

# **SAN JOAQUIN COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2021**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
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JUNE 30, 2021**

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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, 2021, 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, 2021, 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.

## ***Emphasis of Matter***

### *Change in Accounting Principle*

As described in Note 1 to the basic financial statements, the San Joaquin County Office of Education adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

## ***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 January 27, 2022 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.

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

San Diego, California  
January 27, 2022

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

## INTRODUCTION

Our discussion and analysis of San Joaquin County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2021. 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 \$166.6 million at June 30, 2021. This was an increase of \$7.4 million from the prior year.
- ▶ Overall revenues were \$280.1 million, which exceeded expenses of \$272.7 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 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, 2021**

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**FINANCIAL HIGHLIGHTS (continued)**

**Education Services (continued)**

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             | 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, 2021**

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

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

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

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

**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 1,243 special education students, including instruction for those with needs described as deaf, blind, speech and language impaired, and orthopedically handicapped, as well as those developmentally or communicatively disabled, emotionally disturbed or in need of adaptive physical education. The majority of special education students are served in special day classes on general education campuses. In addition, the Special Education Local Plan Area (SELPA), as part of the County Office of Education, continues to provide a variety of support to both small and large school county offices of education alike. This program has received recognition throughout all of California.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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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. Due to the loss of ADA during the COVID 19 pandemic, the 20-21 budget included a hold harmless provision which funds schools based upon 2019-20 ADA. Schools did not collect and report ADA in 2020-21. The county operated student programs ADA for 20-21 is 2,099.55 which is the ADA number from 2019-20. Charter school ADA is 2,686.96 which is the ADA number from 2019-20.

**Solvency**

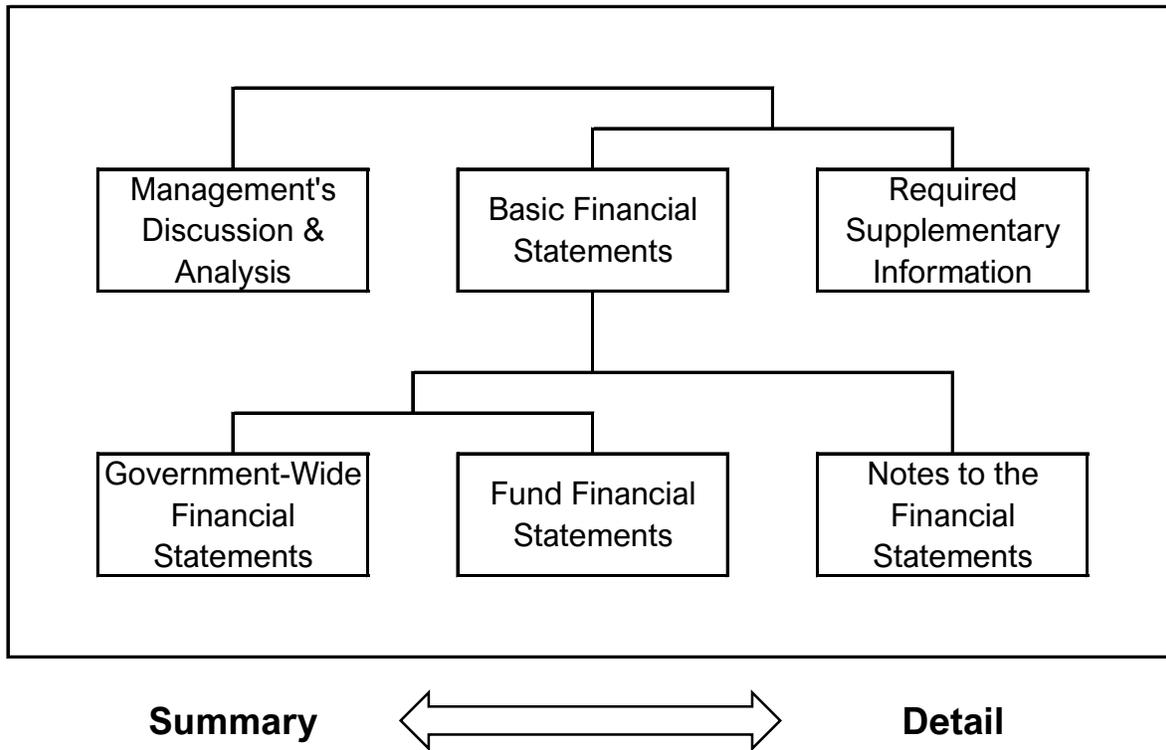
The County Office of Education is required to maintain a 2% reserve for economic uncertainties on all county school service fund expenditures excluding special education funds that are passed through to County Offices of Education. The County Office of Education ended the 2020-21 year with \$17,645,028 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, 2021**

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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, 2021**

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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 resources held for the benefit of parties outside of the County Office of Education. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the County Office of Education's own programs.

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

**Government-Wide Statements**

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

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Net Position**

The County Office of Education's net position was \$166.6 million at June 30, 2021, as reflected in the table below. Of this amount, \$(17.2) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 204,560,538	\$ 188,173,603	\$ 16,386,935
Capital assets	136,381,478	131,006,522	5,374,956
<b>Total Assets</b>	<b>340,942,016</b>	<b>319,180,125</b>	<b>21,761,891</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>47,363,913</b>	<b>49,336,427</b>	<b>(1,972,514)</b>
<b>LIABILITIES</b>			
Current liabilities	46,472,742	46,889,615	(416,873)
Long-term liabilities	166,823,449	150,165,385	16,658,064
<b>Total Liabilities</b>	<b>213,296,191</b>	<b>197,055,000</b>	<b>16,241,191</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>8,455,585</b>	<b>12,346,810</b>	<b>(3,891,225)</b>
<b>NET POSITION</b>			
Net investment in capital assets	133,448,720	127,806,120	5,642,600
Restricted	50,250,463	40,733,057	9,517,406
Unrestricted	(17,145,030)	(9,424,435)	(7,720,595)
<b>Total Net Position</b>	<b>\$ 166,554,153</b>	<b>\$ 159,114,742</b>	<b>\$ 7,439,411</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 30,417,197	\$ 27,089,576	\$ 3,327,621
Operating grants and contributions	153,140,342	137,559,600	15,580,742
General revenues			
Property taxes	17,096,911	15,714,194	1,382,717
Unrestricted federal and state aid	58,902,175	59,874,289	(972,114)
Other	20,584,800	26,347,054	(5,762,254)
<b>Total Revenues</b>	<b>280,141,425</b>	<b>266,584,713</b>	<b>13,556,712</b>
<b>EXPENSES</b>			
Instruction	99,288,146	89,687,670	9,600,476
Instruction-related services	51,589,830	49,823,322	1,766,508
Pupil services	17,550,960	20,437,718	(2,886,758)
General administration	27,770,660	18,938,158	8,832,502
Plant services	7,973,640	8,730,572	(756,932)
Ancillary and community services	1,874	-	1,874
Debt service	94,202	104,488	(10,286)
Other outgo	56,010,016	51,876,827	4,133,189
Depreciation	4,282,410	5,700,793	(1,418,383)
Enterprise activities	8,140,276	15,226,699	(7,086,423)
<b>Total Expenses</b>	<b>272,702,014</b>	<b>260,526,247</b>	<b>12,175,767</b>
<b>Change in net position</b>	<b>7,439,411</b>	<b>6,058,466</b>	<b>1,380,945</b>
<b>Net Position - Beginning</b>	<b>159,114,742</b>	<b>153,056,276</b>	<b>6,058,466</b>
<b>Net Position - Ending</b>	<b>\$ 166,554,153</b>	<b>\$ 159,114,742</b>	<b>\$ 7,439,411</b>

