	2021	Net Change
ASSETS			
Current and other assets	\$ 220,609,773	\$ 204,560,538	\$ 16,049,235
Capital assets	144,985,270	136,381,478	8,603,792
Total Assets	365,595,043	340,942,016	24,653,027
DEFERRED OUTFLOWS OF RESOURCES	42,463,489	47,363,913	(4,900,424)
LIABILITIES			
Current liabilities	41,346,667	46,472,742	(5,126,075)
Long-term liabilities	109,968,191	166,823,449	(56,855,258)
Total Liabilities	151,314,858	213,296,191	(61,981,333)
DEFERRED INFLOWS OF RESOURCES	55,950,200	8,455,585	47,494,615
NET POSITION			
Net investment in capital assets	142,316,742	133,448,720	8,868,022
Restricted	65,583,064	50,250,463	15,332,601
Unrestricted	(7,106,332)	(17,145,030)	10,038,698
Total Net Position	\$ 200,793,474	\$ 166,554,153	\$ 34,239,321

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the County Office of Education are reported in the Statement of Activities. The following table takes the information from the Statement, so you can see the total revenues and expenses for the year.

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 32,977,227	\$ 30,417,197	\$ 2,560,030
Operating grants and contributions	186,644,927	153,140,342	33,504,585
General revenues			
Property taxes	18,544,735	17,096,911	1,447,824
Unrestricted federal and state aid	50,514,417	58,902,175	(8,387,758)
Other	23,745,606	20,584,800	3,160,806
Total Revenues	312,426,912	280,141,425	32,285,487
EXPENSES			
Instruction	88,877,354	99,288,146	(10,410,792)
Instruction-related services	51,964,747	51,589,830	374,917
Pupil services	17,165,487	17,550,960	(385,473)
General administration	30,035,458	27,770,660	2,264,798
Plant services	8,531,365	7,973,640	557,725
Ancillary and community services	-	1,874	(1,874)
Debt service	142,427	94,202	48,225
Other outgo	69,189,535	56,010,016	13,179,519
Depreciation	4,729,692	4,282,410	447,282
Amortization (unallocated)	817,930	-	817,930
Enterprise activities	6,733,596	8,140,276	(1,406,680)
Total Expenses	278,187,591	272,702,014	5,485,577
Change in net position	34,239,321	7,439,411	26,799,910
Net Position - Beginning	166,554,153	159,114,742	7,439,411
Net Position - Ending	\$ 200,793,474	\$ 166,554,153	\$ 34,239,321

The cost of all governmental activities this year was \$278,187,591 (refer to the table above). The amount that taxpayers ultimately financed for these activities through taxes was \$18,544,735 while the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2022	2021
Instruction	\$ 11,083,683	\$ 32,164,870
Instruction-related services	16,571,128	19,268,332
Pupil services	8,608,381	10,028,743
General administration	7,874,958	14,200,912
Plant services	6,395,585	6,008,885
Ancillary and community services	-	188
Debt service	142,427	94,202
Transfers to other agencies	195,944	(509,180)
Depreciation	4,729,692	4,282,410
Amortization	817,930	-
Enterprise activities	2,145,709	3,605,113
Total	\$ 58,565,437	\$ 89,144,475

FINANCIAL ANALYSIS OF THE COUNTY OFFICE OF EDUCATION’S MAJOR FUNDS

The County School Service Fund revenues increased \$21,263,247 between 2020-21 and 2021-22. The County School Service Fund expenditures increased \$19,760,189 between 2020-21 and 2021-22.

The County School Service Fund ending balance for 2021-22 was \$165,317,123 compared to \$145,579,029 in 2020-21. Overall the County School Service Fund ending fund balance increased from 2020-21 and 2021-22 by \$19,738,094.

The Charter Schools Fund ending balance for 2021-22 was \$8,595,524 compared to \$9,008,321 in 2020-21. Overall the Charter Schools Fund ending fund balance decreased from 2020-21 and 2021-22 by \$412,797.

There were no changes in the Special Education Pass-Through Fund ending balance for 2021-22 from 2020-21.

The Child Development Fund ending balance for 2021-22 was \$3,468,246 compared to \$2,774,684 in 2020-21. Overall the Child Development Fund ending fund balance increased from 2020-21 to 2021-22 by \$693,562.

CURRENT YEAR BUDGET 2021-2022

The San Joaquin County Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the County Office of Education’s financial projections and current budget based on State and local financial information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2021-2022 the County Office of Education had invested \$144,985,270 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	\$ 9,622,340	\$ 9,622,340	\$ -
Construction in progress	18,310,218	22,341,049	(4,030,831)
Land improvements	11,160,318	10,241,263	919,055
Buildings & improvements	150,674,514	137,538,865	13,135,649
Furniture & equipment	13,704,736	12,063,413	1,641,323
Less: Accumulated depreciation	(59,899,106)	(55,425,452)	(4,473,654)
Lease assets - buildings & improvements	1,774,261	-	1,774,261
Lease assets - furniture & equipment	455,919	-	455,919
Less: Accumulated amortization	(817,930)	-	(817,930)
Total Capital Assets	\$ 144,985,270	\$ 136,381,478	\$ 8,603,792

Long-Term Liabilities

At year-end, the County Office of Education had \$106,750,671 in long-term debt, a decrease of 34.74% from last year – as shown in the table below. (More detailed information about the County Office of Education's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
QZAB payable	\$ 1,102,784	\$ 2,477,184	\$ (1,374,400)
Leases payable	1,565,744	455,574	1,110,170
Compensated absences	1,388,242	1,526,518	(138,276)
Net OPEB liability	14,254,739	13,528,146	726,593
Net pension liability	89,297,060	147,136,768	(57,839,708)
Less: current portion of long-term liabilities	(857,898)	(1,535,534)	677,636
Total Long-term Liabilities	\$ 106,750,671	\$ 163,588,656	\$ (56,837,985)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of \$128.3 billion (\$78.4 billion General Fund and \$49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the “California for All Kids” plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor’s Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The County Office of Education participates in state employee pensions plans, California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) and both are underfunded. The County Office of Education’s proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the County Office of Education. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the County Office of Education’s budget for the 2022-23 fiscal year.

CONTACTING THE COUNTY OFFICE OF EDUCATION’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the County Office of Education’s finances and to show the County Office of Education’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Scott Anderson, Deputy Superintendent of Business Services, San Joaquin County Office of Education.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and investments	\$ 180,475,808
Accounts receivable	39,979,018
Note receivable	154,947
Capital assets, not depreciated	27,932,558
Capital assets, net of accumulated depreciation	115,640,462
Lease assets, net of accumulated amortization	1,412,250
Total Assets	365,595,043
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	36,029,439
Deferred outflows related to OPEB	5,992,068
Deferred outflows related to supplemental pensions	441,982
Total Deferred Outflows of Resources	42,463,489
LIABILITIES	
Accrued liabilities	36,551,477
Unearned revenue	3,937,292
Long-term liabilities, current portion	857,898
Long-term liabilities, non-current portion	109,968,191
Total Liabilities	151,314,858
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	51,780,782
Deferred inflows related to OPEB	3,902,800
Deferred related to supplemental pensions	266,618
Total Deferred Inflows of Resources	55,950,200
NET POSITION	
Net investment in capital assets	142,316,742
Restricted:	
Educational programs	65,583,064
Unrestricted	(7,106,332)
Total Net Position	\$ 200,793,474

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 88,877,354	\$ 3,391,569	\$ 74,402,102	\$ (11,083,683)
Instruction-related services				
Instructional supervision and administration	43,747,985	12,890,009	17,405,214	(13,452,762)
Instructional library, media, and technology	1,036,451	24,535	1,837	(1,010,079)
School site administration	7,180,311	352,969	4,719,055	(2,108,287)
Pupil services				
Home-to-school transportation	5,261,258	-	-	(5,261,258)
Food services	1,011,351	34	211,689	(799,628)
All other pupil services	10,892,878	577,562	7,767,821	(2,547,495)
General administration				
Centralized data processing	903,049	-	-	(903,049)
All other general administration	29,132,409	9,147,443	13,013,057	(6,971,909)
Plant services	8,531,365	255,740	1,880,040	(6,395,585)
Enterprise activities	6,733,596	1,798,616	2,789,271	(2,145,709)
Interest on long-term debt	142,427	-	-	(142,427)
Other outgo	69,189,535	4,538,750	64,454,841	(195,944)
Depreciation (unallocated)	4,729,692	-	-	(4,729,692)
Amortization (unallocated)	817,930	-	-	(817,930)
Total Governmental Activities	\$ 278,187,591	\$ 32,977,227	\$ 186,644,927	(58,565,437)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				18,217,548
Property taxes, levied for other specific purposes				327,187
Federal and state aid not restricted for specific purposes				50,514,417
Interest and investment earnings				(2,100,949)
Interagency revenues				2,732,380
Miscellaneous				23,114,175
Subtotal, General Revenue				92,804,758
CHANGE IN NET POSITION				34,239,321
Net Position - Beginning				166,554,153
Net Position - Ending				\$ 200,793,474

