

# **SAN JOAQUIN COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2020**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
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 JUNE 30, 2020**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Governing Board  
San Joaquin County Office of Education  
Stockton, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin County Office of Education, as of and for the year ended June 30, 2020, 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.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

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 San Joaquin County Office of Education, as of June 30, 2020, 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.

## **Other Matters**

### *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, schedule of changes in total supplemental 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.

The supplementary information listed in the table of contents 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. Such 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 February 1, 2021 on our consideration of 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 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  
February 1, 2021

# 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 financial activities for the fiscal year ended June 30, 2020. 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 \$159.1 million at June 30, 2020. This was an increase of \$6.1 million from the prior year.
- ▶ Overall revenues were \$266.6 million, which exceeded expenses of \$260.5 million.

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 a quality education.

### Education Services

Education 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 Education 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. COE's are the first line of support for LEA's 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, 2020**

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**FINANCIAL HIGHLIGHTS (continued)**

The Outdoor Education Program continues to offer the popular program which gives students a chance to experience environmental science in the Santa Cruz Mountains. The tide pools, brackish marsh and Pacific Ocean also provide an ultimate experience for children in Outdoor Education. Fully certified by the California Outdoor School Administrators, this valuable hands-on learning experience for fifth and sixth grade students has received Commendations of Excellence from the State Superintendent of Public Instruction.

The County Office of Education coordinates and administers Early Childhood Education 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:

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



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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 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.

**Special Education**

Special Education means “specially designed instruction to meet the unique needs of a child with a disability.” The County Office’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 1151 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, 2020**

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**FINANCIAL HIGHLIGHTS (continued)**

**County Charter Schools**

Venture Academy Family of Schools, one.Charter and San Joaquin Building Futures Academy 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. The county operated student programs ADA increased from 1,968.67 in 2018-19 to 2,099.55 in 2019-20, an increase of 7% from the prior year. Charter school ADA increased from 2,491.12 in 2018-19 to 2,686.96 in 2019-20, for an increase of 7%

**Solvency**

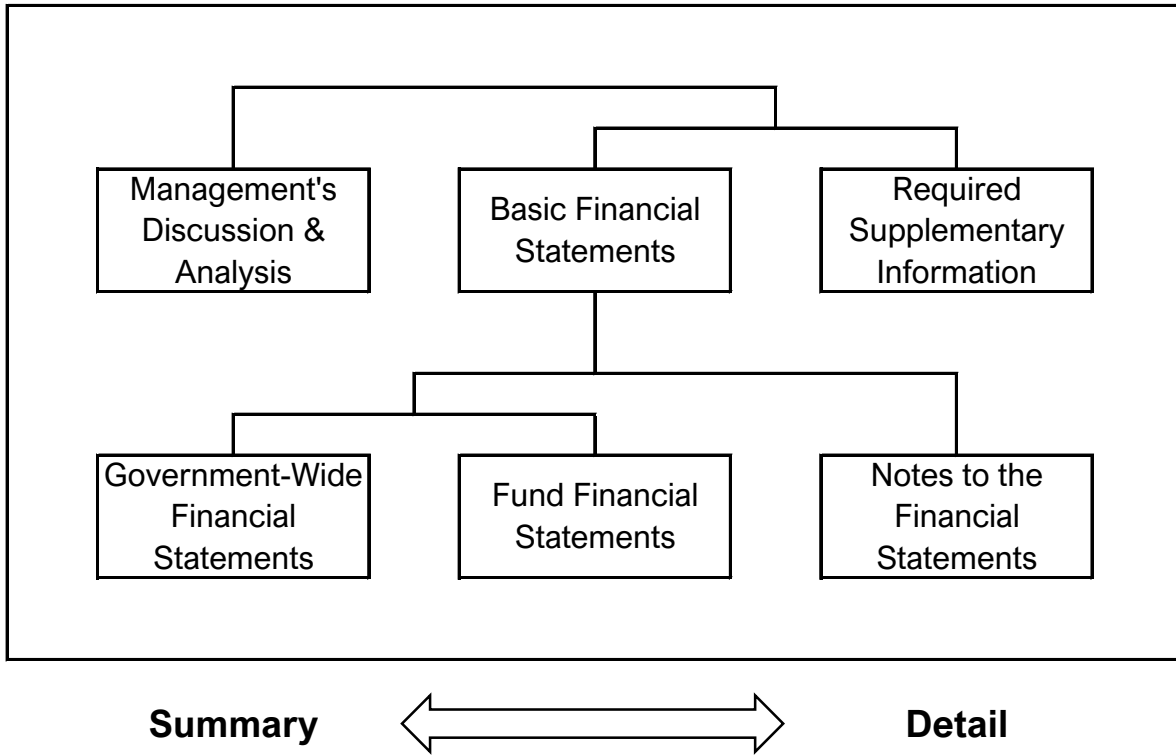
The County Office of Education is required to maintain a 2% reserve for economic uncertainties on all county school service fund expenditures excluding special education funds that are passed through to County Offices of Education. The County Office of Education ended the 2019-20 year with \$16,045,582 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, 2020**

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**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, 2020**

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**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 balances for which the County Office of Education is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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, 2020**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The County Office of Education's net position was \$159.1 million at June 30, 2020, as reflected in the table below. Of this amount, \$(9.4) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 188,173,603	\$ 166,462,483	\$ 21,711,120
Capital assets	131,006,522	117,890,792	13,115,730
<b>Total Assets</b>	<b>319,180,125</b>	<b>284,353,275</b>	<b>34,826,850</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>49,336,427</b>	<b>43,936,229</b>	<b>5,400,198</b>
<b>LIABILITIES</b>			
Current liabilities	46,889,615	33,136,313	13,753,302
Long-term liabilities	150,165,385	134,184,435	15,980,950
<b>Total Liabilities</b>	<b>197,055,000</b>	<b>167,320,748</b>	<b>29,734,252</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>12,346,810</b>	<b>7,912,480</b>	<b>4,434,330</b>
<b>NET POSITION</b>			
Net investment in capital assets	127,806,120	114,342,646	13,463,474
Restricted	40,733,057	30,605,777	10,127,280
Unrestricted	(9,424,435)	8,107,853	(17,532,288)
<b>Total Net Position</b>	<b>\$ 159,114,742</b>	<b>\$ 153,056,276</b>	<b>\$ 6,058,466</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2020**

**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 as a whole 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.

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 27,089,576	\$ 25,489,333	\$ 1,600,243
Operating grants and contributions	137,559,600	135,003,272	2,556,328
General revenues			
Property taxes	15,714,194	14,752,069	962,125
Unrestricted federal and state aid	59,874,289	65,334,238	(5,459,949)
Other	26,347,054	30,923,992	(4,576,938)
<b>Total Revenues</b>	<b>266,584,713</b>	<b>271,502,904</b>	<b>(4,918,191)</b>
<b>EXPENSES</b>			
Instruction	89,687,670	91,668,037	(1,980,367)
Instruction-related services	49,823,322	54,641,110	(4,817,788)
Pupil services	20,437,718	19,403,426	1,034,292
General administration	18,938,158	19,577,745	(639,587)
Plant services	8,730,572	7,373,495	1,357,077
Ancillary and community services	-	43,595	(43,595)
Debt service	104,488	117,372	(12,884)
Other outgo	51,876,827	49,509,661	2,367,166
Depreciation	5,700,793	3,793,631	1,907,162
Other	15,226,699	11,858,982	3,367,717
<b>Total Expenses</b>	<b>260,526,247</b>	<b>257,987,054</b>	<b>2,539,193</b>
<b>Change in net position</b>	<b>6,058,466</b>	<b>13,515,850</b>	<b>(7,457,384)</b>
<b>Net Position - Beginning</b>	<b>153,056,276</b>	<b>139,540,426</b>	<b>13,515,850</b>
<b>Net Position - Ending</b>	<b>\$ 159,114,742</b>	<b>\$ 153,056,276</b>	<b>\$ 6,058,466</b>

The cost of all governmental activities this year was \$260.5 million (refer to the table above). The amount that taxpayers ultimately financed for these activities through taxes was only \$15.7 million 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, 2020**

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**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.

	<b>Net Cost of Services</b>	
	<b>2020</b>	<b>2019</b>
Instruction	\$ 35,609,666	\$ 44,884,611
Instruction-related services	20,358,706	17,117,465
Pupil services	12,479,445	11,595,953
General administration	12,260,220	11,850,073
Plant services	1,937,560	2,839,693
Ancillary and community services	-	5,180
Debt service	104,488	117,372
Transfers to other agencies	790,468	790,818
Depreciation	5,700,793	3,793,631
Other	6,635,725	4,499,653
<b>Total Expenses</b>	<b>\$ 95,877,071</b>	<b>\$ 97,494,449</b>

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

The County School Service Fund revenues increased \$4.9 million between 2018-19 and 2019-20. The County School Service Fund expenditures decreased \$2.5 million between 2018-19 and 2019-20.

The County School Service Fund ending balance for 2019-20 was \$130,926,615 compared to \$125,233,932 in 2018-19. Overall the County School Service Fund ending fund balance increased from 2018-19 and 2019-20 by \$5,692,683.