The cost of all governmental activities this year was \$272.7 million (refer to the table above). The amount that taxpayers ultimately financed for these activities through taxes was only \$17.1 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, 2021**

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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>2021</b>	<b>2020</b>
Instruction	\$ 32,164,870	\$ 35,609,666
Instruction-related services	19,268,332	20,358,706
Pupil services	10,028,743	12,479,445
General administration	14,200,912	12,260,220
Plant services	6,008,885	1,937,560
Ancillary and community services	188	-
Debt service	94,202	104,488
Transfers to other agencies	(509,180)	790,468
Depreciation	4,282,410	5,700,793
Other	3,605,113	6,635,725
<b>Total Expenses</b>	<b>\$ 89,144,475</b>	<b>\$ 95,877,071</b>

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

The County School Service Fund revenues increased \$7.05 million between 2019-20 and 2020-21. The County School Service Fund expenditures decreased \$2.4 million between 2019-20 and 2020-21.

The County School Service Fund ending balance for 2020-21 was \$145,579,020 compared to \$130,926,615 in 2019-20. Overall the County School Service Fund ending fund balance increased from 2019-20 and 2020-21 by \$14,652,405.

The Charter Schools Fund ending balance for 2020-21 was \$9,008,321 compared to \$7,177,869 in 2019-20. Overall the Charter Schools Fund ending fund balance increased from 2019-20 and 2020-21 by \$1,830,452.

There were no changes in the Special Education Pass-Through Fund ending balance for 2020-21 from 2019-20.

The Child Development Fund ending balance for 2020-21 was \$2,774,684 compared to \$2,075,303 in 2019-20. Overall the Child Development Fund ending fund balance increased from 2019-20 to 2020-21 by \$699,381.

**CURRENT YEAR BUDGET 2020-2021**

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, 2021**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2020-2021 the County Office of Education had invested \$136.4 million in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 9,622,340	\$ 9,399,904	\$ 222,436
Construction in progress	22,341,049	18,414,581	3,926,468
Land improvements	10,241,263	9,806,168	435,095
Buildings & improvements	137,538,865	133,827,316	3,711,549
Furniture & equipment	12,063,413	10,896,877	1,166,536
Accumulated depreciation	(55,425,452)	(51,338,324)	(4,087,128)
<b>Total Capital Assets</b>	<b>\$ 136,381,478</b>	<b>\$ 131,006,522</b>	<b>\$ 5,374,956</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$166.8 million in long-term debt, an increase of 11.1% 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>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
QZAB payable	\$ 2,477,184	\$ 2,850,642	\$ (373,458)
Capital leases	455,574	349,760	105,814
Compensated absences	1,526,518	1,322,560	203,958
Net OPEB liability	13,528,146	12,870,751	657,395
Total supplemental pension liability	3,234,793	2,476,738	758,055
Net pension liability	147,136,768	130,795,446	16,341,322
Less: current portion of long-term liabilities	(1,535,534)	(500,512)	(1,035,022)
<b>Total Long-term Liabilities</b>	<b>\$ 166,823,449</b>	<b>\$ 150,165,385</b>	<b>\$ 16,658,064</b>

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

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

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19–induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district 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 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 May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

The County Office 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 Education's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the County Office Education. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the County Office Education's budget for the 2021-22 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, 2021**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 137,397,276
Accounts receivable	67,008,315
Note receivable	154,947
Capital assets, not depreciated	31,963,389
Capital assets, net of accumulated depreciation	104,418,089
<b>Total Assets</b>	<b>340,942,016</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	41,377,075
Deferred outflows related to OPEB	5,409,423
Deferred outflows related to supplemental pensions	577,415
<b>Total Deferred Outflows of Resources</b>	<b>47,363,913</b>
<b>LIABILITIES</b>	
Accrued liabilities	42,460,945
Unearned revenue	2,476,263
Long-term liabilities, current portion	1,535,534
Long-term liabilities, non-current portion	166,823,449
<b>Total Liabilities</b>	<b>213,296,191</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	4,792,528
Deferred inflows related to OPEB	3,663,057
<b>Total Deferred Inflows of Resources</b>	<b>8,455,585</b>
<b>NET POSITION</b>	
Net investment in capital assets	133,448,720
Restricted:	
Educational programs	50,250,463
Unrestricted	(17,145,030)
<b>Total Net Position</b>	<b>\$ 166,554,153</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, 2021**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 99,288,146	\$ 3,706,251	\$ 63,417,025	\$ (32,164,870)
Instruction-related services				
Instructional supervision and administration	41,759,419	12,674,083	15,487,418	(13,597,918)
Instructional library, media, and technology	1,456,871	8,499	11,264	(1,437,108)
School site administration	8,373,540	339,011	3,801,223	(4,233,306)
Pupil services				
Home-to-school transportation	4,318,523	-	-	(4,318,523)
Food services	654,176	-	92,008	(562,168)
All other pupil services	12,578,261	718,661	6,711,548	(5,148,052)
General administration				
Centralized data processing	1,485,095	-	-	(1,485,095)
All other general administration	26,285,565	7,257,197	6,312,551	(12,715,817)
Plant services	7,973,640	215,592	1,749,163	(6,008,885)
Community services	1,874	1,652	34	(188)
Enterprise activities	8,140,276	1,098,500	3,436,663	(3,605,113)
Interest on long-term debt	94,202	-	-	(94,202)
Other outgo	56,010,016	4,397,751	52,121,445	509,180
Depreciation (unallocated)	4,282,410	-	-	(4,282,410)
<b>Total Governmental Activities</b>	<b>\$ 272,702,014</b>	<b>\$ 30,417,197</b>	<b>\$ 153,140,342</b>	<b>(89,144,475)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				16,796,006
Property taxes, levied for other specific purposes				300,905
Federal and state aid not restricted for specific purposes				58,902,175
Interest and investment earnings				788,263
Interagency revenues				2,481,124
Miscellaneous				17,315,413
<b>Subtotal, General Revenue</b>				<b>96,583,886</b>
<b>CHANGE IN NET POSITION</b>				<b>7,439,411</b>
<b>Net Position - Beginning</b>				<b>159,114,742</b>
<b>Net Position - Ending</b>				<b>\$ 166,554,153</b>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 122,960,237	\$ 10,784,171	\$ -	\$ 1,489,219	\$ 9,390	\$ 135,243,017
Accounts receivable	31,811,394	4,791,613	24,818,670	5,302,217	280,873	67,004,767
Due from other funds	3,467,742	8,980	-	712,916	162,579	4,352,217
<b>Total Assets</b>	<b>\$ 158,239,373</b>	<b>\$ 15,584,764</b>	<b>\$ 24,818,670</b>	<b>\$ 7,504,352</b>	<b>\$ 452,842</b>	<b>\$ 206,600,001</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 9,712,778	\$ 3,398,120	\$ 24,818,670	\$ 4,412,110	\$ 7,178	\$ 42,348,856
Due to other funds	884,475	3,064,887	-	17,831	385,024	4,352,217
Unearned revenue	2,063,100	113,436	-	299,727	-	2,476,263
<b>Total Liabilities</b>	<b>12,660,353</b>	<b>6,576,443</b>	<b>24,818,670</b>	<b>4,729,668</b>	<b>392,202</b>	<b>49,177,336</b>
<b>FUND BALANCES</b>						
Nonspendable	29,241	-	-	-	-	29,241
Restricted	38,406,818	9,008,321	-	2,774,684	60,640	50,250,463
Assigned	89,497,933	-	-	-	-	89,497,933
Unassigned	17,645,028	-	-	-	-	17,645,028
<b>Total Fund Balances</b>	<b>145,579,020</b>	<b>9,008,321</b>	<b>-</b>	<b>2,774,684</b>	<b>60,640</b>	<b>157,422,665</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 158,239,373</b>	<b>\$ 15,584,764</b>	<b>\$ 24,818,670</b>	<b>\$ 7,504,352</b>	<b>\$ 452,842</b>	<b>\$ 206,600,001</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, 2021**