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 157,507,696	\$ 15,860,985	\$ 222,930	\$ 4,069,297	\$ 179,618	\$ 177,840,526
Accounts receivable	18,308,870	1,727,577	17,220,926	2,285,240	432,716	39,975,329
Due from other funds	5,345,857	1,008,783	201	1,150,163	316	7,505,320
Total Assets	\$ 181,162,423	\$ 18,597,345	\$ 17,444,057	\$ 7,504,700	\$ 612,650	\$ 225,321,175
LIABILITIES						
Accrued liabilities	\$ 10,571,049	\$ 5,143,907	\$ 17,444,057	\$ 3,243,615	\$ 26,741	\$ 36,429,369
Due to other funds	2,159,463	4,630,457	-	197,793	517,607	7,505,320
Unearned revenue	3,114,788	227,457	-	595,047	-	3,937,292
Total Liabilities	15,845,300	10,001,821	17,444,057	4,036,455	544,348	47,871,981
FUND BALANCES						
Nonspendable	30,000	-	-	-	-	30,000
Restricted	53,450,993	8,595,524	-	3,468,245	68,302	65,583,064
Assigned	93,031,452	-	-	-	-	93,031,452
Unassigned	18,804,678	-	-	-	-	18,804,678
Total Fund Balances	165,317,123	8,595,524	-	3,468,245	68,302	177,449,194
Total Liabilities and Fund Balances	\$ 181,162,423	\$ 18,597,345	\$ 17,444,057	\$ 7,504,700	\$ 612,650	\$ 225,321,175

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds \$ 177,449,194

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

Capital assets:

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

Capital assets	\$ 203,472,126	
Lease assets	2,230,180	
Accumulated depreciation	(59,899,106)	
Accumulated amortization	<u>(817,930)</u>	144,985,270

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(25,913)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

QZAB payable	\$ 1,102,784	
Leases payable	1,565,744	
Compensated absences	1,388,242	
Net OPEB liability	14,254,739	
Total supplemental pension liability	3,217,520	
Net pension liability	<u>89,297,060</u>	(110,826,089)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 36,029,439	
Deferred inflows of resources related to pensions	<u>(51,780,782)</u>	(15,751,343)

Deferred outflows and inflows of resources relating to supplemental pensions:

In governmental funds, deferred outflows and inflows of resources relating to supplemental pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources relating to supplemental pensions are reported.

Deferred outflows of resources related to supplemental pensions	\$ 441,982	
Deferred inflows of resources related to supplemental pensions	<u>(266,618)</u>	175,364

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 5,992,068	
Deferred inflows of resources related to OPEB	<u>(3,902,800)</u>	\$ 2,089,268

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

2,697,723

Total Net Position - Governmental Activities \$ 200,793,474

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 34,447,950	\$ 28,998,941	\$ -	\$ -	\$ -	\$ 63,446,891
Federal sources	16,084,984	2,411,534	12,806,071	29,316,594	-	60,619,183
Other state sources	40,976,231	2,771,165	56,383,464	10,385,374	82,208	110,598,442
Other local sources	83,904,655	(61,619)	-	351,542	433,389	84,627,967
Total Revenues	175,413,820	34,120,021	69,189,535	40,053,510	515,597	319,292,483
EXPENDITURES						
Current						
Instruction	47,015,008	19,734,755	-	29,011,236	295,826	96,056,825
Instruction-related services						
Instructional supervision and administration	33,329,191	6,654,383	-	7,604,779	65,306	47,653,659
Instructional library, media, and technology	677,954	379,254	-	-	16,711	1,073,919
School site administration	5,910,461	1,016,698	-	859,178	18,002	7,804,339
Pupil services						
Home-to-school transportation	5,278,718	-	-	-	-	5,278,718
Food services	803,342	212,934	-	-	-	1,016,276
All other pupil services	10,231,228	1,229,289	-	168,542	42,815	11,671,874
General administration						
Centralized data processing	903,049	-	-	-	-	903,049
All other general administration	29,879,227	921,083	-	816,396	42,018	31,658,724
Plant services	6,378,916	2,255,293	-	320,244	-	8,954,453
Facilities acquisition and construction	9,168,513	-	-	1,298,648	25,500	10,492,661
Enterprise activities	7,109,089	-	-	-	-	7,109,089
Transfers to other agencies	-	-	69,189,535	-	-	69,189,535
Debt service						
Principal	1,808,958	223,547	-	49,986	1,565	2,084,056
Interest and other	120,336	15,317	-	2,758	192	138,603
Total Expenditures	158,613,990	32,642,553	69,189,535	40,131,767	507,935	301,085,780
Excess (Deficiency) of Revenues Over Expenditures	16,799,830	1,477,468	-	(78,257)	7,662	18,206,703
Other Financing Sources (Uses)						
Transfers in	2,000,000	109,735	-	771,818	-	2,881,553
Other sources	1,819,826	-	-	-	-	1,819,826
Transfers out	(881,553)	(2,000,000)	-	-	-	(2,881,553)
Net Financing Sources (Uses)	2,938,273	(1,890,265)	-	771,818	-	1,819,826
NET CHANGE IN FUND BALANCE	19,738,103	(412,797)	-	693,561	7,662	20,026,529
Fund Balance - Beginning	145,579,020	9,008,321	-	2,774,684	60,640	157,422,665
Fund Balance - Ending	\$ 165,317,123	\$ 8,595,524	\$ -	\$ 3,468,245	\$ 68,302	\$ 177,449,194

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Governmental Funds \$ 20,026,529

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

Capital outlay:

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

Expenditures for capital outlay:	\$	14,350,266	
Depreciation expense:		(4,729,692)	
Amortization expense:		<u>(817,930)</u>	8,802,644

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

2,084,055

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(1,819,825)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(198,852)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period 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:

(3,824)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

138,276

(Continued on following page)

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
 FOR THE YEAR ENDED JUNE 30, 2022**

Postemployment benefits other than pensions (OPEB):

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:

(768,469)

Pensions:

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

5,503,818

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

474,969

Change in Net Position of Governmental Activities

\$ 34,239,321

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 2,635,282
Accounts receivable	3,689
Other assets	154,947
Total Assets	<u>2,793,918</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	96,195
Total Liabilities	<u>96,195</u>
NET POSITION	
Restricted	2,697,723
Total Net Position	<u>\$ 2,697,723</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 1,675,589
Total operating revenues	<u>1,675,589</u>
OPERATING EXPENSES	
Professional services	1,165,017
Total operating expenses	<u>1,165,017</u>
Operating income/(loss)	<u>510,572</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	(35,603)
Total non-operating revenues/(expenses)	<u>(35,603)</u>
CHANGE IN NET POSITION	474,969
Net Position - Beginning	2,222,754
Net Position - Ending	<u>\$ 2,697,723</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Cash flows from operating activities	
Cash received from user charges	\$ 1,675,448
Cash payments for payroll, insurance, and operating costs	(1,158,822)
Net cash provided by (used for) operating activities	<u>516,626</u>
Cash flows from investing activities	
Interest received	(35,603)
Net cash provided by (used for) investing activities	<u>(35,603)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	481,023
 CASH AND CASH EQUIVALENTS	
Beginning of year	2,154,259
End of year	<u>\$ 2,635,282</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 510,572
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(141)
Increase (decrease) in accrued liabilities	6,195
Net cash provided by (used for) operating activities	<u>\$ 516,626</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022**

	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
ASSETS	
Cash and investments	\$ 111,492,985
Accounts receivable	1,303,208
Total Assets	<u>112,796,193</u>
LIABILITIES	
Due to other agencies	<u>112,796,193</u>
Total Liabilities	<u>112,796,193</u>
NET POSITION	
Restricted	-
Total Net Position	<u>\$ -</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
ADDITIONS	
Contributions	\$ 112,796,193
Total Additions	<u>112,796,193</u>
DEDUCTIONS	
Benefits paid	112,796,193
Total Deductions	<u>112,796,193</u>
CHANGE IN NET POSITION	-
Net Position - Beginning	-
Net Position - Ending	<u>\$ -</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The San Joaquin County Office of Education (“County Office of Education”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The accounting policies of the County Office of Education conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

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

B. Component Units

Component units are legally separate organizations for which the County Office of Education is financially accountable. Component units may also include organizations that are fiscally dependent on the County Office of Education in that the County Office of Education 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 County Office of Education is not financially accountable but the nature and significance of the organization’s relationship with the County Office of Education is such that exclusion would cause the County Office of Education’s financial statements to be misleading or incomplete. The County Office of Education has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the County Office of Education). 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 revenue, and other non-exchange transactions.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the County Office of Education, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County Office of Education that cannot be used to support the County Office of Education's own programs.

Major Governmental Funds

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

Charter Schools Special Revenue Fund: This fund may be used by authorizing County Office of Educations to account separately for the activities of County Office of Education-operated charter schools that would otherwise be reported in the authorizing County Office of Education's County School Service Fund.

Special Education Pass-Through Fund: This fund is used by the Administrative Unit (AU) of a multi-Local Education Agency (LEA) Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEA's.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the County Office of Education on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the County Office of Education. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Warrant Pass-Through Fund: This fund is used to account for the payroll for all educational entities within the county.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California local education agencies 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 local education agencies as collectible within one year.