The Charter School Fund ending balance for 2019-20 was \$7,177,869 compared to \$5,533,043 in 2018-19. Overall the Charter School Fund ending fund balance increased from 2018-19 and 2019-20 by \$1,644,826.

There were no changes in the Special Education Pass-Through Fund ending balance for 2019-20 from 2018-19.

The Child Development Fund ending balance for 2019-20 was \$2,075,303 compared to \$1,499,827 in 2018-19. Overall the Child Development Fund ending fund balance increased from 2018-19 to 2019-20 by \$575,476.

**CURRENT YEAR BUDGET 2019-2020**

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, 2020**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2019-2020 the County Office of Education had invested \$131.0 million in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 9,399,904	\$ 9,203,739	\$ 196,165
Construction in progress	18,414,581	12,965,034	5,449,547
Land improvements	9,806,168	9,806,168	-
Buildings & improvements	133,827,316	122,613,136	11,214,180
Furniture & equipment	10,896,877	9,397,778	1,499,099
Accumulated depreciation	(51,338,324)	(46,095,063)	(5,243,261)
<b>Total Capital Assets</b>	<b>\$ 131,006,522</b>	<b>\$ 117,890,792</b>	<b>\$ 13,115,730</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$150.2 million in long-term debt, an increase of 11.9% 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.)

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
QZAB payable	\$ 2,850,642	\$ 3,223,162	\$ (372,520)
Capital leases	349,760	324,984	24,776
Compensated absences	1,322,560	908,584	413,976
Net OPEB liability	12,870,751	9,800,075	3,070,676
Net pension liability	130,795,446	117,965,761	12,829,685
Total supplemental pension liability	2,476,738	2,465,374	11,364
Less: current portion of long-term liabilities	(500,512)	(503,505)	2,993
<b>Total Long-term Liabilities</b>	<b>\$ 150,165,385</b>	<b>\$ 134,184,435</b>	<b>\$ 15,980,950</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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.

According to the UCLA Anderson Forecast, the U.S. economy is in a "depression-like crisis" and it will take at least three years before its GDP and unemployment rate return to the levels it saw before the COVID-19 pandemic struck. Between February 2020 and April 2020, California lost 2.56 million nonfarm payroll jobs, a 15% drop that is nearly double the job loss during the Great Recession in 2008 and 2009.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom and the State Legislature provided resources and support beyond the Proposition 98 requirement in 2020–21, giving one-time federal resources, pension rate relief, and promising more than the minimum guarantee in 2021–22.



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2020**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)**

Landmark legislation passed in Year 2013 reformed California school local education agency finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners, and foster youth.

Factors related to LCFF that the County Office of Education is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

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, 2020. The amount of the liability is material to the financial position of the County Office of Education. In response to the ongoing pandemic, the 2020-21 State Budget reduced employer contribution rates in 2020-21 and 2021-22. This will reduce the CalSTRS employer rate from 18.4% to approximately 16.15% in 2020-21 and from 18.2% to 16.0% in 2021-22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020-21 of 22.68% to 20.7% and 2021-22 estimated rate of 24.6% to 23.01%. Despite this reduction in the planned rate increases, the projected increased pension costs to school employers remain a significant fiscal factor.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with \$1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, \$355 million in Governor's Emergency Education Relief (GEER) Funds, and \$4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and \$540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). CARES Act funds will be apportioned in 2020-21, however, ESSER and GEER are to be used on eligible expenditures beginning March 13, 2020 through September 30, 2022, GF is to be used on eligible expenditures beginning March 1, 2020 through June 30, 2021, and CRF is to be used on eligible expenditures beginning March 1, 2020 through December 30, 2020. On December 27, 2020, the President signed the Consolidated Appropriations Act which extended the CRF spending deadline to December 30, 2021.

All of these factors were considered in preparing the County Office of Education's budget for the 2020-21 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, 2020**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 137,023,475
Accounts receivable	50,995,181
Note receivable	154,947
Capital assets, not depreciated	27,814,485
Capital assets, net of accumulated depreciation	103,192,037
<b>Total Assets</b>	<b>319,180,125</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	43,356,305
Deferred outflows related to supplemental pensions	367,870
Deferred outflows related to OPEB	5,612,252
<b>Total Deferred Outflows of Resources</b>	<b>49,336,427</b>
<b>LIABILITIES</b>	
Accrued liabilities	44,343,373
Unearned revenue	2,045,730
Long-term liabilities, current portion	500,512
Long-term liabilities, non-current portion	150,165,385
<b>Total Liabilities</b>	<b>197,055,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	8,491,716
Deferred inflows related to OPEB	3,855,094
<b>Total Deferred Inflows of Resources</b>	<b>12,346,810</b>
<b>NET POSITION</b>	
Net investment in capital assets	127,806,120
Restricted:	
Educational programs	40,733,057
Unrestricted	(9,424,435)
<b>Total Net Position</b>	<b>\$ 159,114,742</b>

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, 2020**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 89,687,670	\$ 3,818,237	\$ 50,259,767	\$ (35,609,666)
Instruction-related services				
Instructional supervision and administration	40,893,733	10,536,969	15,351,456	(15,005,308)
Instructional library, media, and technology	1,231,113	7,589	10,403	(1,213,121)
School site administration	7,698,476	223,365	3,334,834	(4,140,277)
Pupil services				
Home-to-school transportation	7,008,602	-	-	(7,008,602)
Food services	1,138,136	31,088	181,632	(925,416)
All other pupil services	12,290,980	668,378	7,077,175	(4,545,427)
General administration				
Centralized data processing	1,007,870	-	-	(1,007,870)
All other general administration	17,930,288	2,033,491	4,644,447	(11,252,350)
Plant services	8,730,572	312,457	6,480,555	(1,937,560)
Enterprise activities	15,226,699	5,347,605	3,243,369	(6,635,725)
Interest on long-term debt	104,488	-	-	(104,488)
Other outgo	51,876,827	4,110,397	46,975,962	(790,468)
Depreciation (unallocated)	5,700,793	-	-	(5,700,793)
<b>Total Governmental Activities</b>	<b>\$ 260,526,247</b>	<b>\$ 27,089,576</b>	<b>\$ 137,559,600</b>	<b>(95,877,071)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				15,462,068
Property taxes, levied for other specific purposes				252,126
Federal and state aid not restricted for specific purposes				59,874,289
Interest and investment earnings				2,270,413
Interagency revenues				3,420,156
Miscellaneous				20,656,485
<b>Subtotal, General Revenue</b>				<b>101,935,537</b>
<b>CHANGE IN NET POSITION</b>				<b>6,058,466</b>
<b>Net Position - Beginning</b>				<b>153,056,276</b>
<b>Net Position - Ending</b>				<b>\$ 159,114,742</b>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020**

	<b>County School Service Fund</b>	<b>Charter Schools Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$ 124,506,223	\$ 6,401,889	\$ -	\$ 4,508,336	\$ 59,889	\$ 135,476,337
Accounts receivable	19,345,661	3,504,616	23,208,340	4,717,313	210,665	50,986,595
Due from other funds	3,417,246	2,475,668	-	102,768	162,060	6,157,742
<b>Total Assets</b>	<b>\$ 147,269,130</b>	<b>\$ 12,382,173</b>	<b>\$ 23,208,340</b>	<b>\$ 9,328,417</b>	<b>\$ 432,614</b>	<b>\$ 192,620,674</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 12,099,598	\$ 2,202,789	\$ 23,208,340	\$ 6,661,520	\$ 5,785	\$ 44,178,032
Due to other funds	2,740,496	2,958,984	-	90,816	367,446	6,157,742
Unearned revenue	1,502,421	42,531	-	500,778	-	2,045,730
<b>Total Liabilities</b>	<b>16,342,515</b>	<b>5,204,304</b>	<b>23,208,340</b>	<b>7,253,114</b>	<b>373,231</b>	<b>52,381,504</b>
<b>FUND BALANCES</b>						
Nonspendable	2,825	-	-	-	-	2,825
Restricted	31,420,502	7,177,869	-	2,075,303	59,383	40,733,057
Assigned	83,457,706	-	-	-	-	83,457,706
Unassigned	16,045,582	-	-	-	-	16,045,582
<b>Total Fund Balances</b>	<b>130,926,615</b>	<b>7,177,869</b>	<b>-</b>	<b>2,075,303</b>	<b>59,383</b>	<b>140,239,170</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 147,269,130</b>	<b>\$ 12,382,173</b>	<b>\$ 23,208,340</b>	<b>\$ 9,328,417</b>	<b>\$ 432,614</b>	<b>\$ 192,620,674</b>

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, 2020**

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**Total Fund Balance - Governmental Funds** \$ 140,239,170

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 and accumulated depreciation:

Capital assets	\$ 182,344,846	
Accumulated depreciation	<u>(51,338,324)</u>	131,006,522

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:

(25,341)

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	\$ 2,850,642	
Capital leases	349,760	
Compensated absences	1,322,560	
Net OPEB liability	12,870,751	
Total supplemental pension liability	2,476,738	
Net pension liability	<u>130,795,446</u>	(150,665,897)