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**Total Fund Balance - Governmental Funds** \$ 157,422,665

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	\$ 191,806,930	
Accumulated depreciation	<u>(55,425,452)</u>	136,381,478

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:

(22,089)

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	\$ 2,477,184	
Capital leases	455,574	
Compensated absences	1,526,518	
Net OPEB liability	13,528,146	
Total supplemental pension liability	3,234,793	
Net pension liability	<u>147,136,768</u>	(168,358,983)

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	\$ 41,377,075	
Deferred inflows of resources related to pensions	<u>(4,792,528)</u>	36,584,547

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	\$ 5,409,423	
Deferred inflows of resources related to OPEB	<u>(3,663,057)</u>	1,746,366

Deferred outflows and inflows of resources relating to supplemental pensions:

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

577,415

Internal service funds:

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

2,222,754

**Total Net Position - Governmental Activities** \$ 166,554,153

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, 2021**

	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	\$ 40,792,208	\$ 29,011,238	\$ -	\$ -	\$ -	\$ 69,803,446
Federal sources	14,005,185	765,034	12,193,161	28,303,620	-	55,267,000
Other state sources	24,245,595	3,093,411	43,817,073	10,441,187	293,661	81,890,927
Other local sources	75,107,576	234,723	-	424,802	1,672	75,768,773
<b>Total Revenues</b>	<b>154,150,564</b>	<b>33,104,406</b>	<b>56,010,234</b>	<b>39,169,609</b>	<b>295,333</b>	<b>282,730,146</b>
<b>EXPENDITURES</b>						
Current						
Instruction	46,618,275	19,860,600	-	29,437,166	338,076	96,254,117
Instruction-related services						
Instructional supervision and administration	28,483,050	3,339,789	-	7,308,556	42,026	39,173,421
Instructional library, media, and technology	858,108	383,749	-	-	15,899	1,257,756
School site administration	5,826,800	1,077,942	-	724,453	12,001	7,641,196
Pupil services						
Home-to-school transportation	4,267,210	-	-	-	-	4,267,210
Food services	520,211	96,795	-	-	-	617,006
All other pupil services	9,704,374	1,190,912	-	223,822	8,855	11,127,963
General administration						
Centralized data processing	1,485,095	-	-	-	-	1,485,095
All other general administration	18,933,141	3,400,741	-	767,949	35,458	23,137,289
Plant services	6,077,424	1,933,261	-	197,471	-	8,208,156
Facilities acquisition and maintenance	7,955,481	-	-	516,729	-	8,472,210
Community services	1,874	-	-	-	-	1,874
Enterprise activities	7,528,242	-	-	-	-	7,528,242
Transfers to other agencies	(217)	-	56,010,234	-	-	56,010,017
Debt service						
Principal	500,510	20,311	-	3,739	1,234	525,794
Interest and other	94,224	2,581	-	496	154	97,455
<b>Total Expenditures</b>	<b>138,853,802</b>	<b>31,306,681</b>	<b>56,010,234</b>	<b>39,180,381</b>	<b>453,703</b>	<b>265,804,801</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>15,296,762</b>	<b>1,797,725</b>	<b>-</b>	<b>(10,772)</b>	<b>(158,370)</b>	<b>16,925,345</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	32,727	-	710,153	159,627	902,507
Other sources	258,150	-	-	-	-	258,150
Transfers out	(902,507)	-	-	-	-	(902,507)
<b>Net Financing Sources (Uses)</b>	<b>(644,357)</b>	<b>32,727</b>	<b>-</b>	<b>710,153</b>	<b>159,627</b>	<b>258,150</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>14,652,405</b>	<b>1,830,452</b>	<b>-</b>	<b>699,381</b>	<b>1,257</b>	<b>17,183,495</b>
<b>Fund Balance - Beginning</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>Fund Balance - Ending</b>	<b>\$ 145,579,020</b>	<b>\$ 9,008,321</b>	<b>\$ -</b>	<b>\$ 2,774,684</b>	<b>\$ 60,640</b>	<b>\$ 157,422,665</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, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 17,183,495

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:	\$	9,668,946	
Depreciation expense:		(4,282,410)	5,386,536

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:

525,794

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:

(258,150)

Gain or loss from the disposal of capital assets:

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

(11,580)

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:

3,252

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:

(203,958)

**(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, 2021**

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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: (1,216,697)

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: (14,621,364)

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: 652,083

<b>Change in Net Position of Governmental Activities</b>		<b>\$ 7,439,411</b>
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**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

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	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 2,154,259
Accounts receivable	3,548
Other assets	154,947
<b>Total Assets</b>	<u>2,312,754</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	<u>90,000</u>
<b>Total Liabilities</b>	<u>90,000</u>
<b>NET POSITION</b>	
Restricted	2,222,754
<b>Total Net Position</b>	<u>\$ 2,222,754</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, 2021**

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	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,607,000
<b>Total operating revenues</b>	<u>1,607,000</u>
<b>OPERATING EXPENSES</b>	
Professional services	955,786
<b>Total operating expenses</b>	<u>955,786</u>
<b>Operating income/(loss)</b>	<u>651,214</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	869
<b>Total non-operating revenues/(expenses)</b>	<u>869</u>
<b>CHANGE IN NET POSITION</b>	652,083
<b>Net Position - Beginning</b>	1,570,671
<b>Net Position - Ending</b>	<u>\$ 2,222,754</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, 2021**

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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	\$ 1,607,000
Cash received (paid) from assessments made to (from) other funds	5,038
Cash payments for payroll, insurance, and operating costs	<u>(1,005,786)</u>
Net cash provided by (used for) operating activities	<u>606,252</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>869</u>
Net cash provided by (used for) investing activities	<u>869</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>607,121</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>1,547,138</u>
End of year	<u>\$ 2,154,259</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ 651,214
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	5,038
Increase (decrease) in accrued liabilities	<u>(50,000)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 606,252</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, 2021**

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	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 20,489,536
Accounts receivable	4,353
<b>Total Assets</b>	<u>20,493,889</u>
<b>LIABILITIES</b>	
Due to other agencies	<u>20,493,889</u>
<b>Total Liabilities</b>	<u>20,493,889</u>
<b>NET POSITION</b>	
Restricted	-
<b>Total Net Position</b>	<u>\$ -</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2021**

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	<u>Custodial Fund</u>
	<u>Warrant/Pass- through Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 20,489,536
<b>Total Additions</b>	<u>20,489,536</u>
<b>DEDUCTIONS</b>	
Benefits paid	20,489,536
<b>Total Deductions</b>	<u>20,489,536</u>
<b>CHANGE IN NET POSITION</b>	-
<b>Net Position - Beginning</b>	-
<b>Net Position - Ending</b>	<u>\$ -</u>

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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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, 2021**

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

**Major Governmental Funds**

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

**Charter Schools Special Revenue Fund:** This fund may be used by authorizing County Office of Education 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, 2021**

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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**

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

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

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

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

**Government-Wide, Proprietary, and Fiduciary 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.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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)**

**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, 2021**

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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, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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.