Non-exchange transactions, in which the County Office of Education receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the County Office of Education must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the County Office of Education on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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 County Office of Education prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County Office of Education has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

Investments

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

Lease Receivables

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

Inventories

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The County Office of Education maintains a capitalization threshold of \$5,000 for purchased equipment. For all other capital assets purchased or acquired, the threshold is \$75,000. The County Office of Education does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over 5-50 years depending on asset types.

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease. Amortization is computed using the straight-line method over 5-50 years depending on asset types.

Interfund Balances

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

Compensated Absences

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The County Office of Education also reports its share of the pension liability for the Supplemental Pension Plan in accordance with GASB 73 Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68 (Accounting and Financial Reporting for Pensions). The reporting requirements are similar to GASB 68 for GASB 73 reporting.

For purposes of measuring the total supplemental pension liability, deferred outflows of resources related to pensions and deferred inflows of resources related to pensions, and pension expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Fund Balance

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

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

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

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

F. Interfund Activity

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

G. Estimates

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

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

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

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The County Office of Education has implemented this Statement as of June 30, 2022.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The County Office of Education has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The County Office of Education has implemented this Statement as of June 30, 2022.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The County Office of Education has not yet determined the impact on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The County Office of Education has implemented this Statement as of June 30, 2022.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Fund
Investment in county treasury	\$ 180,409,668	\$ 2,679,930	\$ 183,089,598	\$ 111,492,985
Fair market value adjustment	(2,927,666)	(44,648)	(2,972,314)	-
Cash on hand and in banks	328,524	-	328,524	-
Cash in revolving fund	30,000	-	30,000	-
Total	\$ 177,840,526	\$ 2,635,282	\$ 180,475,808	\$ 111,492,985

B. Policies and Practices

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

Investment in County Treasury – The County Office of Education maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Joaquin County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the County Office of Education's investment in the pool is based upon the County Office of Education's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 2 – CASH AND INVESTMENTS (continued)

B. General Authorizations

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

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

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment with the County Treasury with a fair value of approximately \$291,610,269. The average weighted maturity for this pool is 328 days.

D. Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were not rated.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the County Office of Education's bank balance of \$299,768 was exposed to custodial credit risk.

F. Fair Value

The County Office of Education categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

The County Office of Education's fair value measurements at June 30, 2022 were as follows:

	Uncategorized
Investment in county treasury	\$ 291,610,269
Total	\$ 291,610,269

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Fund
Federal Government								
Categorical aid	\$ 7,382,775	\$ 1,359,795	\$ 14,481,793	\$ 1,593,493	\$ -	\$ -	\$ 24,817,856	\$ -
State Government								
Apportionment	2,307,650	66,595	-	-	-	-	2,374,245	-
Categorical aid	5,108,285	-	-	442,613	432,716	-	5,983,614	-
Lottery	154,444	38,721	-	-	-	-	193,165	-
Local Government								
Other local sources	3,355,716	262,466	2,739,133	249,134	-	3,689	6,610,138	1,303,208
Total	\$ 18,308,870	\$ 1,727,577	\$ 17,220,926	\$ 2,285,240	\$ 432,716	\$ 3,689	\$ 39,979,018	\$ 1,303,208

NOTE 4 – NOTE RECEIVABLE

Notes receivable at June 30, 2022 consisted of \$154,947 from a split dollar life insurance purchase agreement and STRS loan repayment that will be made with a lien on the split dollar life insurance once the policy is distributed.

NOTE 5 – CAPITAL ASSETS

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

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,622,340	\$ -	\$ -	\$ 9,622,340
Construction in progress	22,341,049	7,513,763	11,544,594	18,310,218
Total capital assets not being depreciated	31,963,389	7,513,763	11,544,594	27,932,558
Capital assets being depreciated				
Land improvements	10,241,263	919,055	-	11,160,318
Buildings & improvements	137,538,865	13,533,349	397,700	150,674,514
Furniture & equipment	12,063,413	1,698,513	57,190	13,704,736
Total capital assets being depreciated	159,843,541	16,150,917	454,890	175,539,568
Less: Accumulated depreciation				
Land improvements	3,002,490	494,122	-	3,496,612
Buildings & improvements	45,581,202	3,285,695	198,848	48,668,049
Furniture & equipment	6,841,760	949,875	57,190	7,734,445
Total accumulated depreciation	55,425,452	4,729,692	256,038	59,899,106
Total capital assets being depreciated, net	104,418,089	11,421,225	198,852	115,640,462
Lease assets being amortized				
Buildings & improvements	-	1,774,261	-	1,774,261
Furniture & equipment	-	455,919	-	455,919
Total lease assets being amortized	-	2,230,180	-	2,230,180
Less: Accumulated amortization for lease assets				
Buildings & improvements	-	666,109	-	666,109
Furniture & equipment	-	151,821	-	151,821
Total accumulated amortization for lease assets	-	817,930	-	817,930
Total lease assets being amortized, net	-	1,412,250	-	1,412,250
Governmental Activities				
Capital Assets, net	\$ 136,381,478	\$ 20,347,238	\$ 11,743,446	\$ 144,985,270

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 6 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2022 were as follows:

Due To Other Funds	Due From Other Funds						Total
	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds		
County School Service Fund	\$ -	\$ 1,008,783	\$ 201	\$ 1,150,163	\$ 316	\$	2,159,463
Charter Schools Fund	4,630,457	-	-	-	-	-	4,630,457
Child Development Fund	197,793	-	-	-	-	-	197,793
Non-Major Governmental Funds	517,607	-	-	-	-	-	517,607
Total	\$ 5,345,857	\$ 1,008,783	\$ 201	\$ 1,150,163	\$ 316	\$	7,505,320

Due from Charter Schools Fund to County School Service Fund for MOU, Special Ed Encroachment, and Venture - Soccer Field.	\$	4,630,457
Due from County School Service Fund to Charter Schools Fund RL YE LCFF Transfers - DTFD Charters Type "C" Students.		1,008,783
Due from County School Service Fund to Adult Education Fund to move 4th quarter interest.		316
Due from County School Service Fund to Special Education Pass-Through Fund contributions.		201
Due from County School Service Fund to Child Development Fund contributions.		1,150,163
Due from Child Development Fund to County School Service Fund Reduce 7799 contribution.		197,793
Due from County School Service Fund to Adult Education Fund a temporary cash transfer.		517,607
Total	\$	7,505,320

B. Operating Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Interfund Transfers Out	Interfund Transfers In			
	County School Service Fund	Charter Schools Fund	Child Development Fund	Total
County School Service Fund	\$ -	\$ 109,735	\$ 771,818	\$ 881,553
Charter Schools Fund	2,000,000	-	-	2,000,000
Total	\$ 2,000,000	\$ 109,735	\$ 771,818	\$ 2,881,553

County School Service Fund transfer to the Charter Schools Fund for contributions for Venture fundraising.	\$	109,735
County School Service Fund transfer to the Child Development Fund for contributions for childhood education.		771,818
Charter Schools Fund transfer to the County School Service Fund for Venture's soccer field.		2,000,000
Total	\$	2,881,553

NOTE 7 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022 consisted of the following:

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	County-Wide	Governmental Activities
	Payroll	\$ 1,722,236	\$ 97,355	\$ -	\$ 7,079	\$ 85	\$ 1,195	\$ -
Vendors payable	8,180,402	277,105	-	3,236,536	26,656	95,000	-	11,815,699
Unmatured interest	-	-	-	-	-	-	25,913	25,913
Due to other agencies	668,411	4,769,447	17,444,057	-	-	-	-	22,881,915
Total	\$ 10,571,049	\$ 5,143,907	\$ 17,444,057	\$ 3,243,615	\$ 26,741	\$ 96,195	\$ 25,913	\$ 36,551,477

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2022 consisted of the following:

	County School Service Fund	Charter Schools Fund	Child Development Fund	Governmental Activities
Federal sources	\$ 1,281,166	\$ 201,790	\$ -	\$ 1,482,956
State categorical sources	1,041,132	-	-	1,041,132
Local sources	792,490	25,667	595,047	1,413,204
Total	\$ 3,114,788	\$ 227,457	\$ 595,047	\$ 3,937,292

NOTE 9 – LONG-TERM LIABILITIES

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Balance Due In One Year
Governmental Activities					
QZAB payable	\$ 2,477,184	\$ -	\$ 1,374,400	\$ 1,102,784	\$ 167,015
Leases payable	455,574	1,819,825	709,655	1,565,744	690,883
Compensated absences	1,526,518	-	138,276	1,388,242	-
Net OPEB liability	13,528,146	726,593	-	14,254,739	-
Total supplemental pension liability	3,234,793	-	17,273	3,217,520	-
Net pension liability	147,136,768	-	57,839,708	89,297,060	-
Total	\$ 168,358,983	\$ 2,546,418	\$ 60,079,312	\$ 110,826,089	\$ 857,898

- Payments for the QZAB are made in the County School Service Fund.
- Payments for lease payable are made in the County School Service Fund, Charter Schools Fund, Adult Education Fund and Child Development Fund.
- Payments for compensated absences are typically liquidated in the County School Service Fund and other Major and Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$1,388,242. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Other Postemployment Benefits

The County Office of Education's beginning net OPEB liability was \$13,528,146 and increased by \$726,593 during the year ended June 30, 2022. The ending net OPEB liability at June 30, 2022 was \$14,254,739. See Note 11 for additional information regarding the net OPEB liability.