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	\$ 43,356,305	
Deferred inflows of resources related to pensions	<u>(8,491,716)</u>	34,864,589

Deferred outflows and inflows of resources relating to supplemental 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 supplemental pensions	\$ 367,870	
Deferred inflows of resources related to supplemental pensions	<u>-</u>	367,870

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	\$ 5,612,252	
Deferred inflows of resources related to OPEB	<u>(3,855,094)</u>	1,757,158

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:

1,570,671

**Total Net Position - Governmental Activities** \$ 159,114,742

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, 2020**

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
LCFF sources	\$ 40,353,801	\$ 29,256,019	\$ -	\$ -	\$ -	\$ 69,609,820
Federal sources	8,201,236	320,482	12,149,758	27,076,262	-	47,747,738
Other state sources	22,273,416	1,831,367	39,558,525	11,227,854	284,939	75,176,101
Other local sources	76,266,660	184,577	-	820,630	8,100	77,279,967
<b>Total Revenues</b>	<b>147,095,113</b>	<b>31,592,445</b>	<b>51,708,283</b>	<b>39,124,746</b>	<b>293,039</b>	<b>269,813,626</b>
<b>EXPENDITURES</b>						
Current						
Instruction	43,048,721	18,863,534	-	25,218,766	301,135	87,432,156
Instruction-related services						
Instructional supervision and administration	28,286,446	3,217,356	-	6,847,783	40,585	38,392,170
Instructional library, media, and technology	681,592	346,495	-	-	14,880	1,042,967
School site administration	5,198,198	1,127,003	-	735,447	12,262	7,072,910
Pupil services						
Home-to-school transportation	6,842,296	-	-	-	-	6,842,296
Food services	831,612	243,083	-	-	-	1,074,695
All other pupil services	9,330,385	1,117,389	-	359,896	12,861	10,820,531
General administration						
Centralized data processing	1,007,870	-	-	-	-	1,007,870
All other general administration	11,655,696	3,364,440	-	671,844	34,383	15,726,363
Plant services	6,914,064	1,782,619	-	167,009	-	8,863,692
Facilities acquisition and maintenance	12,779,241	-	-	4,579,197	-	17,358,438
Enterprise activities	13,898,801	-	-	-	-	13,898,801
Transfers to other agencies	168,544	-	51,708,283	-	-	51,876,827
Debt service						
Principal	493,241	20,006	-	4,048	1,142	518,437
Interest and other	104,426	2,611	-	536	151	107,724
<b>Total Expenditures</b>	<b>141,241,133</b>	<b>30,084,536</b>	<b>51,708,283</b>	<b>38,584,526</b>	<b>417,399</b>	<b>262,035,877</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,853,980</b>	<b>1,507,909</b>	<b>-</b>	<b>540,220</b>	<b>(124,360)</b>	<b>7,777,749</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	136,917	-	35,256	159,817	331,990
Other sources	170,693	-	-	-	-	170,693
Transfers out	(331,990)	-	-	-	-	(331,990)
<b>Net Financing Sources (Uses)</b>	<b>(161,297)</b>	<b>136,917</b>	<b>-</b>	<b>35,256</b>	<b>159,817</b>	<b>170,693</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,692,683</b>	<b>1,644,826</b>	<b>-</b>	<b>575,476</b>	<b>35,457</b>	<b>7,948,442</b>
<b>Fund Balance - Beginning</b>	<b>125,233,932</b>	<b>5,533,043</b>	<b>-</b>	<b>1,499,827</b>	<b>23,926</b>	<b>132,290,728</b>
<b>Fund Balance - Ending</b>	<b>\$ 130,926,615</b>	<b>\$ 7,177,869</b>	<b>\$ -</b>	<b>\$ 2,075,303</b>	<b>\$ 59,383</b>	<b>\$ 140,239,170</b>

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, 2020**

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**Net Change in Fund Balances - Governmental Funds** \$ 7,948,442

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

Expenditures for capital outlay:	\$	18,816,523	
Depreciation expense:		<u>(5,700,793)</u>	13,115,730

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:

518,437

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:

(170,693)

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:

3,236

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:

(413,976)

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:

(413,064)

*(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, 2020**

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Supplemental 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: (2,108,868)

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: (12,423,925)

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: 3,147

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 6,058,466</b>
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**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,547,138
Accounts receivable	8,586
Note receivable	154,947
Total current assets	<u>1,710,671</u>
<b>Total Assets</b>	<u>1,710,671</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	140,000
Total current liabilities	<u>140,000</u>
<b>Total Liabilities</b>	<u>140,000</u>
<b>NET POSITION</b>	
Restricted	1,570,671
<b>Total Net Position</b>	<u>\$ 1,570,671</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, 2020**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,598,559
<b>Total operating revenues</b>	<u>1,598,559</u>
<b>OPERATING EXPENSES</b>	
Professional services	1,627,610
<b>Total operating expenses</b>	<u>1,627,610</u>
<b>Operating income/(loss)</b>	<u>(29,051)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	32,198
<b>Total non-operating revenues/(expenses)</b>	<u>32,198</u>
<b>CHANGE IN NET POSITION</b>	3,147
<b>Net Position - Beginning</b>	1,567,524
<b>Net Position - Ending</b>	<u>\$ 1,570,671</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, 2020**

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 1,598,559
Cash received (paid) from assessments made to (from) other funds	809
Cash payments for payroll, insurance, and operating costs	(1,622,610)
Net cash provided by (used for) operating activities	<u>(23,242)</u>
<b>Cash flows from investing activities</b>	
Interest received	32,198
Net cash provided by (used for) investing activities	<u>32,198</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>8,956</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	1,538,182
End of year	<u>\$ 1,547,138</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ (29,051)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	809
Increase (decrease) in accrued liabilities	5,000
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (23,242)</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, 2020**

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	<u>Trust Funds</u> <u>Retiree Benefit</u> <u>Fund</u>	<u>Agency Funds</u> <u>Warrant/Pass-</u> <u>through Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 8,500,623	\$ 14,604,041
<b>Total Assets</b>	<u>8,500,623</u>	<u>\$ 14,604,041</u>
<b>LIABILITIES</b>		
Accrued liabilities	-	\$ 14,604,041
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 14,604,041</u>
<b>NET POSITION</b>		
Restricted	8,500,623	
<b>Total Net Position</b>	<u>\$ 8,500,623</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, 2020**

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	<u>Trust Funds</u>
	<u>Retiree Benefit</u>
	<u>Fund</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 509,395
<b>Total Additions</b>	<u>509,395</u>
<b>DEDUCTIONS</b>	
Other trust activities	<u>6,989</u>
<b>Total Deductions</b>	<u>6,989</u>
<b>CHANGE IN NET POSITION</b>	502,406
<b>Net Position - Beginning</b>	<u>7,998,217</u>
<b>Net Position - Ending</b>	<u>\$ 8,500,623</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**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, 2020**

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**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 assets held by the County Office of Education in a trustee or agency capacity for others 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, 2020**

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**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**

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the County Office of Education's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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

**Retiree Benefit Fund:** This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide, Proprietary, and Fiduciary 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.

**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.

**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.

**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, 2020**

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**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, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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.

**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, 2020**

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**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, 2020**

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**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. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The County Office of Education has not yet determined the impact on the financial statements.

**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 not yet determined the impact on the financial statements.

**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.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**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 the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**GASB Statement No. 95** – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard’s primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately. The County Office of Education has implemented GASB Statement No. 95.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Investment in county treasury	\$ 133,971,880	\$ 1,547,138	\$ 135,519,018	\$ 14,604,041
Cash on hand and in banks	556,985	-	556,985	-
Cash with fiscal agent (Bank of Stockton)	944,647	-	944,647	-
Cash in revolving fund	2,825	-	2,825	-
Other investments - CERBT	-	-	-	8,500,623
<b>Total</b>	<b>\$ 135,476,337</b>	<b>\$ 1,547,138</b>	<b>\$ 137,023,475</b>	<b>\$ 23,104,664</b>



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**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.

**Cash with Fiscal Agent** – The amount of \$944,647 represents cash held by a trustee for the repayment of Qualified Zone Academy Bonds (QZAB).

**Other Investments - CERBT** – The amount of \$8,500,623 represents cash held by a trust for the repayment of Other Post-Employment Benefits (OPEB).

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. 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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The 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 \$151,007,276 and an amortized book value of \$150,123,059. The average weighted maturity for this pool is 458 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were not rated.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. 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 deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the County Office of Education's bank balance was not exposed to custodial credit risk.