**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, 2021**

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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 implemented this Statement as of June 30, 2021.

**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, 2021**

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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.

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

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<u>Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>
Investment in county treasury	\$ 133,892,630	\$ 2,154,259	\$ 136,046,889	\$ 20,489,536
Cash on hand and in banks	345,223	-	345,223	-
Cash with fiscal agent (Bank of Stockton)	975,923	-	975,923	-
Cash in revolving fund	29,241	-	29,241	-
<b>Total</b>	<b>\$ 135,243,017</b>	<b>\$ 2,154,259</b>	<b>\$ 137,397,276</b>	<b>\$ 20,489,536</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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 \$975,923 represents cash held by a trustee at the Bank of Stockton for the repayment of Qualified Zone Academy Bonds (QZAB).

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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 \$156,601,021 and an amortized book value of \$156,536,425. The average weighted maturity for this pool is 484 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, 2021, the pooled investments in the County Treasury were not rated.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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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 deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the County Office of Education's bank balance of \$299,768 was 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 the Bank of Stockton 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, 2021 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	\$ 156,601,021
Cash with fiscal agent (Bank of Stockton)	<u>975,923</u>
<b>Total</b>	<b><u>\$ 157,576,944</u></b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 consisted of the following:

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Fund
Federal Government								
Categorical aid	\$ 4,704,247	\$ 454,237	\$ 12,193,161	\$ 2,087,133	\$ -	\$ -	\$ 19,438,778	\$ -
State Government								
Apportionment	11,861,677	122,614	-	-	-	-	11,984,291	-
Categorical aid	11,765,313	4,039,729	12,625,509	2,990,066	280,873	-	31,701,490	-
Lottery	154,379	175,033	-	-	-	-	329,412	-
Local Government								
Other local sources	3,325,778	-	-	225,018	-	3,548	3,554,344	4,353
<b>Total</b>	<b>\$ 31,811,394</b>	<b>\$ 4,791,613</b>	<b>\$ 24,818,670</b>	<b>\$ 5,302,217</b>	<b>\$ 280,873</b>	<b>\$ 3,548</b>	<b>\$ 67,008,315</b>	<b>\$ 4,353</b>

**NOTE 4 – NOTE RECEIVABLE**

Notes receivable at June 30, 2021 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, 2021 was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 9,399,904	\$ 222,436	\$ -	\$ 9,622,340
Construction in progress	18,414,581	8,626,398	4,699,930	22,341,049
Total Capital Assets not Being Depreciated	27,814,485	8,848,834	4,699,930	31,963,389
Capital assets being depreciated				
Land improvements	9,806,168	435,095	-	10,241,263
Buildings & improvements	133,827,316	3,711,549	-	137,538,865
Furniture & equipment	10,896,877	1,373,398	206,862	12,063,413
Total Capital Assets Being Depreciated	154,530,361	5,520,042	206,862	159,843,541
Less Accumulated Depreciation				
Land improvements	2,546,669	455,821	-	3,002,490
Buildings & improvements	42,666,997	2,914,205	-	45,581,202
Furniture & equipment	6,124,658	912,384	195,282	6,841,760
Total Accumulated Depreciation	51,338,324	4,282,410	195,282	55,425,452
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 131,006,522</b>	<b>\$ 10,086,466</b>	<b>\$ 4,711,510</b>	<b>\$ 136,381,478</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

**NOTE 6 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

Due To Other Funds	Due From Other Funds				Total
	County School Service Fund	Charter Schools Fund	Child Development Fund	Non-Major Governmental Funds	
County School Service Fund	\$ -	\$ 8,980	\$ 712,916	\$ 162,579	\$ 884,475
Charter Schools Fund	3,064,887	-	-	-	3,064,887
Child Development Fund	17,831	-	-	-	17,831
Non-Major Governmental Funds	385,024	-	-	-	385,024
<b>Total</b>	<b>\$ 3,467,742</b>	<b>\$ 8,980</b>	<b>\$ 712,916</b>	<b>\$ 162,579</b>	<b>\$ 4,352,217</b>

Due from the County School Service Fund to the Charter Schools Fund for LCFF transfer and MOU.	\$ 8,980
Due from the County School Service Fund to the Adult Education Fund for one time mandated costs transfer.	162,579
Due from the County School Service Fund to the Child Development Fund for expenses.	712,916
Due from the Charter Schools Fund to the County School Service Fund for salary and benefits.	3,064,887
Due from the Adult Education Fund to the County School Service Fund for a cash transfer.	385,024
Due from the Child Development Fund to the County School Service Fund for a cash transfer.	17,831
<b>Total</b>	<b>\$ 4,352,217</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Interfund Transfers Out	Interfund Transfers In			Total
	Charter Schools Fund	Child Development Fund	Non-Major Governmental Funds	
County School Service Fund	\$ 32,727	\$ 710,153	\$ 159,627	\$ 902,507
<b>Total</b>	<b>\$ 32,727</b>	<b>\$ 710,153</b>	<b>\$ 159,627</b>	<b>\$ 902,507</b>

County School Service Fund transfer to the Charter Schools Fund for Venture fundraising.	\$ 32,727
County School Service Fund transfer to the Adult Education Fund for jail contribution from COSP.	159,627
County School Service Fund transfer to the Child Development Fund for contribution.	710,153
<b>Total</b>	<b>\$ 902,507</b>

**NOTE 7 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2021 consisted of the following:

	County School Service Fund	Charter Schools Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	County-Wide	Governmental Activities
Payroll	\$ 2,441,723	\$ 90,089	\$ -	\$ 8,467	\$ 6,099	\$ -	\$ -	\$ 2,546,378
Construction	964,018	-	-	-	-	-	-	964,018
Vendors payable	6,307,037	3,308,031	-	4,403,643	1,079	90,000	-	14,109,790
Unmatured interest	-	-	-	-	-	-	22,089	22,089
Due to other agencies	-	-	24,818,670	-	-	-	-	24,818,670
<b>Total</b>	<b>\$ 9,712,778</b>	<b>\$ 3,398,120</b>	<b>\$ 24,818,670</b>	<b>\$ 4,412,110</b>	<b>\$ 7,178</b>	<b>\$ 90,000</b>	<b>\$ 22,089</b>	<b>\$ 42,460,945</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

**NOTE 8 – UNEARNED REVENUE**

Unearned revenue at June 30, 2021 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	\$ 577,236	\$ 113,436	\$ -	\$ 690,672
State categorical sources	879,885	-	288,784	1,168,669
Local sources	605,979	-	10,943	616,922
<b>Total</b>	<b>\$ 2,063,100</b>	<b>\$ 113,436</b>	<b>\$ 299,727</b>	<b>\$ 2,476,263</b>