C. Supplemental Pension Liability

The County Office of Education's beginning total supplemental pension liability was \$3,234,793 and decreased by \$17,273 during the year ended June 30, 2022. The ending total supplemental pension liability at June 30, 2022 was \$3,217,520. See Note 12 for additional information regarding the total supplemental pension liability.

D. Net Pension Liability

The County Office of Education's beginning net pension liability was \$147,136,768 and decreased by \$57,839,708 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was \$89,297,060. See Note 13 for additional information regarding the net pension liability.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 9 – LONG-TERM LIABILITIES (continued)

E. Qualified Zone Academy Bonds

In December 2003, the County Office of Education issued a Qualified Zone Academy bond (QZAB) in the amount of \$1,000,000 for construction of the facilities for its Venture Academy Family of Schools. In August 2005, the County Office of Education issued a QZAB in the amount of \$1,000,000 to finance the renovation, repair, and rehabilitation of facilities and the acquisition of equipment for Venture Academy. In June 2008, the County Office of Education issued a QZAB in the amount of \$2,500,000 for the San Joaquin Career and Technical High School. In August 2011, the County Office of Education issued a QZAB in the amount of \$2,800,000 to finance, on behalf of its Venture Academy, solar energy equipment for its Venture Academy’s Green IT New Energy Academy. The QZABs bear interest rates of 4.03%, 3.34%, 1.250%, and 5.12% per annum, respectively, and mature on December 1, 2018, August 31, 2021, May 16, 2022, and September 15, 2028, respectively. As authorized pursuant to Section 54E of the Internal Revenue Code of 1986, the County Office of Education is scheduled to receive federal direct payment of allowances of refundable tax credits within the meaning of Section 6431 of the Internal Revenue Code. Future payments as of June 30, 2022 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 167,015	\$ 54,328	\$ 221,343
2024	167,968	45,764	213,732
2025	168,927	37,152	206,079
2026	169,891	28,491	198,382
2027	170,861	19,780	190,641
2028 - 2029	258,122	13,228	271,350
Total	\$ 1,102,784	\$ 198,743	\$ 1,301,527

F. Leases Payable

The County Office of Education entered into various agreements to lease certain property and equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The property agreements were executed on July 1, 2021, to lease a total of nine properties at various locations in the county and require monthly payments. There are no variable payment components of the lease. The lease liabilities were measured at incremental borrowing rates of 3.875%. As a result, the County Office of Education has recorded a right to use lease asset with a net book value of \$1,108,152 on June 30, 2022.

The equipment agreements were executed on July 1, 2021, to lease a copy machine and require monthly payments. There are no variable payment components of the lease. The lease liability is measured at the stated rate in the lease agreement. As a result, the County Office Education has recorded a right to use lease asset with a net book value of \$304,098 on June 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 9 – LONG-TERM LIABILITIES (continued)

F. Leases Payable (continued)

Year Ended June 30,	Lease Payment
2023	\$ 750,919
2024	531,019
2025	247,628
2026	118,030
2027	37,986
Total minimum lease payments	<u>1,685,582</u>
Less amount representing interest	<u>(119,838)</u>
Present value of minimum lease payments	<u>\$ 1,565,744</u>

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2022:

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Total non-spendable	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Restricted						
Educational programs	53,450,993	8,595,524	-	3,468,245	68,302	65,583,064
Total restricted	<u>53,450,993</u>	<u>8,595,524</u>	<u>-</u>	<u>3,468,245</u>	<u>68,302</u>	<u>65,583,064</u>
Assigned						
Court and community schools	700,076	-	-	-	-	700,076
Buildings	11,049,469	-	-	-	-	11,049,469
Ed-Join	3,657,435	-	-	-	-	3,657,435
Apprenticeship	2,702,539	-	-	-	-	2,702,539
Deferred maintenance	9,966,319	-	-	-	-	9,966,319
Education services	436,633	-	-	-	-	436,633
Mandated costs	3,064,689	-	-	-	-	3,064,689
Misc. ending balances and reserves	59,876,183	-	-	-	-	59,876,183
Lottery	1,578,109	-	-	-	-	1,578,109
Total assigned	<u>93,031,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,031,452</u>
Unassigned	18,804,678	-	-	-	-	18,804,678
Total Fund Balance	<u>\$ 165,317,123</u>	<u>\$ 8,595,524</u>	<u>\$ -</u>	<u>\$ 3,468,245</u>	<u>\$ 68,302</u>	<u>\$ 177,449,194</u>

The County Office of Education is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The County Office of Education’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 2 percent of County School Service Fund expenditures and other financing uses.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The San Joaquin County Office of Education’s single-employer defined benefit OPEB plan, administered by the San Joaquin County Office of Education. County Office of Education is a participant in the California Employer’s Retiree Benefit Trust (CERBT), an agent multiple employer defined benefit post-employment healthcare plan administered by CalPERS.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately-issued Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the County Office of Education.

C. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below:

	<u>Superintendents/ Administrative Council</u>	<u>Certificated</u>	<u>Classified</u>	<u>Management/ Supervisory/ Confidential</u>
Benefit types provided*	Medical, dental, vision and life	Medical, dental, vision and life	Medical, dental, vision and life	Medical, dental, vision and life
Duration of Benefits	One month per one month of service	One month per two months of service (but not beyond age 65)	One month per two months of service (but not beyond age 65)	One month per two months of service
Required Service	10 years**	10 years**	10 years**	10 years**
Minimum Age	Age 50 if PERS, Age 55 if STRS	55	50	Age 50 if PERS, Age 55 if STRS
Dependent Coverage	Yes	Yes	Yes	Yes
County Office of Education Contribution %	100%	100%	100%	100%
County Office of Education Cap	\$1,025 per month	\$1,025 per month	\$1,025 per month	\$1,025 per month

*New retirees also have the option to elect a lump sum payable to either an HRA or 403(b) account in lieu of the traditional benefit described above
 **5 years for those hired prior to July 1, 2016

D. Contributions

For the measurement period, the County Office of Education contributed \$1,619,525 to the Plan, all of which was used for current premiums. The County Office of Education has assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The CERBT is included in the CalPERS ACFR. Copies of the CalPERS’ ACFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	69
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>841</u>
Total number of participants**	<u>910</u>

*Information not provided

**As of the June 30, 2021 valuation date

F. Net OPEB Liability

The components of the net OPEB liability of the County Office of Education at June 30, 2022, were as follows:

Total OPEB liability	\$ 23,895,953
Plan fiduciary net position	<u>(9,641,214)</u>
County Office of Education's net OPEB liability	<u>\$ 14,254,739</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 40.35%

G. Investments

Investment Policy

The County Office of Education's policy regarding the allocation of the plan's invested assets is established and may be amended by County Office of Education management. The County Office of Education participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The County Office of Education has adopted the CERBT Strategy 1 and CERBT Strategy 3 portfolios with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Investments (continued)

Concentrations

The Plan held the following investments which represent 5 percent or more of the Plan’s fiduciary net position:

CERBT - Strategy 3

Asset Class	Percentage of Portfolio	Assumed Gross Return
All equities	22%	7.5450
All fixed income	49%	4.2500
Real estate investment trusts	8%	7.2500
All commodities	5%	7.5450
Treasury inflation protected securities (TIPS)	16%	3.0000

Rate of Return

For the year ended, June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 5.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

H. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.50%
Payroll increase	2.75%
Discount rate	5.75%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table

Retirement rates:

Certificated	2009 CalSTRS Retirement Rates Table
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2% @ 60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2021. The discount rate was based on historic 22-year real rates of return for each asset class along with the assumed long-term inflation, additionally offset by the expected investment return by investment expenses of 25 basis points.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Changes in Net OPEB Liability

	<u>June 30, 2022</u>
Total OPEB Liability	
Service cost	\$ 1,309,075
Interest on total OPEB liability	1,323,577
Difference between expected and actual experience	(141,039)
Changes of assumptions	614,727
Benefits payments	<u>(1,230,948)</u>
Net change in total OPEB liability	1,875,392
Total OPEB liability - beginning	<u>22,020,561</u>
Total OPEB liability - ending (a)	<u>\$ 23,895,953</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,619,525
Net investment income	1,151,797
Benefit payments	(1,619,525)
Administrative expenses	<u>(2,998)</u>
Net change in plan fiduciary net position	1,148,799
Plan fiduciary net position - beginning	<u>8,492,415</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,641,214</u>
 County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 14,254,739</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 40.35%
 Covered-employee payroll	 \$ 81,416,196
 County Office of Education's net OPEB liability as a percentage of covered-employee payroll	 17.51%

J. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the San Joaquin County Office of Education, as well as what the County Office of Education's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.75%)	(5.75%)	(6.75%)
Net OPEB liability	\$ 16,432,880	\$ 14,254,739	\$ 12,301,371

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the San Joaquin County Office of Education, as well as what the County Office of Education’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ 11,651,648	\$ 14,254,739	\$ 17,333,774

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

For the year ended June 30, 2022, the San Joaquin County Office of Education recognized OPEB expense of \$2,058,409. At June 30, 2022, the San Joaquin County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 18,474	\$ 565,634
Differences between expected and actual experience	3,722,570	-
Changes in assumptions	576,306	3,337,166
County Office of Education contributions subsequent to the measurement date	1,674,718	-
Total	\$ 5,992,068	\$ 3,902,800