**G. 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 and CERBT 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, 2020 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	\$ 151,007,276
Other investments - CERBT	<u>8,500,623</u>
<b>Total</b>	<b><u>\$ 159,507,899</u></b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2020 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 Funds	Governmental Activities
Federal Government							
Categorical aid	\$ 4,215,187	\$ 236,513	\$ 13,578,535	\$ 4,306,116	\$ -	\$ -	\$ 22,336,351
State Government							
Apportionment	8,341,207	3,082,670	-	-	-	-	11,423,877
Categorical aid	4,493,101	-	9,629,805	49,197	210,265	-	14,382,368
Lottery	107,358	185,433	-	-	-	-	292,791
Local Government							
Other local sources	2,188,808	-	-	362,000	400	8,586	2,559,794
<b>Total</b>	<b>\$ 19,345,661</b>	<b>\$ 3,504,616</b>	<b>\$ 23,208,340</b>	<b>\$ 4,717,313</b>	<b>\$ 210,665</b>	<b>\$ 8,586</b>	<b>\$ 50,995,181</b>

**NOTE 4 – NOTE RECEIVABLE**

Notes receivable at June 30, 2020 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, 2020 was as follows:

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 9,203,739	\$ 196,165	\$ -	\$ 9,399,904
Construction in progress	12,965,034	10,534,111	5,084,564	18,414,581
Total Capital Assets not Being Depreciated	22,168,773	10,730,276	5,084,564	27,814,485
Capital assets being depreciated				
Land improvements	9,806,168	-	-	9,806,168
Buildings & improvements	122,613,136	11,374,180	160,000	133,827,316
Furniture & equipment	9,397,778	1,796,631	297,532	10,896,877
Total Capital Assets Being Depreciated	141,817,082	13,170,811	457,532	154,530,361
Less Accumulated Depreciation				
Land improvements	2,110,098	436,571	-	2,546,669
Buildings & improvements	38,657,593	4,169,404	160,000	42,666,997
Furniture & equipment	5,327,372	1,094,818	297,532	6,124,658
Total Accumulated Depreciation	46,095,063	5,700,793	457,532	51,338,324
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 117,890,792</b>	<b>\$ 18,200,294</b>	<b>\$ 5,084,564</b>	<b>\$ 131,006,522</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

**NOTE 6 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2020 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>				<u>Total</u>
	<u>County School Service Fund</u>	<u>Charter Schools Fund</u>	<u>Child Development Fund</u>	<u>Non-Major Governmental Funds</u>	
County School Service Fund	\$ -	\$ 2,475,668	\$ 102,768	\$ 162,060	\$ 2,740,496
Charter Schools Fund	2,958,984	-	-	-	2,958,984
Child Development Fund	90,816	-	-	-	90,816
Non-Major Governmental Funds	367,446	-	-	-	367,446
<b>Total</b>	<b>\$ 3,417,246</b>	<b>\$ 2,475,668</b>	<b>\$ 102,768</b>	<b>\$ 162,060</b>	<b>\$ 6,157,742</b>

Due from the County School Service Fund to the Charter School Funds for LCFF transfer and MOU.	\$ 2,475,668
Due from the County School Service Fund to the Adult Education Fund for one time mandated costs transfer.	162,060
Due from the County School Service Fund to the Child Development Fund for expenses.	102,768
Due from the Charter School Fund to the County School Services Fund for salary and benefits.	2,958,984
Due from the Adult Education Fund to the County School Service Fund for a cash transfer.	367,446
Due from the Child Development Fund to the County School Service Fund for a cash transfer.	90,816
<b>Total</b>	<b>\$ 6,157,742</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>			<u>Total</u>
	<u>Charter Schools Fund</u>	<u>Child Development Fund</u>	<u>Non-Major Governmental Funds</u>	
County School Service Fund	\$ 136,917	\$ 35,256	\$ 159,817	\$ 331,990
<b>Total</b>	<b>\$ 136,917</b>	<b>\$ 35,256</b>	<b>\$ 159,817</b>	<b>\$ 331,990</b>

County School Service Fund transfer to the Charter Schools Fund for Venture fundraising.	\$ 136,917
County School Service Fund transfer to the Adult Education Fund for jail contribution from COSP.	159,817
County School Service Fund transfer to the Child Development Fund for contribution.	35,256
<b>Total</b>	<b>\$ 331,990</b>

**NOTE 7 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2020 consisted of the following:

	<u>County School Service Fund</u>	<u>Charter Schools Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Child Development Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>County-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 1,159,515	\$ 31,020	\$ -	\$ 8,488	\$ 1,959	\$ -	\$ -	\$ 1,200,982
Vendors payable	10,940,083	2,171,769	-	6,653,032	3,826	140,000	-	19,908,710
Unmatured interest	-	-	-	-	-	-	25,341	25,341
Other agencies	-	-	23,208,340	-	-	-	-	23,208,340
<b>Total</b>	<b>\$ 12,099,598</b>	<b>\$ 2,202,789</b>	<b>\$ 23,208,340</b>	<b>\$ 6,661,520</b>	<b>\$ 5,785</b>	<b>\$ 140,000</b>	<b>\$ 25,341</b>	<b>\$ 44,343,373</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 8 – UNEARNED REVENUE**

Unearned revenue at June 30, 2020 consisted of the following:

	<b>County School Service Fund</b>	<b>Charter Schools Fund</b>	<b>Child Development Fund</b>	<b>Governmental Activities</b>
Federal sources	\$ 203,844	\$ 42,531	\$ -	\$ 246,375
State categorical sources	788,955	-	485,100	1,274,055
Local sources	509,622	-	15,678	525,300
<b>Total</b>	<b>\$ 1,502,421</b>	<b>\$ 42,531</b>	<b>\$ 500,778</b>	<b>\$ 2,045,730</b>

**NOTE 9 – LONG-TERM LIABILITIES**

	<b>Balance July 01, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2020</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
QZAB payable	\$ 3,223,162	\$ -	\$ 372,520	\$ 2,850,642	\$ 373,457
Capital leases	324,984	170,693	145,917	349,760	127,055
Compensated absences	908,584	413,976	-	1,322,560	-
Net OPEB liability	9,800,075	3,070,676	-	12,870,751	-
Total supplemental pension liability	2,465,374	11,364	-	2,476,738	-
Net pension liability	117,965,761	12,829,685	-	130,795,446	-
<b>Total</b>	<b>\$ 134,687,940</b>	<b>\$ 16,496,394</b>	<b>\$ 518,437</b>	<b>\$ 150,665,897</b>	<b>\$ 500,512</b>

- Payments for capital lease obligations are made in the County School Service Fund, Charter Schools Fund, Adult Education Fund and Child Development Fund.
- Payments for the QZAB are made in the County School Service 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, 2020 amounted to \$1,322,560. 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 \$9,800,075 and increased by \$3,070,676 during the year ended June 30, 2020. The ending net OPEB liability at June 30, 2020 was \$12,870,751. 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 \$2,465,374 and increased by \$11,364 during the year ended June 30, 2020. The ending net OPEB liability at June 30, 2020 was \$2,476,738. See Note 12 for additional information regarding the net OPEB liability.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 9 – LONG-TERM LIABILITIES (continued)**

**D. 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, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 373,457	\$ 76,517	\$ 449,974
2022	1,374,400	65,447	1,439,847
2023	167,015	54,328	221,343
2024	167,968	45,764	213,732
2025	168,927	37,152	206,079
2026 - 2030	598,875	61,499	660,374
<b>Total</b>	<b>\$ 2,850,642</b>	<b>\$ 340,707</b>	<b>\$ 3,191,349</b>

**E. Capital Leases**

The County Office of Education leases equipment under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments under these agreements as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Lease Payment</u>
2021	\$ 144,745
2022	117,800
2023	72,360
2024	43,320
2025	20,625
Total minimum lease payments	398,850
Less amount representing interest	(49,090)
Present value of minimum lease payments	<b>\$ 349,760</b>

**F. Net Pension Liability**

The County Office of Education’s beginning net pension liability was \$117,965,761 and increased by \$12,829,685 during the year ended June 30, 2020. The ending net pension liability at June 30, 2020 was \$130,795,446. See Note 13 for additional information regarding the net pension liability.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

**NOTE 10 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2020:

	County School Service Fund	Charter Schools Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 2,825	\$ -	\$ -	\$ -	\$ 2,825
Total non-spendable	2,825	-	-	-	2,825
Restricted					
Educational programs	31,420,502	7,177,869	2,075,303	59,383	40,733,057
Total restricted	31,420,502	7,177,869	2,075,303	59,383	40,733,057
Assigned					
QZABs	1,361,315	-	-	-	1,361,315
Court and community schools	2,323,672	-	-	-	2,323,672
Buildings	17,736,002	-	-	-	17,736,002
Code stack and edjoin	3,644,426	-	-	-	3,644,426
Apprenticeship	3,381,893	-	-	-	3,381,893
Deferred maintenance	11,920,910	-	-	-	11,920,910
Education services	716,162	-	-	-	716,162
Mandated costs	2,566,743	-	-	-	2,566,743
Misc. ending balances and reserves	39,156,922	-	-	-	39,156,922
Lottery	649,661	-	-	-	649,661
Total assigned	83,457,706	-	-	-	83,457,706
Unassigned	16,045,582	-	-	-	16,045,582
<b>Total Fund Balance</b>	<b>\$ 130,926,615</b>	<b>\$ 7,177,869</b>	<b>\$ 2,075,303</b>	<b>\$ 59,383</b>	<b>\$ 140,239,170</b>