**NOTE 9 – LONG-TERM LIABILITIES**

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
QZAB payable	\$ 2,850,642	\$ -	\$ 373,458	\$ 2,477,184	\$ 1,373,457
Capital leases	349,760	258,150	152,336	455,574	162,077
Compensated absences	1,322,560	203,958	-	1,526,518	-
Net OPEB liability	12,870,751	657,395	-	13,528,146	-
Total supplemental pension liability	2,476,738	758,055	-	3,234,793	-
Net pension liability	130,795,446	16,341,322	-	147,136,768	-
<b>Total</b>	<b>\$ 150,665,897</b>	<b>\$ 18,218,880</b>	<b>\$ 525,794</b>	<b>\$ 168,358,983</b>	<b>\$ 1,535,534</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, 2021 amounted to \$1,526,518. 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 \$12,870,751 and increased by \$657,395 during the year ended June 30, 2021. The ending net OPEB liability at June 30, 2021 was \$13,528,146. 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 \$2,476,738 and increased by \$758,055 during the year ended June 30, 2021. The ending total supplemental pension liability at June 30, 2021 was \$3,234,793. See Note 12 for additional information regarding the total supplemental pension.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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, 2021 are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,373,457	\$ 65,447	\$ 1,438,904
2023	167,015	54,328	221,343
2024	167,968	45,764	213,732
2025	168,927	37,152	206,079
2026	169,891	28,491	198,382
2027 - 2029	429,926	33,008	462,934
<b>Total</b>	<b>\$ 2,477,184</b>	<b>\$ 264,190</b>	<b>\$ 2,741,374</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, 2021 are as follows:

<b>Year Ended June 30,</b>	<b>Lease Payment</b>
2022	\$ 183,709
2023	135,982
2024	103,512
2025	70,522
2026	22,000
Total minimum lease payments	515,725
Less amount representing interest	(60,151)
Present value of minimum lease payments	<b>\$ 455,574</b>

**F. Net Pension Liability**

The County Office of Education’s beginning net pension liability was \$130,795,446 and increased by \$16,341,322 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$147,136,768. See Note 13 for additional information regarding the net pension liability.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

**NOTE 10 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2021:

	County School Service Fund	Charter Schools Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 29,241	\$ -	\$ -	\$ -	\$ 29,241
Total non-spendable	29,241	-	-	-	29,241
Restricted					
Educational programs	38,406,818	9,008,321	2,774,684	60,640	50,250,463
Total restricted	38,406,818	9,008,321	2,774,684	60,640	50,250,463
Assigned					
QZAB	1,184,258	-	-	-	1,184,258
Court/community schools	1,536,057	-	-	-	1,536,057
Buildings	12,555,098	-	-	-	12,555,098
Code stack & Edjoin	5,403,804	-	-	-	5,403,804
Apprenticeship	2,782,175	-	-	-	2,782,175
Deferred maintenance	11,002,686	-	-	-	11,002,686
Education services	526,950	-	-	-	526,950
Mandated costs	2,829,871	-	-	-	2,829,871
Miscellaneous	50,817,188	-	-	-	50,817,188
Lottery	859,846	-	-	-	859,846
Total assigned	89,497,933	-	-	-	89,497,933
Unassigned	17,645,028	-	-	-	17,645,028
<b>Total Fund Balance</b>	<b>\$ 145,579,020</b>	<b>\$ 9,008,321</b>	<b>\$ 2,774,684</b>	<b>\$ 60,640</b>	<b>\$ 157,422,665</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, 2021**

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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>
Benefit types provided	Medical, dental, vision and life	Medical, dental, vision and life	Medical, dental, vision and life	Medical, dental, vision and life
Duration of Benefits	One month per one month of service	One month per two months of service (but not beyond age 65)	One month per two months of service (but not beyond age 65)	One month per two months of service
Required Service	10 years*	10 years*	10 years*	10 years*
Minimum Age	Age 50 if PERS, Age 55 if STRS	55	50	Age 50 if PERS, Age 55 if STRS
Dependent Coverage	Yes	Yes	Yes	Yes
County Office of Education Contribution %	100%	100%	100%	100%
County Office of Education Cap	\$1,000 per month	\$1,000 per month	\$1,000 per month	\$1,000 per month

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

**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 2020-21, the County Office of Education contributed \$1,363,619 to the Plan, all of which was used for current premiums. The County Office of Education has assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The CERBT is included in the CalPERS ACFR. Copies of the CalPERS’ ACFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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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>	<u><b>936</b></u>

\*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, 2021, were as follows:

Total OPEB liability	\$ 22,020,561
Plan fiduciary net position	<u>(8,492,415)</u>
<b>County Office of Education's net OPEB liability</b>	<u><b>\$ 13,528,146</b></u>
 Plan fiduciary net position as a percentage of total OPEB liability	  38.57%

**G. Investments**

**Investment Policy**

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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

**G. Investments (continued)**

**Concentrations**

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

<b>CERBT - Strategy 3</b>		
<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Assumed Gross Return</b>
All equities	22%	7.7950
All fixed income	49%	4.5000
Real estate investment trusts	8%	7.5000
All commodities	5%	7.7950
Treasury inflation protected securities (TIPS)	16%	3.2500

**Rate of Return**

For the year ended, June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 6.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

**H. Actuarial Assumptions and Other Inputs**

The net OPEB liability as of June 30, 2021, 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%
Payroll increase	2.75%
Discount rate	6.00%
Healthcare cost trend rate	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 historic 22-year real rates of return for each asset class along with the assumed long-term inflation, additionally offset by the expected investment return by investment expenses of 25 basis points.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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

**I. Changes in Net OPEB Liability**

	<u>June 30, 2021</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,274,039
Interest on total OPEB liability	1,248,982
Benefits payments	<u>(1,363,619)</u>
Net change in total OPEB liability	1,159,402
Total OPEB liability - beginning	<u>20,861,159</u>
Total OPEB liability - ending (a)	<u>\$ 22,020,561</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,363,619
Net investment income	505,973
Benefit payments	(1,363,619)
Administrative expenses	<u>(3,966)</u>
Net change in plan fiduciary net position	502,007
Plan fiduciary net position - beginning	<u>7,990,408</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,492,415</u>
 County Office of Education's net OPEB liability - ending (a) - (b)	 <u>\$ 13,528,146</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 38.57%
 Covered-employee payroll	 \$ 77,868,018
 County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	 17.37%

**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	\$ 15,320,463	\$ 13,528,146	\$ 11,919,759

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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**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	\$ 11,665,291	\$ 13,528,146	\$ 15,565,977

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

For the fiscal year ended June 30, 2021, the San Joaquin County Office of Education recognized OPEB expense of \$2,054,471. At June 30, 2021, 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	\$ 36,950	\$ 74,976
Differences between expected and actual experience	3,752,948	-
Changes in assumptions	-	3,588,081
County Office of Education contributions subsequent to the measurement date	1,619,525	-
<b>Total</b>	<b>\$ 5,409,423</b>	<b>\$ 3,663,057</b>

The \$1,619,525 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, 2021. 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>
2022	\$ 280,920	\$ 274,130
2023	280,918	274,130
2024	262,444	274,130
2025	262,444	256,246
2026	262,444	250,915
Thereafter	2,440,728	2,333,506
<b>Total</b>	<b>\$ 3,789,898</b>	<b>\$ 3,663,057</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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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.