The \$1,674,718 reported as deferred outflows of resources related to OPEB resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 334,811	\$ 402,599
2024	316,337	402,599
2025	316,337	384,715
2026	316,337	379,381
2027	316,337	250,915
Thereafter	2,717,191	2,082,591
Total	\$ 4,317,350	\$ 3,902,800

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 12 – SUPPLEMENTAL PENSION PLAN

A. Plan Description

The San Joaquin County Office of Education funds a retirement plan for eligible employees at retirement. These funds can be used by the retiree. The Plan is a single employer defined benefit plan other than an insured plan administered by the County Office of Education. Amendments to the plan may only be made by the County Office of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	<u>All Employees</u>
Duration of Benefits	Lump Sum
Required Service	10 years*
County Office of Education Cap	Formula based on monthly cap at retirement and remaining months of eligibility

*5 years for those hired prior to July 1, 2016

C. Contributions

The contribution requirements of Plan members and the San Joaquin County Office of Education are established and may be amended by County Office of Education. For the measurement period, the County Office of Education contributed \$209,569 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>841</u>
Total number of participants**	<u>841</u>

*Information not provided

**As of the June 30, 2021 valuation date

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 12 – SUPPLEMENTAL PENSION PLAN (continued)

E. Changes in the Total Supplemental Pension Liability

	<u>June 30, 2022</u>
Total Supplemental Pension Liability	
Service cost	\$ 376,839
Interest on total supplemental liability	75,049
Difference between expected and actual experience	(282,975)
Changes of assumptions	23,383
Benefits payments	<u>(209,569)</u>
Net change in total supplemental liability	(17,273)
Total supplemental pension liability - beginning	<u>3,234,793</u>
Total supplemental pension liability - ending	<u>\$ 3,217,520</u>
Covered-employee payroll	\$ 81,416,196
County Office of Education's total supplemental pension liability as a percentage of covered-employee payroll	3.95%

F. Actuarial Assumptions and Other Inputs

The total supplemental pension liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

GASB 73 requires use of the entry age actuarial cost method. Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee-by-employee basis and then aggregated. As required under GASB 73, the valuation is based on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by the County Office of Education.

Economic assumptions:

Inflation	2.50%
Payroll increase	2.75%
Investment rate of return	2.16%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table

Retirement rates:

Certificated	2009 CalSTRS Retirement Rates Table
Classified	2009 CalPERS Retirement Rates for School Employees Table

The actuarial assumptions used in the June 30, 2021, valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2021. The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 12 – SUPPLEMENTAL PENSION PLAN (continued)

G. Sensitivity of the Supplemental Total Pension Liability to Changes in the Discount Rate

The following presents the total supplemental pension liability of the San Joaquin County Office of Education, as well as what the County Office of Education’s total supplemental pension 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:

	1% Decrease (1.16%)	Valuation Discount Rate (2.16%)	1% Increase (3.16%)
Total supplemental pension liability	\$ 3,562,468	\$ 3,217,520	\$ 2,899,836

H. Pension Expense and Deferred Outflows of Resources Related to Pension

For the fiscal year ended June 30, 2022, the San Joaquin County Office of Education recognized pension expense of \$459,043. At June 30, 2022, the San Joaquin County Office of Education reported deferred outflows of resources related to the total supplemental pension liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 266,618
Changes in assumptions	367,717	-
County Office of Education contributions subsequent to the measurement date	74,265	\$ -
Total	\$ 441,982	\$ 266,618

The \$74,265 reported as deferred outflows of resources related to pension resulting from County Office of Education’s contributions subsequent to the measurement date will be recognized as a reduction of the total supplemental pension liability in the year ended June 30, 2023. Amounts reported as deferred outflows related to total supplemental pension liability will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 23,512	\$ 16,357
2024	23,512	16,357
2025	23,512	16,357
2026	23,512	16,357
2027	23,512	16,357
Thereafter	250,157	184,833
Total	\$ 367,717	\$ 266,618

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 13 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 29,977,586	\$ 20,033,713	\$ 28,875,527	\$ 2,622,471
PERS Pension	59,319,474	15,995,726	22,905,255	8,482,122
Total	\$ 89,297,060	\$ 36,029,439	\$ 51,780,782	\$ 11,104,593

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$6,449,451 for the year ended June 30, 2022.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

On-Behalf Payments

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,236,467 to CalSTRS.

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

At June 30, 2022, the County Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office of Education. The amount recognized by the County Office of Education 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 County Office of Education were as follows:

County Office of Education's proportionate share of the net pension liability	\$	29,977,586
State's proportionate share of the net pension liability associated with the County Office of Education		15,083,873
Total	\$	45,061,459

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The County Office of Education proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2021, the County Office of Education’s proportion was 0.066 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County Office of Education recognized pension expense of \$2,622,471. In addition, the County Office of Education recognized pension expense and revenue of \$(2,629,104) for support provided by the State. At June 30, 2022, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 23,713,043
Differences between expected and actual experience	75,095	3,190,240
Changes in assumptions	4,247,506	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	9,261,661	1,972,244
County Office of Education contributions subsequent to the measurement date	6,449,451	-
Total	\$ 20,033,713	\$ 28,875,527

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

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

The \$6,449,451 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 4,361,306	\$ 7,816,794
2024	4,363,281	6,979,649
2025	2,443,077	6,236,218
2026	1,300,159	7,118,919
2027	860,151	405,779
2028	256,288	318,168
Total	\$ 13,584,262	\$ 28,875,527

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

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

*20-year geometric average

Discount Rate

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

Sensitivity of the County Office of Education’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
County Office of Education's proportionate share of the net pension liability	\$ 61,023,637	\$ 29,977,586	\$ 4,209,958

Pension Plan Fiduciary Net Position

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

NOTE 13 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The County Office of Education contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

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

Contributions

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

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the County Office of Education were \$10,158,960 for the year ended June 30, 2022.

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

At June 30, 2022, the County Office of Education reported a liability of \$59,319,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating school County Office of Educations, actuarially determined. At June 30, 2021, the County Office of Education's proportion was 0.292 percent, which was an increase of 0.012 percent from its proportion measured as of June 30, 2020.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2022, the County Office of Education recognized pension expense of \$8,482,122. At June 30, 2022, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 22,765,049
Differences between expected and actual experience	1,770,838	139,840
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	4,065,928	366
County Office of Education contributions subsequent to the measurement date	10,158,960	-
Total	<u>\$ 15,995,726</u>	<u>\$ 22,905,255</u>

The \$10,158,960 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 2,995,786	\$ 5,756,542
2024	2,019,853	5,296,859
2025	821,127	5,520,451
2026	-	6,331,403
Total	<u>\$ 5,836,766</u>	<u>\$ 22,905,255</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 13 – PENSION PLANS (continued)

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

Sensitivity of the County Office of Education’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County Office of Education’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the County Office of Education’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
County Office of Education's proportionate share of the net pension liability	\$ 100,020,964	\$ 59,319,474	\$ 25,528,507

Pension Plan Fiduciary Net Position

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

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 13. At June 30, 2022, total deferred outflows related to pensions was \$36,029,439 and total deferred inflows related to pensions was \$51,780,782.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to other postemployment benefits was \$5,992,068 and total deferred inflows related to other postemployment benefits was \$3,902,800.

C. Supplemental Pension Plan

Pursuant to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the County Office of Education recognized deferred outflows of resources related to supplemental pensions. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2022, total deferred outflows related to supplemental pensions was \$441,982 and total deferred inflows related to supplemental pensions was \$266,618.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Grants

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2022.

B. Litigation

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2022.

NOTE 16 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The County Office of Education participates in two joint ventures under joint powers authorities (JPAs), the Northern California Regional Liability Excess Fund and the San Joaquin County Schools Workers' Compensation Insurance Group. The relationships between the County Office of Education and the JPAs are such that the JPAs are not component units of the County Office of Education for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the County Office of Education are included in these statements. The audited financial statements are generally available from the respective entities.