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, 2020**

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**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 the 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>
Applies to	Hired after 6/30/92	Hired after 6/30/92	Hired after 6/30/92	Hired after 6/30/92
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) 10 years*	One month per two months of service (but not beyond age 65) 10 years*	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	\$1,000 per month	\$1,000 per month	\$1,000 per month	\$1,000 per month

**D. Contributions**

The contribution requirements of Plan members and the San Joaquin County Office of Education are established and may be amended by the San Joaquin County Office of Education, the Teachers’ Association and the local California Service Employees Association. For fiscal year 2019-20, the County Office of Education contributed \$1,491,018 to the Plan, all of which \$996,237 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 CAFR. Copies of the CalPERS’ CAFR 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, 2020**

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**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	71
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>865</u>
<b>Total number of participants**</b>	<b><u>936</u></b>

\*Information not provided

\*\*As of the June 30, 2019 valuation date

**F. Net OPEB Liability**

The components of the net OPEB liability of the County Office of Education at June 30, 2020, were as follows:

Total OPEB liability	\$ 20,861,159
Plan fiduciary net position	<u>7,990,408</u>
<b>County Office of Education's net OPEB liability</b>	<b><u>\$ 12,870,751</u></b>
 Plan fiduciary net position as a percentage of total OPEB liability	 38.30%

**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.

**Concentrations**

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

CERBT - Strategy 1

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	<u>Benchmark</u>
Global Equity	57%	+/- 2%	MSCI All Country World Index IMI (net)
Fixed Income	27%	+/- 2%	Bloomberg Barclays Long Liability Index
Treasury Inflation Protected Securities (TIPS)	5%	+/- 2%	Bloomberg Barclays Barclays US TIPS Index
US Real Estate	8%	+/- 2%	FTSE EPRA/NAREIT Developed Liquid Index (net)
All Commodities	3%	+/- 2%	S&P GSCI Total Return Index
Cash	0%	+/- 2%	91 Day Treasury Bill

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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

**G. Investments (continued)**

**Rate of Return**

For the year ended, June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 7.79 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**H. Actuarial Assumptions and Other Inputs**

The net OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

**Economic assumptions:**

Inflation	2.75%
Salary increases	2.75%
Discount rate	6.00%
Healthcare cost trend rates	4.00%

**Non-economic assumptions:**

*Mortality:*

Certificated	2009 CalSTRS Mortality Table
Classified	2014 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, 2019 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019. 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 twenty two years.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Assumed Gross Return</b>
US Large Cap	40.000%	7.7950%
US Small Cap	20.000%	7.7950%
Long-Term Corporate Bonds	20.000%	5.2950%
Short-Term Corporate Bonds	10.000%	5.2950%
Short-Term Gov't Fixed	10.000%	3.2500%

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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

**I. Changes in Net OPEB Liability**

	<u>June 30, 2020</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,252,529
Interest on total OPEB liability	1,190,936
Difference between expected and actual experience	3,783,055
Changes of assumptions	(1,624,537)
Benefits payments	<u>(996,237)</u>
Net change in total OPEB liability	3,605,746
Total OPEB liability - beginning	<u>17,255,413</u>
Total OPEB liability - ending (a)	<u>\$ 20,861,159</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,491,018
Net investment income	536,677
Benefit payments	(1,491,018)
Administrative expenses	<u>(1,607)</u>
Net change in plan fiduciary net position	535,070
Plan fiduciary net position - beginning	<u>7,455,338</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,990,408</u>
 County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 12,870,751</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	38.3%
 Covered-employee payroll	\$ 73,098,761
 County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	17.6%

**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:

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(5.00%)</b>	<b>(6.00%)</b>	<b>(7.00%)</b>
Net OPEB liability	\$ 14,532,623	\$ 12,870,751	\$ 11,377,200

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

**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:

	<b>1% Decrease (3.00%)</b>	<b>Valuation Trend Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Net OPEB liability	\$ 11,409,166	\$ 12,870,751	\$ 14,407,057

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

For the fiscal year ended June 30, 2020, the San Joaquin County Office of Education recognized OPEB expense of \$413,064. At June 30, 2020, the San Joaquin County Office of Education reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual earnings on plan investments	\$ -	\$ 16,098
Differences between expected and actual experience	4,015,392	-
Changes in assumptions	-	3,838,996
County Office of Education contributions subsequent to the measurement date	1,596,860	-
<b>Total</b>	<b>\$ 5,612,252</b>	<b>\$ 3,855,094</b>

The \$1,596,860 reported as deferred outflows of resources related to OPEB resulting from County Office of Education’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2021	\$ 262,444	\$ 250,320
2022	262,444	250,320
2023	262,444	250,322
2024	262,444	268,796
2025	262,444	250,915
Thereafter	2,703,172	2,584,421
<b>Total</b>	<b>\$ 4,015,392</b>	<b>\$ 3,855,094</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**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 fiscal year 2019-20, the County Office of Education contributed \$354,214 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>865</u>
<b>Total number of participants**</b>	<b><u>865</u></b>

\*Information not provided

\*\*As of the June 30, 2019 valuation date

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**NOTE 12 – SUPPLEMENTAL PENSION PLAN (continued)**

**E. Changes in the Total Supplemental Pension Liability**

	<u>June 30, 2020</u>
<b>Total Supplemental Pension Liability</b>	
Service Cost	\$ 280,711
Interest on total supplemental liability	84,867
Benefits payments	<u>(354,214)</u>
Net change in total supplemental liability	11,364
Total supplemental pension liability - beginning	<u>2,465,374</u>
Total supplemental pension liability - ending	<u>\$ 2,476,738</u>

**F. Actuarial Assumptions and Other Inputs**

The total supplemental pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 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	2.75%
Salary increases	2.75%
Investment rate of return	3.50%

**Non-economic assumptions:**

*Mortality:*

Certificated	2009 CalSTRS Mortality Table
Classified	2014 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, 2019 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

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, 2020**

**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:

	<b>1% Decrease (2.50%)</b>	<b>Valuation Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total supplemental pension liability	\$ 2,713,997	\$ 2,476,738	\$ 2,264,549

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

For the fiscal year ended June 30, 2020, the San Joaquin County Office of Education recognized OPEB expense of \$733,488. At June 30, 2020, the San Joaquin County Office of Education reported deferred outflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>
County Office of Education contributions subsequent to the measurement date	\$ 367,870
<b>Total</b>	<b>\$ 367,870</b>

The \$367,870 reported as deferred outflows of resources related to OPEB resulting from County Office of Education’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

**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:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 52,782,072	\$ 21,668,071	\$ 7,675,039	\$ 7,391,513
PERS Pension	78,013,374	21,688,234	816,677	18,810,454
<b>Total</b>	<b>\$ 130,795,446</b>	<b>\$ 43,356,305</b>	<b>\$ 8,491,716</b>	<b>\$ 26,201,967</b>



**NOTE 13 – PENSION PLANS (continued)**

**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 2020, 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 2020 was 18.13% of annual payroll reduced to 17.10% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$5,821,109 for the year ended June 30, 2020.

**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 \$4,016,767 to CalSTRS.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**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**

At June 30, 2020, 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	\$	52,782,072
State's proportionate share of the net pension liability associated with the County Office of Education		<u>28,796,376</u>
<b>Total</b>	<b>\$</b>	<b><u>81,578,448</u></b>

The net pension liability was measured as of June 30, 2019, 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, 2018 and rolling forward the total pension liability to June 30, 2019. 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, 2019, the County Office of Education’s proportion was 0.058 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County Office of Education recognized pension expense of \$7,391,513. In addition, the County Office of Education recognized pension expense and revenue of \$787,854 for support provided by the State. At June 30, 2020, 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	\$ -	\$ 2,033,182
Differences between expected and actual experience	133,246	1,487,337
Changes in assumptions	6,675,779	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	9,037,937	4,154,520
County Office of Education contributions subsequent to the measurement date	<u>5,821,109</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 21,668,071</u></b>	<b><u>\$ 7,675,039</u></b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2020**

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**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 \$5,821,109 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, 2021. 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>
2021	\$ 3,626,388	\$ 1,667,829
2022	3,626,389	3,079,368
2023	3,284,747	1,687,759
2024	3,286,502	921,772
2025	1,582,926	164,123
2026	440,010	154,188
<b>Total</b>	<u>\$ 15,846,962</u>	<u>\$ 7,675,039</u>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**NOTE 13 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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 February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 78,596,874	\$ 52,782,072	\$ 31,376,685

**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 2020 was 20.733% of annual payroll reduced to 19.721% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the County Office of Education were \$7,956,933 for the year ended June 30, 2020.