	<b><u>All Employees</u></b>
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 2020-21, the County Office of Education contributed \$11,907 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	865
<b>Total number of participants**</b>	<b>865</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, 2021**

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

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

	<u>June 30, 2021</u>
<b>Total Supplemental Pension Liability</b>	
Service cost	\$ 288,431
Interest on total supplemental liability	91,525
Changes of assumptions	390,006
Benefits payments	<u>(11,907)</u>
Net change in total supplemental liability	758,055
Total supplemental pension liability - beginning	<u>2,476,738</u>
Total supplemental pension liability - ending	<u>\$ 3,234,793</u>
Covered-employee payroll	\$ 77,868,018
County Office of Education's total supplemental pension liability as a percentage of covered-employee payroll	 4.15%

**F. Actuarial Assumptions and Other Inputs**

The total supplemental pension liability as of June 30, 2021, 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%
Payroll increase	2.75%
Investment rate of return	2.20%

**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, 2021**

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**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</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(1.20%)</b>	<b>(2.20%)</b>	<b>(3.20%)</b>
Total supplemental pension liability	\$ 3,522,863	\$ 3,234,793	\$ 2,920,911

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

For the fiscal year ended June 30, 2021, the San Joaquin County Office of Education recognized pension expense of \$402,116. At June 30, 2021, the San Joaquin County Office of Education reported deferred outflows of resources related to the total supplemental pension liability from the following sources:

	<b>Deferred Outflows of Resources</b>
Changes in assumptions	\$ 367,846
County Office of Education contributions subsequent to the measurement date	209,569
<b>Total</b>	<b>\$ 577,415</b>

The \$209,569 reported as deferred outflows of resources related to pension resulting from County Office of Education’s contributions subsequent to the measurement date will be recognized as a reduction of the total supplemental pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows related to total supplemental pension liability will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>
2022	\$ 22,160
2023	22,160
2024	22,160
2025	22,160
2026	22,160
Thereafter	257,046
<b>Total</b>	<b>\$ 367,846</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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**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	\$ 61,313,497	\$ 23,459,645	\$ 4,792,528	\$ 9,617,885
PERS Pension	85,823,271	17,917,430	-	19,434,015
<b>Total</b>	<b>\$ 147,136,768</b>	<b>\$ 41,377,075</b>	<b>\$ 4,792,528</b>	<b>\$ 29,051,900</b>

**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 2021, 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 2021 was 19.10% of annual payroll reduced to 16.15% 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 \$5,760,545 for the year ended June 30, 2021.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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

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

**On-Behalf Payments**

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$3,576,973 to CalSTRS.

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

At June 30, 2021, 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	\$	61,313,497
State's proportionate share of the net pension liability associated with the County Office of Education		<u>31,606,859</u>
<b>Total</b>	<b>\$</b>	<b><u>92,920,356</u></b>

The net pension liability was measured as of June 30, 2020, 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, 2019 and rolling forward the total pension liability to June 30, 2020. 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, 2020, the County Office of Education’s proportion was 0.063 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County Office of Education recognized pension expense of \$9,617,885. In addition, the County Office of Education recognized pension expense and revenue of \$988,234 for support provided by the State. At June 30, 2021, 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	\$ 1,456,456	\$ -
Differences between expected and actual experience	108,191	1,729,146
Changes in assumptions	5,978,934	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	10,155,519	3,063,382
County Office of Education contributions subsequent to the measurement date	<u>5,760,545</u>	<u>-</u>
<b>Total</b>	<b>\$ 23,459,645</b>	<b>\$ 4,792,528</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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 \$5,760,545 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, 2022. 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>
2022	\$ 3,192,734	\$ 1,583,372
2023	4,578,328	1,461,895
2024	5,074,360	1,143,673
2025	3,099,728	264,465
2026	1,096,982	253,709
2027	656,968	85,414
<b>Total</b>	<b>\$ 17,699,100</b>	<b>\$ 4,792,528</b>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015–June 30, 2018.

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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

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

**Actuarial Assumptions (continued)**

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

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

\*20-year geometric average

**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	\$ 92,636,153	\$ 61,313,497	\$ 35,452,233

**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 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the County Office of Education were \$8,669,991 for the year ended June 30, 2021.

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

At June 30, 2021, the County Office of Education reported a liability of \$85,823,271 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 and rolling forward the total pension liability to June 30, 2020. 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, 2020, the County Office of Education's proportion was 0.280 percent, which was an increase of 0.012 percent from its proportion measured as of June 30, 2019.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

**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, 2021, the County Office of Education recognized pension expense of \$19,434,015. At June 30, 2021, 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	\$ 1,786,568	\$ -
Differences between expected and actual experience	4,256,571	-
Changes in assumptions	314,717	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	2,889,583	-
County Office of Education contributions subsequent to the measurement date	8,669,991	-
<b>Total</b>	<u>\$ 17,917,430</u>	<u>\$ -</u>

The \$8,669,991 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, 2022. 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>
2022	\$ 3,570,561	\$ -
2023	2,661,304	-
2024	2,162,448	-
2025	853,126	-
<b>Total</b>	<u>\$ 9,247,439</u>	<u>\$ -</u>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 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, 2021**

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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, 2019 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 Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

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

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

**Discount Rate**

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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	\$ 123,386,602	\$ 85,823,271	\$ 54,647,591

**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, 2021, total deferred outflows related to pensions was \$41,377,075 and total deferred inflows related to pensions was \$4,792,528.

**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, 2021, total deferred outflows related to other postemployment benefits was \$5,409,423 and total deferred inflows related to other postemployment benefits was \$3,663,057.

**C. Supplemental Pension Plan**

Pursuant to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the County Office of Education recognized deferred outflows of resources related to supplemental pensions. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2021, total deferred outflows related to supplemental pensions was \$577,415.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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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, 2021.

**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, 2021.

**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, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 32,764,445	\$ 40,307,715	\$ 40,792,208	\$ 484,493
Federal sources	11,815,530	24,307,406	14,005,185	(10,302,221)
Other state sources	20,668,875	27,595,365	24,245,595	(3,349,770)
Other local sources	84,363,572	79,080,893	75,107,576	(3,973,317)
<b>Total Revenues</b>	<b>149,612,422</b>	<b>171,291,379</b>	<b>154,150,564</b>	<b>(17,140,815)</b>
<b>EXPENDITURES</b>				
Certificated salaries	30,135,948	30,847,040	28,238,956	2,608,084
Classified salaries	44,870,216	42,144,728	38,675,839	3,468,889
Employee benefits	31,756,460	29,779,863	27,580,804	2,199,059
Books and supplies	4,285,518	11,983,461	6,018,242	5,965,219
Services and other operating expenditures	38,243,878	44,212,442	30,084,425	14,128,017
Capital outlay	11,488,948	20,099,854	8,562,238	11,537,616
Other outgo				
Excluding transfers of indirect costs	590,473	603,697	594,516	9,181
Transfers of indirect costs	(994,156)	(1,110,715)	(901,219)	(209,496)
<b>Total Expenditures</b>	<b>160,377,285</b>	<b>178,560,370</b>	<b>138,853,801</b>	<b>39,706,569</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(10,764,863)</b>	<b>(7,268,991)</b>	<b>15,296,763</b>	<b>22,565,754</b>
<b>Other Financing Sources (Uses)</b>				
Other sources	-	246,123	258,150	12,027
Transfers out	(439,458)	(401,111)	(902,508)	(501,397)
<b>Net Financing Sources (Uses)</b>	<b>(439,458)</b>	<b>(154,988)</b>	<b>(644,358)</b>	<b>(489,370)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(11,204,321)</b>	<b>(7,423,979)</b>	<b>14,652,405</b>	<b>22,076,384</b>
<b>Fund Balance - Beginning</b>	<b>125,020,592</b>	<b>130,926,615</b>	<b>130,926,615</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 113,816,271</b>	<b>\$ 123,502,636</b>	<b>\$ 145,579,020</b>	<b>\$ 22,076,384</b>