REQUIRED SUPPLEMENTARY INFORMATION

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 34,940,134	\$ 33,705,945	\$ 34,447,950	\$ 742,005
Federal sources	19,449,050	18,789,145	16,084,984	(2,704,161)
Other state sources	23,902,428	45,959,046	40,976,231	(4,982,815)
Other local sources	86,755,226	93,237,418	83,904,655	(9,332,763)
Total Revenues	165,046,838	191,691,554	175,413,820	(16,277,734)
EXPENDITURES				
Certificated salaries	30,884,264	34,008,272	32,270,273	1,737,999
Classified salaries	45,340,674	50,378,318	44,671,917	5,706,401
Employee benefits	33,361,283	34,127,575	31,227,110	2,900,465
Books and supplies	5,199,061	8,328,198	4,511,747	3,816,451
Services and other operating expenditures	40,479,375	47,467,123	33,574,601	13,892,522
Capital outlay	5,313,389	14,791,304	11,531,002	3,260,302
Other outgo				
Excluding transfers of indirect costs	595,423	1,737,653	1,929,294	(191,641)
Transfers of indirect costs	(1,592,945)	(1,288,912)	(1,101,954)	(186,958)
Total Expenditures	159,580,524	189,549,531	158,613,990	30,935,541
Excess (Deficiency) of Revenues Over Expenditures	5,466,314	2,142,023	16,799,830	14,657,807
Other Financing Sources (Uses)				
Transfers in	-	2,000,000	2,000,000	-
Other sources	-	2,286,123	1,819,826	(466,297)
Transfers out	(486,545)	242,538	(881,553)	(1,124,091)
Net Financing Sources (Uses)	(486,545)	4,528,661	2,938,273	(1,590,388)
NET CHANGE IN FUND BALANCE				
	4,979,769	6,670,684	19,738,103	13,067,419
Fund Balance - Beginning	143,544,506	145,579,020	145,579,020	-
Fund Balance - Ending	\$ 148,524,275	\$ 152,249,704	\$ 165,317,123	\$ 13,067,419

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 29,231,862	\$ 34,081,363	\$ 28,998,941	\$ (5,082,422)
Federal sources	2,965,474	3,226,598	2,411,534	(815,064)
Other state sources	1,634,534	2,652,600	2,771,165	118,565
Other local sources	153,253	(61,622)	(61,619)	3
Total Revenues	33,985,123	39,898,939	34,120,021	(5,778,918)
EXPENDITURES				
Certificated salaries	11,333,180	14,818,738	11,144,890	3,673,848
Classified salaries	3,444,668	3,955,391	3,622,695	332,696
Employee benefits	6,963,015	8,183,431	6,747,315	1,436,116
Books and supplies	1,155,974	1,689,150	1,226,017	463,133
Services and other operating expenditures	10,260,838	11,457,930	9,351,871	2,106,059
Capital outlay	20,000	87,414	67,362	20,052
Other outgo				
Excluding transfers of indirect costs	26,685	238,878	238,864	14
Transfers of indirect costs	61,427	326,140	243,539	82,601
Total Expenditures	33,265,787	40,757,072	32,642,553	8,114,519
Excess (Deficiency) of Revenues Over Expenditures	719,336	(858,133)	1,477,468	2,335,601
Other Financing Sources (Uses):				
Transfers in	162,000	171,000	109,735	(61,265)
Transfers out	-	(2,000,000)	(2,000,000)	-
Net Financing Sources (Uses)	162,000	(1,829,000)	(1,890,265)	(61,265)
NET CHANGE IN FUND BALANCE	881,336	(2,687,133)	(412,797)	2,274,336
Fund Balance - Beginning	8,891,120	9,008,321	9,008,321	9,008,321
Fund Balance - Ending	\$ 9,772,456	\$ 6,321,188	\$ 8,595,524	\$ 11,282,657

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 12,193,161	\$ 15,629,975	\$ 12,806,071	\$ (2,823,904)
Other state sources	45,680,868	56,655,347	56,383,464	(271,883)
Total Revenues	57,874,029	72,285,322	69,189,535	(3,095,787)
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	57,874,029	72,285,322	69,189,535	3,095,787
Total Expenditures	57,874,029	72,285,322	69,189,535	3,095,787
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
CHILD DEVELOPMENT FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 49,116,355	\$ 51,264,415	\$ 29,316,594	\$ (21,947,821)
Other state sources	15,527,962	16,127,186	10,385,374	(5,741,812)
Other local sources	457,607	435,091	351,542	(83,549)
Total Revenues	65,101,924	67,826,692	40,053,510	(27,773,182)
EXPENDITURES				
Certificated salaries	1,952,897	1,950,810	1,890,704	60,106
Classified salaries	3,188,849	3,307,067	3,110,019	197,048
Employee benefits	2,537,964	2,464,710	2,326,658	138,052
Books and supplies	369,353	191,603	131,533	60,070
Services and other operating expenditures	53,222,068	57,372,847	29,492,263	27,880,584
Capital outlay	2,412,470	1,674,010	2,311,450	(637,440)
Other outgo				
Excluding transfers of indirect costs	7,349	56,521	52,744	3,777
Transfers of indirect costs	1,489,802	911,662	816,396	95,266
Total Expenditures	65,180,752	67,929,230	40,131,767	27,797,463
Excess (Deficiency) of Revenues Over Expenditures	(78,828)	(102,538)	(78,257)	24,281
Other Financing Sources (Uses):				
Transfers in	71,538	71,538	771,818	700,280
Net Financing Sources (Uses)	71,538	71,538	771,818	700,280
NET CHANGE IN FUND BALANCE	(7,290)	(31,000)	693,561	724,561
Fund Balance - Beginning	2,088,307	2,774,684	2,774,684	-
Fund Balance - Ending	\$ 2,081,017	\$ 2,743,684	\$ 3,468,245	\$ 724,561

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability					
Service cost	\$ 1,309,075	\$ 1,274,039	\$ 1,252,529	\$ 1,219,006	\$ 1,186,381
Interest on total OPEB liability	1,323,577	1,248,982	1,190,936	1,111,010	1,033,612
Difference between expected and actual experience	(141,039)	-	3,783,055	-	-
Changes of assumptions	614,727	-	(1,624,537)	-	-
Benefits payments	(1,230,948)	(1,363,619)	(996,237)	(1,033,122)	(892,175)
Net change in total OPEB liability	1,875,392	1,159,402	3,605,746	1,296,894	1,327,818
Total OPEB liability - beginning	22,020,561	20,861,159	17,255,413	15,958,519	14,630,701
Total OPEB liability - ending (a)	<u>\$ 23,895,953</u>	<u>\$ 22,020,561</u>	<u>\$ 20,861,159</u>	<u>\$ 17,255,413</u>	<u>\$ 15,958,519</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,619,525	\$ 1,363,619	\$ 1,491,018	\$ 1,033,122	\$ 7,892,175
Net investment income	1,151,797	505,973	536,677	335,223	136,404
Benefit payments	(1,619,525)	(1,363,619)	(1,491,018)	(1,033,122)	(892,175)
Administrative expenses	(2,998)	(3,966)	(1,607)	(13,147)	(3,142)
Net change in plan fiduciary net position	1,148,799	502,007	535,070	322,076	7,133,262
Plan fiduciary net position - beginning	8,492,415	7,990,408	7,455,338	7,133,262	-
Plan fiduciary net position - ending (b)	<u>\$ 9,641,214</u>	<u>\$ 8,492,415</u>	<u>\$ 7,990,408</u>	<u>\$ 7,455,338</u>	<u>\$ 7,133,262</u>
County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 14,254,739</u>	<u>\$ 13,528,146</u>	<u>\$ 12,870,751</u>	<u>\$ 9,800,075</u>	<u>\$ 8,825,257</u>
Plan fiduciary net position as a percentage of the total OPEB liability	40.35%	38.57%	38.30%	43.21%	44.70%
Covered-employee payroll	\$ 81,416,196	\$ 77,868,018	\$ 73,098,761	\$ 65,219,938	\$ 59,742,080
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	17.51%	17.37%	17.61%	15.03%	14.77%

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2022</u>	<u>June 30, 2020</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total Supplemental Pension Liability					
Service cost	\$ 376,839	\$ 288,431	\$ 280,711	\$ -	\$ -
Interest on total supplemental pension liability	75,049	91,525	84,867	-	-
Difference between expected and actual experience	(282,975)	-	-	-	-
Changes of assumptions	23,383	390,006	-	-	-
Benefits payments	<u>(209,569)</u>	<u>(11,907)</u>	<u>(354,214)</u>	-	-
Net change in total supplemental pension liability	(17,273)	758,055	11,364	-	-
Total supplemental pension liability - beginning	<u>3,234,793</u>	<u>2,476,738</u>	<u>2,465,374</u>	<u>2,465,374</u>	<u>2,465,374</u>
Total supplemental pension liability - ending	<u>\$ 3,217,520</u>	<u>\$ 3,234,793</u>	<u>\$ 2,476,738</u>	<u>\$ 2,465,374</u>	<u>\$ 2,465,374</u>
Covered-employee payroll	\$ 81,416,196	\$ 77,868,018	\$ 73,098,761	\$ 65,219,938	\$ 59,742,080
County Office of Education's total supplemental pension liability as a percentage of covered-employee payroll	3.95%	4.15%	3.39%	3.78%	4.13%