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

At June 30, 2020, the County Office of Education reported a liability of \$78,013,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 and rolling forward the total pension liability to June 30, 2019. 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, 2019, the County Office of Education's proportion was 0.268 percent, which was an increase of 0.014 percent from its proportion measured as of June 30, 2018.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

**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, 2020, the County Office of Education recognized pension expense of \$18,810,454. At June 30, 2020, 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	\$ -	\$ 723,589
Differences between expected and actual experience	5,666,903	-
Changes in assumptions	3,713,679	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	4,350,719	93,088
County Office of Education contributions subsequent to the measurement date	7,956,933	-
<b>Total</b>	<u>\$ 21,688,234</u>	<u>\$ 816,677</u>

The \$7,956,933 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, 2021. 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>
2021	\$ 7,827,326	\$ 791,199
2022	4,191,344	(1,410,565)
2023	1,621,306	(216,201)
2024	91,325	1,652,244
<b>Total</b>	<u>\$ 13,731,301</u>	<u>\$ 816,677</u>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 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, 2020**

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**NOTE 13 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2018 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 (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for 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.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
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 Estate	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, 2020**

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**NOTE 13 – PENSION PLANS (continued)**

**C. 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:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 112,451,150	\$ 78,013,374	\$ 49,444,861

**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, 2020, total deferred outflows related to pensions was \$43,356,305 and total deferred inflows related to pensions was \$8,491,716.

**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, 2020, total deferred outflows related to other postemployment benefits was \$5,612,252 and total deferred inflows related to other postemployment benefits was \$3,855,094.

**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 pensions. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2020, total deferred outflows related to pensions was \$367,870.



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2020**

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**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, 2020.

**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, 2020.

**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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 38,769,583	\$ 36,750,229	\$ 40,353,801	\$ 3,603,572
Federal sources	9,116,544	15,940,410	8,386,614	(7,553,796)
Other state sources	19,164,558	40,285,823	22,273,416	(18,012,407)
Other local sources	82,570,999	70,285,515	76,081,282	5,795,767
<b>Total Revenues</b>	<b>149,621,684</b>	<b>163,261,977</b>	<b>147,095,113</b>	<b>(16,166,864)</b>
<b>EXPENDITURES</b>				
Certificated salaries	28,002,837	27,958,941	26,767,388	1,191,553
Classified salaries	42,319,847	43,764,138	38,492,825	5,271,313
Employee benefits	29,503,747	29,976,263	27,154,772	2,821,491
Books and supplies	4,152,334	6,793,204	3,619,963	3,173,241
Services and other operating expenditures	37,848,776	43,313,704	31,065,507	12,248,197
Capital outlay	25,317,309	21,658,268	14,110,862	7,547,406
Other outgo				
Excluding transfers of indirect costs	620,469	768,998	766,211	2,787
Transfers of indirect costs	(1,281,983)	(1,256,717)	(736,395)	(520,322)
<b>Total Expenditures</b>	<b>166,483,336</b>	<b>172,976,799</b>	<b>141,241,133</b>	<b>31,735,666</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(16,861,652)</b>	<b>(9,714,822)</b>	<b>5,853,980</b>	<b>15,568,802</b>
<b>Other Financing Sources (Uses)</b>				
Other sources	-	170,693	170,693	-
Transfers out	(628,915)	(629,428)	(331,990)	297,438
<b>Net Financing Sources (Uses)</b>	<b>(628,915)</b>	<b>(458,735)</b>	<b>(161,297)</b>	<b>297,438</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(17,490,567)</b>	<b>(10,173,557)</b>	<b>5,692,683</b>	<b>15,866,240</b>
<b>Fund Balance - Beginning</b>	<b>118,756,962</b>	<b>125,233,932</b>	<b>125,233,932</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 101,266,395</b>	<b>\$ 115,060,375</b>	<b>\$ 130,926,615</b>	<b>\$ 15,866,240</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- Revenues for Medi-Cal Billing Option and Medi-Cal Administrative Activities are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 38,769,583	\$ 36,750,229	\$ 40,353,801	\$ 3,603,572
Federal sources	9,116,544	15,940,410	8,386,614	(7,553,796)
Other state sources	19,164,558	40,285,823	22,273,416	(18,012,407)
Other local sources	82,570,999	70,285,515	76,081,282	5,795,767
<b>Total Revenues</b>	<b>149,621,684</b>	<b>163,261,977</b>	<b>147,095,113</b>	<b>(16,166,864)</b>
<b>EXPENDITURES</b>				
Certificated salaries	28,002,837	27,958,941	26,767,388	1,191,553
Classified salaries	42,319,847	43,764,138	38,492,825	5,271,313
Employee benefits	29,503,747	29,976,263	27,154,772	2,821,491
Books and supplies	4,152,334	6,793,204	3,619,963	3,173,241
Services and other operating expenditures	37,848,776	43,313,704	31,065,507	12,248,197
Capital outlay	25,317,309	21,658,268	14,110,862	7,547,406
Other outgo				
Excluding transfers of indirect costs	620,469	768,998	766,211	2,787
Transfers of indirect costs	(1,281,983)	(1,256,717)	(736,395)	(520,322)
<b>Total Expenditures</b>	<b>166,483,336</b>	<b>172,976,799</b>	<b>141,241,133</b>	<b>31,735,666</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(16,861,652)</b>	<b>(9,714,822)</b>	<b>5,853,980</b>	<b>15,568,802</b>
<b>Other Financing Sources (Uses)</b>				
Other sources	-	170,693	170,693	-
Transfers out	(628,915)	(629,428)	(331,990)	297,438
<b>Net Financing Sources (Uses)</b>	<b>(628,915)</b>	<b>(458,735)</b>	<b>(161,297)</b>	<b>297,438</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(17,490,567)</b>	<b>(10,173,557)</b>	<b>5,692,683</b>	<b>15,866,240</b>
<b>Fund Balance - Beginning</b>	<b>118,756,962</b>	<b>125,233,932</b>	<b>125,233,932</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 101,266,395</b>	<b>\$ 115,060,375</b>	<b>\$ 130,926,615</b>	<b>\$ 15,866,240</b>

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, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 12,097,209	\$ 12,149,758	\$ 12,149,758	\$ -
Other state sources	36,961,667	39,351,795	39,558,525	206,730
<b>Total Revenues</b>	<b>49,058,876</b>	<b>51,501,553</b>	<b>51,708,283</b>	<b>206,730</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	49,058,876	51,501,553	51,708,283	(206,730)
<b>Total Expenditures</b>	<b>49,058,876</b>	<b>51,501,553</b>	<b>51,708,283</b>	<b>(206,730)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
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, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 47,941,005	\$ 46,676,711	\$ 27,435,210	\$ (19,241,501)
Other state sources	12,440,890	14,219,176	11,227,854	(2,991,322)
Other local sources	416,741	485,321	461,682	(23,639)
<b>Total Revenues</b>	<b>60,798,636</b>	<b>61,381,208</b>	<b>39,124,746</b>	<b>(22,256,462)</b>
<b>EXPENDITURES</b>				
Certificated salaries	1,469,811	1,403,781	1,339,077	64,704
Classified salaries	2,932,752	2,835,839	2,789,926	45,913
Employee benefits	2,092,355	1,997,988	1,946,086	51,902
Books and supplies	401,360	825,160	373,772	451,388
Services and other operating expenditures	50,404,875	46,704,242	26,759,571	19,944,671
Capital outlay	2,544,105	6,689,286	4,699,666	1,989,620
Other outgo				
Excluding transfers of indirect costs	7,743	7,661	4,584	3,077
Transfers of indirect costs	1,194,388	1,169,725	671,844	497,881
<b>Total Expenditures</b>	<b>61,047,389</b>	<b>61,633,682</b>	<b>38,584,526</b>	<b>23,049,156</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(248,753)</b>	<b>(252,474)</b>	<b>540,220</b>	<b>792,694</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	234,153	234,153	35,256	(198,897)
<b>Net Financing Sources (Uses)</b>	<b>234,153</b>	<b>234,153</b>	<b>35,256</b>	<b>(198,897)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(14,600)</b>	<b>(18,321)</b>	<b>575,476</b>	<b>593,797</b>
<b>Fund Balance - Beginning</b>	<b>612,194</b>	<b>1,481,505</b>	<b>1,499,827</b>	<b>18,322</b>
<b>Fund Balance - Ending</b>	<b>\$ 597,594</b>	<b>\$ 1,463,184</b>	<b>\$ 2,075,303</b>	<b>\$ 612,119</b>

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, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 1,252,529	\$ 1,219,006	\$ 1,186,381
Interest on total OPEB liability	1,190,936	1,111,010	1,033,612
Difference between expected and actual experience	3,783,055	-	-
Changes of assumptions	(1,624,537)	-	-
Benefits payments	<u>(996,237)</u>	<u>(1,033,122)</u>	<u>(892,175)</u>
Net change in total OPEB liability	3,605,746	1,296,894	1,327,818
Total OPEB liability - beginning	<u>17,255,413</u>	<u>15,958,519</u>	<u>14,630,701</u>
Total OPEB liability - ending (a)	<u>\$ 20,861,159</u>	<u>\$ 17,255,413</u>	<u>\$ 15,958,519</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,491,018	\$ 1,033,122	\$ 7,892,175
Net investment income	536,677	335,223	136,404
Benefit payments	(1,491,018)	(1,033,122)	(892,175)
Administrative expenses	<u>(1,607)</u>	<u>(13,147)</u>	<u>(3,142)</u>
Net change in plan fiduciary net position	535,070	322,076	7,133,262
Plan fiduciary net position - beginning	<u>7,455,338</u>	<u>7,133,262</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<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>\$ 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	38.3%	43.2%	44.7%
Covered-employee payroll	\$ 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	17.6%	15.0%	14.8%