See accompanying notes to required supplementary information.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 28,530,891	\$ 34,139,544	\$ 29,011,238	\$ (5,128,306)
Federal sources	170,123	1,799,429	765,034	(1,034,395)
Other state sources	1,519,293	3,939,136	3,093,411	(845,725)
Other local sources	74,991	250,844	234,723	(16,121)
<b>Total Revenues</b>	<b>30,295,298</b>	<b>40,128,953</b>	<b>33,104,406</b>	<b>(7,024,547)</b>
<b>EXPENDITURES</b>				
Certificated salaries	11,370,337	14,957,449	11,038,974	3,918,475
Classified salaries	3,601,306	3,290,325	3,191,692	98,633
Employee benefits	6,816,424	7,880,151	6,439,219	1,440,932
Books and supplies	1,451,373	2,052,562	1,384,264	668,298
Services and other operating expenditures	9,212,820	9,813,631	9,131,828	681,803
Capital outlay	24,994	20,000	-	20,000
Other outgo				
Excluding transfers of indirect costs	18,345	24,049	22,892	1,157
Transfers of indirect costs	29,594	102,107	97,812	4,295
<b>Total Expenditures</b>	<b>32,525,193</b>	<b>38,140,274</b>	<b>31,306,681</b>	<b>6,833,593</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,229,895)</b>	<b>1,988,679</b>	<b>1,797,725</b>	<b>(190,954)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	162,000	125,870	32,727	(93,143)
<b>Net Financing Sources (Uses)</b>	<b>162,000</b>	<b>125,870</b>	<b>32,727</b>	<b>(93,143)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,067,895)</b>	<b>2,114,549</b>	<b>1,830,452</b>	<b>(284,097)</b>
<b>Fund Balance - Beginning</b>	<b>6,372,848</b>	<b>7,177,869</b>	<b>7,177,869</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 4,304,953</b>	<b>\$ 9,292,418</b>	<b>\$ 9,008,321</b>	<b>\$ (284,097)</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, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 12,149,758	\$ 12,193,161	\$ 12,193,161	\$ -
Other state sources	45,123,084	43,786,973	43,817,073	30,100
<b>Total Revenues</b>	<b>57,272,842</b>	<b>55,980,134</b>	<b>56,010,234</b>	<b>30,100</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	57,272,842	55,980,134	56,010,234	(30,100)
<b>Total Expenditures</b>	<b>57,272,842</b>	<b>55,980,134</b>	<b>56,010,234</b>	<b>(30,100)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 47,769,762	\$ 52,327,928	\$ 28,303,620	\$ (24,024,308)
Other state sources	14,894,549	16,234,639	10,441,187	(5,793,452)
Other local sources	464,863	465,055	424,802	(40,253)
<b>Total Revenues</b>	<b>63,129,174</b>	<b>69,027,622</b>	<b>39,169,609</b>	<b>(29,858,013)</b>
<b>EXPENDITURES</b>				
Certificated salaries	1,975,737	1,905,367	1,703,949	201,418
Classified salaries	3,459,160	3,114,902	2,962,568	152,334
Employee benefits	2,597,098	2,290,287	2,137,908	152,379
Books and supplies	561,954	368,942	199,375	169,567
Services and other operating expenditures	53,733,745	58,436,176	30,383,012	28,053,164
Capital outlay	-	2,153,757	1,021,385	1,132,372
Other outgo				
Excluding transfers of indirect costs	6,661	7,662	4,235	3,427
Transfers of indirect costs	926,054	885,635	767,949	117,686
<b>Total Expenditures</b>	<b>63,260,409</b>	<b>69,162,728</b>	<b>39,180,381</b>	<b>29,982,347</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(131,235)</b>	<b>(135,106)</b>	<b>(10,772)</b>	<b>124,334</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	22,046	17,953	710,153	692,200
<b>Net Financing Sources (Uses)</b>	<b>22,046</b>	<b>17,953</b>	<b>710,153</b>	<b>692,200</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(109,189)</b>	<b>(117,153)</b>	<b>699,381</b>	<b>816,534</b>
<b>Fund Balance - Beginning</b>	<b>1,623,212</b>	<b>2,075,303</b>	<b>2,075,303</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,514,023</b>	<b>\$ 1,958,150</b>	<b>\$ 2,774,684</b>	<b>\$ 816,534</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, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 1,274,039	\$ 1,252,529	\$ 1,219,006	\$ 1,186,381
Interest on total OPEB liability	1,248,982	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>(1,363,619)</u>	<u>(996,237)</u>	<u>(1,033,122)</u>	<u>(892,175)</u>
Net change in total OPEB liability	1,159,402	3,605,746	1,296,894	1,327,818
Total OPEB liability - beginning	<u>20,861,159</u>	<u>17,255,413</u>	<u>15,958,519</u>	<u>14,630,701</u>
Total OPEB liability - ending (a)	<u>\$ 22,020,561</u>	<u>\$ 20,861,159</u>	<u>\$ 17,255,413</u>	<u>\$ 15,958,519</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,363,619	\$ 1,491,018	\$ 1,033,122	\$ 7,892,175
Net investment income	505,973	536,677	335,223	136,404
Benefit payments	(1,363,619)	(1,491,018)	(1,033,122)	(892,175)
Administrative expenses	<u>(3,966)</u>	<u>(1,607)</u>	<u>(13,147)</u>	<u>(3,142)</u>
Net change in plan fiduciary net position	502,007	535,070	322,076	7,133,262
Plan fiduciary net position - beginning	<u>7,990,408</u>	<u>7,455,338</u>	<u>7,133,262</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,492,415</u>	<u>\$ 7,990,408</u>	<u>\$ 7,455,338</u>	<u>\$ 7,133,262</u>
County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 13,528,146</u>	<u>\$ 12,870,751</u>	<u>\$ 9,800,075</u>	<u>\$ 8,825,257</u>
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	38.30%	43.21%	44.70%
Covered-employee payroll	\$ 77,868,018	\$ 73,098,761	\$ 65,219,938	\$ 59,742,080
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	17.37%	17.61%	15.03%	14.77%

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, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total Supplemental Pension Liability</b>				
Service cost	\$ 288,431	\$ 280,711	\$ -	\$ -
Interest on total supplemental pension liability	91,525	84,867	-	-
Benefits payments	<u>(11,907)</u>	<u>(354,214)</u>	-	-
Net change in total supplemental pension liability	758,055	11,364	-	-
Total supplemental pension liability - beginning	<u>2,476,738</u>	<u>2,465,374</u>	<u>2,465,374</u>	<u>2,465,374</u>
Total supplemental pension liability - ending	<u>\$ 3,234,793</u>	<u>\$ 2,476,738</u>	<u>\$ 2,465,374</u>	<u>\$ 2,465,374</u>
Covered-employee payroll	\$ 77,868,018	\$ 73,098,761	\$ 65,219,938	\$ 59,742,080
County Office of Education's total supplemental pension liability as a percentage of covered-employee payroll	4.15%	3.39%	3.78%	4.13%