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.066%	0.063%	0.058%	0.055%	0.045%	0.053%	0.055%	0.051%
County Office of Education's proportionate share of the net pension liability	\$ 29,977,586	\$ 61,313,497	\$ 52,782,072	\$ 50,286,612	\$ 41,271,352	\$ 42,627,312	\$ 36,866,197	\$ 30,082,268
State's proportionate share of the net pension liability associated with the County Office of Education	15,083,873	31,606,859	28,796,376	28,791,579	24,415,981	24,270,542	19,498,101	18,164,972
Total	<u>\$ 45,061,459</u>	<u>\$ 92,920,356</u>	<u>\$ 81,578,448</u>	<u>\$ 79,078,191</u>	<u>\$ 65,687,333</u>	<u>\$ 66,897,854</u>	<u>\$ 56,364,298</u>	<u>\$ 48,247,240</u>
County Office of Education's covered payroll	\$ 36,635,072	\$ 34,947,582	\$ 32,083,353	\$ 33,532,814	\$ 24,081,645	\$ 26,648,017	\$ 25,326,180	\$ 22,928,497
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	81.8%	175.4%	164.5%	150.0%	171.4%	160.0%	145.6%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liabil	0.292%	0.280%	0.268%	0.254%	0.241%	0.231%	0.226%	0.228%
County Office of Education's proportionate share of the net pension liability	\$ 59,319,474	\$ 85,823,271	\$ 78,013,374	\$ 67,679,149	\$ 57,536,252	\$ 45,652,316	\$ 33,317,253	\$ 25,848,077
County Office of Education's covered payroll	\$ 42,094,490	\$ 40,618,071	\$ 37,419,772	\$ 33,542,012	\$ 36,625,672	\$ 27,817,292	\$ 25,005,669	\$ 23,901,512
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	140.9%	211.3%	208.5%	201.8%	157.1%	164.1%	133.2%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 6,449,451	\$ 5,760,545	\$ 5,821,109	\$ 5,130,159	\$ 4,216,235	\$ 2,972,941	\$ 2,859,314	\$ 2,248,963
Contributions in relation to the contractually required contribution*	(6,449,451)	(5,760,545)	(5,821,109)	(5,130,159)	(4,216,235)	(2,972,941)	(2,859,314)	(2,248,963)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 35,998,764	\$ 36,635,072	\$ 34,947,582	\$ 32,083,353	\$ 33,532,814	\$ 24,081,645	\$ 26,648,017	\$ 25,326,180
Contributions as a percentage of covered payroll	17.92%	15.72%	16.66%	15.99%	12.57%	12.35%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 10,158,960	\$ 8,669,991	\$ 7,956,933	\$ 6,713,291	\$ 5,209,410	\$ 4,757,065	\$ 3,295,513	\$ 2,943,415
Contributions in relation to the contractually required contribution*	(10,158,960)	(8,669,991)	(7,956,933)	(6,713,291)	(5,209,410)	(4,757,065)	(3,295,513)	(2,943,415)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 41,776,342	\$ 42,094,490	\$ 40,618,071	\$ 37,419,772	\$ 33,542,012	\$ 36,625,672	\$ 27,817,292	\$ 25,005,669
Contributions as a percentage of covered payroll	24.32%	20.60%	19.59%	17.94%	15.53%	12.99%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions

The interest assumption changed from 6.00% to 5.75%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems since the previous valuations for OPEB.

Schedule of County Office of Education Contributions for OPEB

This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

Schedule of Changes in Total Supplemental Pension Liability

This 10-year schedule is required by GASB Statement No. 73 for all supplemental pension plans. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 73 was applicable. The schedule presents the sources of change in the total supplemental liability, and the components of the total supplemental liability and related ratios.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for the supplemental pension liability.

Changes in Assumptions

The interest assumption changed from 2.20% to 2.16%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems since the previous valuations for OPEB.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 JUNE 30, 2022**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the County Office of Education’s Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms

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

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of County Office of Education’s Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the County Office of Education incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
County School Service Fund			
Excluding transfers of indirect costs	\$ 1,737,653	\$ 1,929,294	\$ 191,641
Transfers of indirect costs	\$ (1,288,912)	\$ (1,101,954)	\$ 186,958
Child Development Fund			
Capital outlay	\$ 1,674,010	\$ 2,311,450	\$ 637,440

SUPPLEMENTARY INFORMATION

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U. S. DEPARTMENT OF EDUCATION:				
<i>Passed through California Department of Education:</i>				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,345,839	\$ -
Comprehensive Support and Improvement for LEAs	84.010	15438	818,823	-
Comprehensive Support and Improvement for COEs	84.010	15439	334,946	-
Title I, Part D, Local Delinquent Programs	84.010	14357	330,727	-
Subtotal Title I, Part A			<u>2,830,335</u>	<u>-</u>
Title I, Migrant Education				
Title I, Migrant Education	84.011	14326	3,409,010	-
Title I, Part C, Migrant Education (MESRP)	84.011	14768	114,897	-
Subtotal Title I, Migrant Education			<u>3,523,907</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	58,655	-
Title III, English Learner Student Program	84.365	14346	48,631	-
Title III, Technical Assistance	84.365	14967	106,749	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	94,361	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	13,233,555	12,010,397
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	816,086	421,638
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	395,596	291,078
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	373,344	82,958
IDEA Alternative Dispute Resolution	84.173A	13007	9,774	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	4,335	-
IDEA ARP IDEA Part B, Sec. 619, Preschool Grants	84.173X	15639	207,345	-
IDEA ARP IDEA Part B, Sec. 611, Special Education	84.027	15638	761,411	-
Subtotal Special Education Cluster			<u>15,801,446</u>	<u>12,806,071</u>
IDEA Early Intervention Grants, Part C	84.181	23761	91,558	-
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	20,000	-
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	266,657	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	501,915	-
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	2,843,172	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	2,810,811	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	123,413	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10154	499,746	-
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	388,948	-
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	21,707	-
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	70,751	-
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	197,524	-
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	43,981	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>7,501,968</u>	<u>-</u>
Total U. S. Department of Education			<u>30,344,267</u>	<u>12,806,071</u>
U. S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through California Department of Education:</i>				
National School Lunch Program				
	10.555	13391	188,947	-
Recycling Fee Grant	10.UNKNOWN	*	22,908	-
Pandemic EBT Local Administrative Grant	10.649	15644	3,063	-
Total U. S. Department of Agriculture			<u>214,918</u>	<u>-</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<i>Passed through California Department of Education:</i>				
Child Care and Development Block Grant				
Child Development: Federal Child Care, Center-based (CFFC)	93.596	13609	1,805,163	-
Federal Alternative Payment (Contract Prefix CAPP)	93.575	15163	11,655	-
Child Development: Preschool Development Grant	93.575	15545	72,949	-
Child Care Initiative Project (CCIP) / Resource & Referral Contracts (CRRP)	93.575	14130	446,549	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	55,907	-
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	139,132	-
CARES Act General Child Care and Development (Contract Prefix CCTR)	93.575	15640	481,200	-
Subtotal Child Care and Development Block Grant			<u>3,012,555</u>	<u>-</u>
Community-Based Child Abuse Prevention Grants	93.590	*	56,408	-
<i>Directly from the Department of Health and Human Services:</i>				
Ctr Child Care and Dev. (CCDF)	93.UNKNOWN	15557	59,641	-
Temporary Assistance for Needs Family	93.575	**	482,247	-
Head Start	93.600	**	25,705,742	-
Total U. S. Department of Health & Human Services			<u>29,316,593</u>	<u>-</u>
U. S. DEPARTMENT OF JUSTICE:				
STOP School Violence				
	16.839	*	435,213	-
Total U. S. Department of Justice			<u>435,213</u>	<u>-</u>
U. S. DEPARTMENT OF LABOR:				
<i>Passed through California Department of Education:</i>				
YouthBuild				
	17.274	*	308,192	-
Total U. S. Department of Labor			<u>308,192</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 60,619,183</u>	<u>\$ 12,806,071</u>

* - Pass-Through Entity Identifying Number not available
 ** - Pass-Through Entity Identifying Number is not applicable

See accompanying note to supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2022**

	Second Period Report	Annual Report
COUNTY OFFICE OF EDUCATION		
TK/K through Third		
County Community Schools	17.89	16.86
Special Education - Special Day Class	254.50	258.70
Extended Year Special Education - Nonpublic Schools	25.86	25.86
Total TK/K through Third	298.25	301.42
Fourth through Sixth		
County Community Schools	26.51	26.00
Special Education - Special Day Class	113.96	114.33
Special Education - Nonpublic Schools	0.29	0.24
Extended Year Special Education - Nonpublic Schools	11.23	11.23
Total Fourth through Sixth	151.99	151.80
Seventh through Eighth		
County Community Schools	16.45	16.76
Special Education - Special Day Class	64.69	65.10
Special Education - Nonpublic Schools	0.16	0.13
Extended Year Special Education - Nonpublic Schools	5.88	5.88
Total Seventh through Eighth	87.18	87.87
Ninth through Twelfth		
County Community Schools	200.86	201.89
Special Education - Special Day Class	126.73	127.67
Special Education - Nonpublic Schools	2.58	2.58
Extended Year Special Education - Nonpublic Schools	10.87	10.87
Total Ninth through Twelfth	341.04	343.01
Total District Funded County Programs	878.46	884.10
	Second Period Report	Annual Report
ALTERNATIVE EDUCATION GRANT PROGRAMS		
JUVENILE COURT SCHOOLS		
ELEMENTARY		
Juvenile Halls, Homes, and Camps	4.54	4.79
SECONDARY		
Juvenile Halls, Homes, and Camps	41.48	45.20
Total Juvenile Court Schools	46.02	49.99
COUNTY FUNDED NON-JUVENILE COURT SCHOOLS		
ELEMENTARY		
Probation Referred, On Probation or Parole, or Expelled	31.24	39.49
SECONDARY		
Probation Referred, On Probation or Parole, or Expelled	680.98	707.03
Total County Funded Non-Juvenile Court Schools	712.22	746.52