See accompanying note to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2020**

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	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total Supplemental Pension Liability</b>			
Service Cost	\$ 280,711	\$ -	\$ -
Interest on total supplemental pension liability	84,867	-	-
Benefits payments	(354,214)	-	-
Net change in total supplemental pension liability	11,364	-	-
Total supplemental pension liability - beginning	<u>2,465,374</u>	<u>2,465,374</u>	<u>2,465,374</u>
Total supplemental pension liability - ending	<u>\$ 2,476,738</u>	<u>\$ 2,465,374</u>	<u>\$ 2,465,374</u>
Covered-employee payroll	\$ 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	3.4%	3.8%	4.1%

See accompanying note 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, 2020**

	<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	0.058%	0.055%	0.045%	0.053%	0.055%	0.051%
County Office of Education's proportionate share of the net pension liability	\$ 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	<u>28,796,376</u>	<u>28,791,579</u>	<u>24,415,981</u>	<u>24,270,542</u>	<u>19,498,101</u>	<u>18,164,972</u>
<b>Total</b>	<b>\$ 81,578,448</b>	<b>\$ 79,078,191</b>	<b>\$ 65,687,333</b>	<b>\$ 66,897,854</b>	<b>\$ 56,364,298</b>	<b>\$ 48,247,240</b>
County Office of Education's covered payroll	\$ 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	164.5%	150.0%	171.4%	160.0%	145.6%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	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, 2020**

	<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	0.268%	0.254%	0.241%	0.231%	0.226%	0.228%
County Office of Education's proportionate share of the net pension liability	\$ 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	\$ 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	208.5%	201.8%	157.1%	164.1%	133.2%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	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, 2020**

	<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	\$ 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*	(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>
County Office of Education's covered payroll	\$ 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	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, 2020**

	<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	\$ 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*	(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>
County Office of Education's covered payroll	\$ 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	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, 2020**

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**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**

There were no changes in economic assumptions since the previous valuations for OPEB.

**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. 75 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.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
 JUNE 30, 2020**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

**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.

For the year ended June 30, 2020, 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:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 51,501,553	\$ 51,708,283	\$ (206,730)

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## **SUPPLEMENTARY INFORMATION**

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**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA 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 Comprehensive Support and Improvement for LEAs	84.010	14329	\$ 949,157	\$ -
Comprehensive Support and Improvement for COEs	84.010	15438	756,260	-
Title I, Part D, Local Delinquent Programs	84.010	15439	295,723	-
Subtotal Title I, Part A	84.010	14357	631,016	-
			<u>2,632,156</u>	<u>-</u>
Title I, Migrant Education				
Title I, Migrant Education	84.011	14838	2,521,208	-
Title I, Migrant Ed Statewide PASS Project	84.011	14853	186,257	-
Subtotal Title I, Migrant Education			<u>2,707,465</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants				
Subtotal Title II, Part A	84.367	14341	71,634	-
			<u>71,634</u>	<u>-</u>
Title III, Part D, Enhancing Education Through Technology, Formula Grants				
Title III, Technical Assistance	84.365	14967	103,566	-
Title III, English Learner Student Program	84.365	14346	31,209	-
Subtotal Title III			<u>31,209</u>	<u>-</u>
Title IV, Part A, Student Support and Academic Enrichment Grants				
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	13,268,786	11,846,814
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	808,372	-
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	403,674	302,944
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	3,368	-
Alternative Dispute Resolution	84.173A	13431	15,943	-
Subtotal Special Education Cluster			<u>14,500,143</u>	<u>12,149,758</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	14893	39,994	-
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	165,512	-
<b>Total U. S. Department of Education</b>			<u>20,382,184</u>	<u>12,149,758</u>
U. S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through California Department of Education:</i>				
National School Lunch Program				
Forest Reserve Funds	10.555	13391	190,222	-
	10.665	10044	12,055	-
<b>Total U. S. Department of Agriculture</b>			<u>202,277</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				
Federal General Child Care and Dev (CCTR)	93.575	15136	1,703,240	-
Quality Improvement Activities	93.575	14092	846,688	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	55,445	-
Subtotal Child Care and Development Block Grant			<u>2,605,373</u>	<u>-</u>
Community-Based Child Abuse Prevention Grants	93.590	*	32,409	-
<i>Directly from the Department of Health and Human Services:</i>				
Head Start	93.600	10016	24,439,980	-
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>27,077,762</u>	<u>-</u>
U. S. DEPARTMENT OF JUSTICE:				
Public Safety Partnership and Community Policing Grants				
	16.710	*	38,621	-
<b>Total U. S. Department of Justice</b>			<u>38,621</u>	<u>-</u>
U. S. DEPARTMENT OF LABOR:				
YouthBuild				
	17.274	*	48,394	-
<b>Total U. S. Department of Labor</b>			<u>48,394</u>	<u>-</u>
U. S. DEPARTMENT OF THE TREASURY				
<i>Passed through California Department of Education:</i>				
COVID-19 Emergency Acts Funding:				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	377,408	-
<b>Total U. S. Department of the Treasury</b>			<u>377,408</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 48,126,646</u>	<u>\$ 12,149,758</u>

\* - Pass-Through Entity Identifying Number not available or not applicable



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Second Period Report</b>	<b>Annual Report</b>
COUNTY OFFICE OF EDUCATION		
TK/K through Third (TK-3)		
County Community Schools	2.20	2.50
Special Education - Special Day Class	272.22	272.22
Extended Year Special Education - Nonpublic Schools	22.66	22.66
Total TK/K through Third	297.08	297.38
Fourth through Sixth (4-6)		
County Community Schools	9.60	10.96
Special Education - Special Day Class	123.49	123.49
Extended Year Special Education - Nonpublic Schools	6.74	6.74
Total Fourth through Sixth	139.83	141.19
Seventh through Eighth (7-8)		
County Community Schools	5.56	6.34
Special Education - Special Day Class	65.62	65.62
Special Education - Nonpublic Schools	0.53	0.53
Extended Year Special Education - Nonpublic Schools	3.67	3.67
Total Seventh through Eighth	75.38	76.16
Ninth through Twelfth (9-12)		
County Community Schools	230.04	261.01
Special Education - Special Day Class	153.44	153.44
Special Education - Nonpublic Schools	2.28	2.28
Extended Year Special Education - Nonpublic Schools	11.12	11.12
Total Ninth through Twelfth	396.88	427.85
Juvenile Court Schools		
Juvenile Halls, Homes, and Camps - Elementary	5.60	6.96
Juvenile Halls, Homes, and Camps - High School	113.40	141.03
County Funded Non-Juvenile Court Schools		
Probation Referred, On Probation or Parole, Expelled - Elementary	38.54	43.98
Probation Referred, On Probation or Parole, Expelled - High School	883.34	998.34
Total Alternative Education	1,040.88	1,190.31
Adults in Correctional Facilities	108.03	99.80
TOTAL COUNTY OFFICE OF EDUCATION	2,058.08	2,232.69

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, 2020**

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**CHARTER SCHOOLS**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Non -Classroom Based</u>	
VENTURE ACADEMY		
TK/K through Third	226.72	198.87
Fourth through Sixth	223.10	195.71
Seventh through Eighth	300.98	264.02
Ninth through Twelfth	1,049.57	920.65
Total ADA - Non-Classroom Based	<u>1,800.37</u>	<u>1,579.25</u>

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Non -Classroom Based</u>	
BUILDING FUTURES ACADEMY		
Non-Juvenile Court Schools	16.93	19.33
Total ADA - Non-Classroom Based	<u>16.93</u>	<u>19.33</u>

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Non -Classroom Based</u>	
ONE.CHARTER		
Ninth through Twelfth	1.80	2.06
Non-Juvenile Court Schools	601.84	686.60
Total ADA - Non-Classroom Based	<u>603.64</u>	<u>688.66</u>

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Classroom Based</u>	
ONE.CHARTER		
TK/K through Third	10.28	9.90
Fourth through Sixth	10.32	9.94
Ninth through Twelfth	0.07	0.08
Total ADA - Classroom Based	<u>20.67</u>	<u>19.92</u>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2019-20 Planned Instructional Minutes</b>	<b>2019-20 Planned Number of Days</b>	<b>2019-20 Actual Instructional Minutes</b>	<b>2019-20 Actual Number of Days</b>	<b>Instructional Minutes Closed due to COVID-19</b>	<b>Number of Days Certified Closed due to COVID-19*</b>	<b>Status</b>
Kindergarten	36,000	39,220	180	28,761	132	10,459	48	Complied
Grade 1	50,400	59,310	180	43,494	132	15,816	48	Complied
Grade 2	50,400	59,310	180	44,124	132	15,186	48	Complied
Grade 3	50,400	59,310	180	43,494	132	15,816	48	Complied
Grade 4	54,000	60,520	180	44,382	132	16,138	48	Complied
Grade 5	54,000	60,520	180	44,382	132	16,138	48	Complied
Grade 6	54,000	60,520	180	44,382	132	16,138	48	Complied
Grade 7	54,000	60,520	180	44,382	132	16,138	48	Complied
Grade 8	54,000	60,520	180	44,382	132	16,138	48	Complied
Grade 9	64,800	66,600	180	48,840	132	17,760	48	Complied
Grade 10	64,800	66,600	180	48,840	132	17,760	48	Complied
Grade 11	64,800	66,600	180	48,840	132	17,760	48	Complied
Grade 12	64,800	66,600	180	48,840	132	17,760	48	Complied

\*On July 17, 2020 the San Joaquin County Special Education certified that all schools were closed from March 16, 2020 to May 29, 2020 for a total of 48 instructional days due to COVID-19.

**Charter School - one.Charter**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2019-20 Planned Instructional Minutes</b>	<b>2019-20 Planned Number of Days</b>	<b>2019-20 Actual Instructional Minutes</b>	<b>2019-20 Actual Number of Days</b>	<b>Instructional Minutes Closed due to COVID-19</b>	<b>Number of Days Certified Closed due to COVID-19*</b>	<b>Status</b>
Kindergarten	36,000	36,000	180	22,600	113	13,400	67	Complied
Grade 1	50,400	50,400	180	31,640	113	18,760	67	Complied
Grade 2	50,400	50,400	180	31,640	113	18,760	67	Complied
Grade 3	50,400	50,400	180	31,640	113	18,760	67	Complied
Grade 4	54,000	54,000	180	33,900	113	20,100	67	Complied
Grade 5	54,000	54,000	180	33,900	113	20,100	67	Complied
Grade 6	54,000	54,000	180	33,900	113	20,100	67	Complied

\*On July 17, 2020 the Charter certified that all schools were closed from March 16, 2020 to June 26, 2020 for a total of 67 instructional days due to COVID-19.

See accompanying note to supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2021 (Budget)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County School Service Fund - Budgetary Basis				
Revenues And Other Financing Sources	\$ 149,612,422	\$ 147,265,806	\$ 154,966,270	\$ 129,866,196
Expenditures And Other Financing Uses	160,816,743	141,573,123	137,902,955	117,222,889
Net change in Fund Balance	<u>\$ (11,204,321)</u>	<u>\$ 5,692,683</u>	<u>\$ 17,063,315</u>	<u>\$ 12,643,307</u>
Ending Fund Balance	<u>\$ 119,722,294</u>	<u>\$ 130,926,615</u>	<u>\$ 125,233,932</u>	<u>\$ 108,170,617</u>
Available Reserves*	<u>\$ 24,160,616</u>	<u>\$ 16,045,582</u>	<u>\$ 15,232,073</u>	<u>\$ 12,203,832</u>
Available Reserves As A Percentage Of Outgo	<u>15.02%</u>	<u>11.33%</u>	<u>11.05%</u>	<u>10.41%</u>
Long-term Liabilities	<u>\$ 150,165,385</u>	<u>\$ 150,665,897</u>	<u>\$ 134,687,940</u>	<u>\$ 116,009,445</u>
Average Daily Attendance At P-2	<u>949</u>	<u>1,041</u>	<u>1,151</u>	<u>1,090</u>

The County School Service Fund balance has increased by \$22,755,998 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$11,204,321. 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 2020-21 fiscal year. Total long-term obligations have increased by \$34,656,452 over the past two years.

Average daily attendance has decreased by 49 ADA over the past two years. A decrease of 92 ADA is anticipated during the 2020-21 fiscal year.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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*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, 2020**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0423	Venture Academy	Active	Yes
1146	one.Charter	Active	Yes
1198	Building Futures Academy	Active	Yes
1775	River Island Technology Academy II	Active	No

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 COMBINING BALANCE SHEET  
 JUNE 30, 2020**

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	<b>Adult Education Fund</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 59,889	\$ 59,889
Accounts receivable	210,665	210,665
Due from other funds	162,060	162,060
<b>Total Assets</b>	<b>\$ 432,614</b>	<b>\$ 432,614</b>
<b>LIABILITIES</b>		
Accrued liabilities	\$ 5,785	\$ 5,785
Due to other funds	367,446	367,446
<b>Total Liabilities</b>	<b>373,231</b>	<b>373,231</b>
<b>FUND BALANCES</b>		
Restricted	59,383	59,383
<b>Total Fund Balances</b>	<b>59,383</b>	<b>59,383</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 432,614</b>	<b>\$ 432,614</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Adult Education Fund</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>		
Other state sources	\$ 284,939	\$ 284,939
Other local sources	8,100	8,100
<b>Total Revenues</b>	<u>293,039</u>	<u>293,039</u>
<b>EXPENDITURES</b>		
Current		
Instruction	301,135	301,135
Instruction-related services		
Instructional supervision and administration	40,585	40,585
Instructional library, media, and technology	14,880	14,880
School site administration	12,262	12,262
Pupil services		
All other pupil services	12,861	12,861
General administration		
All other general administration	34,383	34,383
Debt service		
Principal	1,142	1,142
Interest and other	151	151
<b>Total Expenditures</b>	<u>417,399</u>	<u>417,399</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(124,360)</u>	<u>(124,360)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	159,817	159,817
<b>Net Financing Sources (Uses)</b>	<u>159,817</u>	<u>159,817</u>
<b>NET CHANGE IN FUND BALANCE</b>	35,457	35,457
<b>Fund Balance - Beginning</b>	23,926	23,926
<b>Fund Balance - Ending</b>	<u>\$ 59,383</u>	<u>\$ 59,383</u>

See accompanying note to supplementary information.



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2020**

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The San Joaquin County Office of Education was founded in 1852; they provide supportive services to five elementary districts, nine 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 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**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Ken Vogel	President	2024
Janet Dyk	Vice-President	2024
Pete Ottesen	Member	2020
Greg Clark	Member	2024
Vernon J. Gebhardt	Member	2020

**COUNTY OFFICE OF EDUCATION ADMINISTRATORS**

James Mousalimas  
*Superintendent of Schools*

Troy Brown  
*Associate Superintendent*

Scott Anderson  
*Deputy Superintendent, Business Services*

Janine Kaeslin  
*Assistant Superintendent, County Operated Schools and Programs*

Jane Steinkamp  
*Assistant Superintendent, Educational Services*

Brandie Brunni  
*Assistant Superintendent, SELPA/Special Education*

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2020**

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**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 following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2020 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2020.

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

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 47,747,738
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	377,408
Head Start	93.600	<u>1,500</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$48,126,646</u>

**Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes at 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 *Education Code Sections 46200 through 46208*. County Offices of Education must maintain instructional minutes requirements, required by *Education Code Section 46201*.

**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 of time.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO SUPPLEMENTARY INFORMATION, continued  
JUNE 30, 2020**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the County Office of Education and displays information for each Charter School of Education on whether or not 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.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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, 2020, 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 February 1, 2021.

**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 may exist that have not been identified.

**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  
February 1, 2021

**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**

We have audited San Joaquin County Office of Education's compliance with the types of compliance requirements described 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, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of San Joaquin County Office of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Joaquin County Office of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of San Joaquin County Office of Education's compliance.

***Opinion on Each Major Federal Program***

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, 2020.

## Report on Internal Control Over Compliance

Management of San Joaquin County Office of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Joaquin County Office of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Joaquin County Office of Education's 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.

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

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.



San Diego, California  
February 1, 2021



**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
San Joaquin County Office of Education  
Stockton, California

**Report on State Compliance**

We have audited San Joaquin County Office of Education's compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, 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, 2020, as identified below.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of San Joaquin County Office of Education's state programs based on our audit of the types of compliance requirements referred to above. 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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about San Joaquin County Office of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of San Joaquin County Office of Education's compliance with those requirements.

***Opinion on State Compliance***

In our opinion, San Joaquin County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2020.

**Procedures Performed**

In connection with the audit referred to above, we selected and tested transactions and records to determine San Joaquin County Office of Education's compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios 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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
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
<b>Charter Schools</b>	
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; for charter schools	Yes
Charter School Facility Grant Program	Not Applicable

San Diego, California  
February 1, 2021

**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 Compliance**

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 San Joaquin County Office of Education, as of and for the year ended June 30, 2020, and have issued our report thereon dated February 1, 2021.

**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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

**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*.

**Opinion on Department Compliance**

In our opinion, for the items tested, San Joaquin County Office of Education complied with the laws, regulations and grant agreement of the items referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that San Joaquin County Office of Education has not complied with the laws and regulations of the Grant Agreement for 2019-20.

**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. In conjunction with the audit referred to above, we selected and tested transactions and records to determine the compliance with the laws, regulations and the Grant Agreements applicable to the following items:

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

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.



San Diego, California  
February 1, 2021

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.111</u>	<u>Title I, Part C Migrant Education</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>93.600</u>	<u>Head Start</u>
<u>93.575</u>	<u>Child Care and Development Block Grant</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,443,799</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>
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, 2020**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

*There were no financial statement findings or questioned costs for the year ended June 30, 2020.*

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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, 2020.**



**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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, 2020.**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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There were no findings or questioned costs for the year ended June 30, 2019.