See accompanying note to supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA), continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Second Period Report	Annual Report
	Non - Classroom Based	
VENTURE ACADEMY		
TK/K through Third	246.62	214.56
Fourth through Sixth	235.31	204.38
Seventh through Eighth	247.81	215.55
Ninth through Twelfth	1,050.89	910.37
TOTAL ADA - NON-CLASSROOM BASED CHARTER SCHOOL	<u>1,780.63</u>	<u>1,544.86</u>
	Non - Classroom Based	
ONE.CHARTER		
Seventh through Eighth	0.83	0.89
Ninth through Twelfth	592.63	560.94
Non-Juvenile Court Schools	90.68	95.67
TOTAL ADA - NON-CLASSROOM BASED CHARTER SCHOOL	<u>684.14</u>	<u>657.50</u>
	Classroom Based	
ONE.CHARTER		
TK/K through Third	5.84	5.87
Fourth through Sixth	7.24	6.91
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>13.08</u>	<u>12.78</u>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022**

VENTURE ACADEMY - NON-CLASSROOM-BASED CHARTER

2021-22

Grade Level	Number of Days	Status
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

Grade Level	Minutes Requirement	2021-22		Status
		Actual Minutes	Number of Days	
Kindergarten	36000	55080	180	Complied
Grade 1	50400	55080	180	Complied
Grade 2	50400	55080	180	Complied
Grade 3	50400	55080	180	Complied
Grade 4	54000	55080	180	Complied
Grade 5	54000	55080	180	Complied
Grade 6	54000	55080	180	Complied

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

	2023 (Budget)	2022	2021	2020
County School Service Fund - Budgetary Basis				
Revenues And Other Financing Sources	\$ 172,099,527	\$ 179,233,646	\$ 154,408,714	\$ 147,265,806
Expenditures And Other Financing Uses	182,407,155	159,495,543	139,756,309	141,573,123
Net change in Fund Balance	\$ (10,307,628)	\$ 19,738,103	\$ 14,652,405	\$ 5,692,683
Ending Fund Balance	\$ 155,009,495	\$ 165,317,123	\$ 145,579,020	\$ 130,926,615
Available Reserves*	\$ 25,235,301	\$ 18,804,678	\$ 17,645,028	\$ 16,045,582
Available Reserves As A Percentage Of Outgo	13.83%	11.79%	12.63%	11.33%
Long-term Liabilities	\$ 109,968,191	\$ 110,826,089	\$ 168,358,983	\$ 150,665,897
Average Daily Attendance At P-2**	898	878	1,041	1,041

The County School Service Fund balance has increased by \$34,390,508 over the past two years. The fiscal year 2022-23 budget projects a decrease of \$10,307,628 for a County Office of Education this size, the State recommends available reserves of at least 2% of County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term obligations have decreased by \$39,839,808 over the past two years.

Average daily attendance has decreased by 163 ADA over the past two years. An increase of 20 ADA is anticipated during the 2022-23 fiscal year.

*Available reserves consist of all unassigned fund balance within the County School Service Fund.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no reconciling items between the annual financial and budget report with the audited financial statements.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2022**

Charter #	Charter School	Status	Included in Audit Report
0423	Venture Academy	Active	Yes
1146	one.Charter	Active	Yes

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 COMBINING BALANCE SHEET
 JUNE 30, 2022**

	Adult Education Fund	Non-Major Governmental Funds
ASSETS		
Cash and investments	\$ 179,618	\$ 179,618
Accounts receivable	432,716	432,716
Due from other funds	316	316
Total Assets	\$ 612,650	\$ 612,650
LIABILITIES		
Accrued liabilities	\$ 26,741	\$ 26,741
Due to other funds	517,607	517,607
Total Liabilities	544,348	544,348
FUND BALANCES		
Restricted	68,302	68,302
Total Fund Balances	68,302	68,302
Total Liabilities and Fund Balances	\$ 612,650	\$ 612,650

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022**

	Adult Education Fund	Non-Major Governmental Funds
REVENUES		
Other state sources	\$ 82,208	\$ 82,208
Other local sources	433,389	433,389
Total Revenues	515,597	515,597
EXPENDITURES		
Current		
Instruction	295,826	295,826
Instruction-related services		
Instructional supervision and administration	65,306	65,306
Instructional library, media, and technology	16,711	16,711
School site administration	18,002	18,002
Pupil services		
All other pupil services	42,815	42,815
General administration		
All other general administration	42,018	42,018
Facilities acquisition and construction	25,500	25,500
Debt service		
Principal	1,565	1,565
Interest and other	192	192
Total Expenditures	507,935	507,935
NET CHANGE IN FUND BALANCE	7,662	7,662
Fund Balance - Beginning	60,640	60,640
Fund Balance - Ending	\$ 68,302	\$ 68,302

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2022**

The San Joaquin County Office of Education was founded in 1852; they provide supportive services to four elementary districts, ten unified school districts and one community college district within San Joaquin County.

The County Office of Education oversees the activities and the financial affairs of each school district to assure that the requirements of the California Education Code are met. It also provides administrative and budgetary assistance, furnishes educational specialists, facilitates the development or improvement of instructional programs, coordinates inter-district activities, and performs other services as needed to improve the quality of education throughout the County.

GOVERNING BOARD

Member	Office	Term Expires
Vernon J. Gebhardt	President	2026
Greg Clark	Vice-President	2024
Ken Vogel	Member	2024
Janet Dyk	Member	2024
Douglas I. Vigil	Member	2026

COUNTY OFFICE OF EDUCATION ADMINISTRATORS

Troy Brown
Superintendent of Schools

Janine Kaeslin
Associate Superintendent

Scott Anderson
Deputy Superintendent, Business Services

Sean Morrill
Assistant Superintendent, County Operated Schools and Programs

Jane Steinkamp
Assistant Superintendent, Educational Services

Brandie Bruni
Assistant Superintendent, SELPA/Special Education

Christina Torres-Peter
Chief Human Resources Officer

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County Office of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The County Office of Education has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the County Office of Education and displays information for each charter school on whether the charter school is included in the County Office of Education audit.

Combining Statements – Non-Major Funds

These statements provide information on the County Office of Education's non-major funds.

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
San Joaquin County Office of Education
Stockton, 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 San Joaquin County Office of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the San Joaquin County Office of Education's basic financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Joaquin County Office of Education'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 San Joaquin County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of San Joaquin County Office of Education's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 7, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
San Joaquin County Office of Education
Stockton, California

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited San Joaquin County Office of Education'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 San Joaquin County Office of Education's major federal programs for the year ended June 30, 2022. San Joaquin County Office of Education'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, San Joaquin County Office of Education 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, 2022.

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 (CFR) 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 San Joaquin County Office of Education 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of San Joaquin County Office of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for 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 San Joaquin County Office of Education'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 a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about San Joaquin County Office of Education's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 San Joaquin County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Joaquin County Office of Education'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 San Joaquin County Office of Education'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 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.

Report on Internal Control Over Compliance (continued)

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 blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 7, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
San Joaquin County Office of Education
Stockton, California

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

We have audited San Joaquin County Office of Education's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of San Joaquin County Office of Education's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, San Joaquin County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of San Joaquin County Office of Education 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 audit opinion on state compliance. Our audit does not provide a legal determination of San Joaquin County Office of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of State Compliance

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

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

- Exercise professional judgement 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 San Joaquin County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Joaquin County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of San Joaquin County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine San Joaquin County Office of Education's compliance with the state laws and regulations related to the following items:

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

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

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	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	Yes
In-Person Instruction Grant	Yes
Charter Schools	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance (continued)

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

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

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 7, 2022

**REPORT ON COMPLIANCE WITH THE DEPARTMENT OF RESOURCES
RECYCLING AND RECOVERY AGREEMENT TERMS**Independent Auditor's Report

Governing Board
San Joaquin County Office of Education
Stockton, California

Report on Department Compliance***Opinion on Department Compliance***

We have audited San Joaquin County Office of Education's compliance with the types of compliance requirements described in the *Recycling and Recovery Grant Agreement*, that could have a direct and material effect the San Joaquin County Office of Education's program for the fiscal year ended June 30, 2022, as identified below.

In our opinion, for the items tested, San Joaquin County Office of Education complied with the laws, regulations and grant agreement in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

Basis for Opinion on Department Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Recycling and Recovery Grant Agreement*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Department Compliance section of our report.

We are required to be independent of San Joaquin County Office of Education 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 audit opinion on state compliance. Our audit does not provide a legal determination of San Joaquin County Office of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Joaquin County Office of Education's program.

Auditor's Responsibilities for the Audit of Department Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Joaquin County Office of Education'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 *Recycling and Recovery Grant Agreement*, will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about San Joaquin County Office of Education's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the *Recycling and Recovery Grant Agreement*, we:

- Exercise professional judgement 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 San Joaquin County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Joaquin County Office of Education'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 *Recycling and Recovery Grant Agreement*, but not for the purpose of expressing an opinion on the effectiveness of San Joaquin County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine San Joaquin County Office of Education's compliance with the state laws and regulations related to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Internal Control	Yes
Subcontractors	Yes
Competitive Bids	Yes
Conflict of Interest	Yes
Allowable and Reasonable Costs	Yes
Travel	Yes

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Department Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 *Recycling and Recovery Grant Agreement*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 7, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425U	Education Stabilization Fund Discretionary Grants
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,818,575</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2022.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

There were no state award findings or questioned costs for the year ended June 30, 2022.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no findings or questioned costs for the year ended June 30, 2021.