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, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.063%	0.058%	0.055%	0.045%	0.053%	0.055%	0.051%
County Office of Education's proportionate share of the net pension liability	\$ 61,313,497	\$ 52,782,072	\$ 50,286,612	\$ 41,271,352	\$ 42,627,312	\$ 36,866,197	\$ 30,082,268
State's proportionate share of the net pension liability associated with the County Office of Education	31,606,859	28,796,376	28,791,579	24,415,981	24,270,542	19,498,101	18,164,972
<b>Total</b>	<u>\$ 92,920,356</u>	<u>\$ 81,578,448</u>	<u>\$ 79,078,191</u>	<u>\$ 65,687,333</u>	<u>\$ 66,897,854</u>	<u>\$ 56,364,298</u>	<u>\$ 48,247,240</u>
County Office of Education's covered payroll	\$ 34,947,582	\$ 32,083,353	\$ 33,532,814	\$ 24,081,645	\$ 26,648,017	\$ 25,326,180	\$ 22,928,497
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	175.44%	164.52%	149.96%	171.38%	159.96%	145.57%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%	76.52%

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, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.280%	0.268%	0.254%	0.241%	0.231%	0.226%	0.228%
County Office of Education's proportionate share of the net pension liability	\$ 85,823,271	\$ 78,013,374	\$ 67,679,149	\$ 57,536,252	\$ 45,652,316	\$ 33,317,253	\$ 25,848,077
County Office of Education's covered payroll	\$ 40,618,071	\$ 37,419,772	\$ 33,542,012	\$ 36,625,672	\$ 27,817,292	\$ 25,005,669	\$ 23,901,512
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	211.29%	208.48%	201.77%	157.09%	164.11%	133.24%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%	83.38%

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, 2021**

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

\*Amounts do not include on-behalf contributions

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

\*Amounts do not include on-behalf contributions

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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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 assumptions since the previous valuations for OPEB.

**Schedule of County Office of Education Contributions for OPEB**

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

**Schedule of Changes in Total Supplemental Pension Liability**

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

The discount rate changed from 3.50% to 2.20% since the previous measurement for the supplemental pension liability.

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
 JUNE 30, 2021**

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**NOTE 1 – PURPOSE OF SCHEDULES, continued**

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

**Schedule of County Office of Education’s Contributions**

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

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

For the year ended June 30, 2021, 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	\$ 55,980,134	\$ 56,010,234	\$ 30,100

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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, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,320,653
Comprehensive Support and Improvement for LEAs	84.010	15438	657,042
Comprehensive Support and Improvement for COEs	84.010	15439	302,464
Title I, Part D, Local Delinquent Programs	84.010	14357	333,355
Subtotal Title I, Part A			<u>2,613,514</u>
Title I, Migrant Education			
Title I, Migrant Education	84.011	14838	2,945,778
Title I, Part C, Migrant Education (MESRP)	84.011	10144	114,897
Subtotal Title I, Migrant Education			<u>3,060,675</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	64,701
Title III, English Learner Student Program	84.365	14346	59,181
Title III, Technical Assistance	84.365	14967	104,139
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	69,405
Special Education Cluster [1]			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	13,376,716
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	816,086
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	400,768
IDE Alternative Dispute Resolution	84.173A	13007	38,791
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	3,512
Subtotal Special Education Cluster			<u>14,635,873</u>
IDEA Early Intervention Grants, Part C	84.181	23761	91,558
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	22,824
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	181,832
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	503,712
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	273,532
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	41,413
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	30,388
Subtotal Education Stabilization Fund Discretionary Grants			<u>849,045</u>
<i>Passed through Fresno County Office of Education:</i>			
Title I, Migrant Ed Statewide PASS Project	84.011	*	190,796
<b>Total U. S. Department of Education</b>			<u>21,943,543</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
National School Lunch Program	10.555	13391	78,740
<b>Total U. S. Department of Agriculture</b>			<u>78,740</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant			
Child Development: Federal Child Care, Center-based (CFFC)	93.575	15136	1,296,378
Federal Alternative Payment (Contract Prefix CAPP)	93.575	15400	528,140
Child Care Initiative Project (CCIP) / Resource & Referral Contracts (CRRP)	93.575	13942	599,112
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	55,140
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	182,326
CARES Act General Child Care and Development (Contract Prefix CCTR)	93.575	15549	22,455
Subtotal Child Care and Development Block Grant			<u>2,683,551</u>
Community-Based Child Abuse Prevention Grants	93.590	*	50,183
<i>Directly from the Department of Health and Human Services:</i>			
Temporary Assistance for Needs Family	93.558	*	238,145
Head Start [1]	93.600	10016	24,746,583
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>27,718,462</u>
<b>U. S. DEPARTMENT OF JUSTICE:</b>			
STOP School Violence			
STOP School Violence	16.839	*	300,299
<b>Total U. S. Department of Justice</b>			<u>300,299</u>
<b>U. S. DEPARTMENT OF LABOR:</b>			
<i>Passed through California Department of Education:</i>			
YouthBuild			
YouthBuild	17.274	*	370,329
<b>Total U. S. Department of Labor</b>			<u>370,329</u>
<b>U. S. DEPARTMENT OF THE TREASURY:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	3,961,283
<b>Total U. S. Department of the Treasury</b>			<u>3,961,283</u>
<b>Total Federal Expenditures</b>			<u>\$ 54,372,656</u>

[1] - Major Program

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2021**

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<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

**Charter School - one.Charter**

<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied

**Venture Academy**

<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2022 (Budget)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
County School Service Fund - Budgetary Basis				
· Revenues And Other Financing Sources	\$ 165,046,838	\$ 154,408,714	\$ 147,265,806	\$ 154,966,270
· Expenditures And Other Financing Uses	160,067,069	139,756,309	141,573,123	137,902,955
Net change in Fund Balance	<u>\$ 4,979,769</u>	<u>\$ 14,652,405</u>	<u>\$ 5,692,683</u>	<u>\$ 17,063,315</u>
Ending Fund Balance	<u>\$ 150,558,789</u>	<u>\$ 145,579,020</u>	<u>\$ 130,926,615</u>	<u>\$ 125,233,932</u>
Available Reserves*	<u>\$ 15,946,453</u>	<u>\$ 17,645,028</u>	<u>\$ 16,045,582</u>	<u>\$ 15,232,073</u>
Available Reserves As A Percentage Of Outgo	<u>9.96%</u>	<u>12.63%</u>	<u>11.33%</u>	<u>11.05%</u>
Long-term Liabilities	<u>\$ 166,822,439</u>	<u>\$ 168,358,983</u>	<u>\$ 150,665,897</u>	<u>\$ 134,687,940</u>
Average Daily Attendance At P-2**	<u>753</u>	<u>1,041</u>	<u>1,041</u>	<u>1,151</u>

The County School Service Fund balance has increased by \$20,345,088 over the past two years. The fiscal year 2021-22 budget projects an increase of \$4,979,769. 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 and anticipates incurring an operating surplus during the 2021-22 fiscal year. Total long-term obligations have increased by \$33,671,043 over the past two years.

Average daily attendance has decreased by 110 ADA over the past two years. A decrease of 288 ADA is anticipated during the 2021-22 fiscal year.

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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, 2021**

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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
1775	River Island Technology Academy II*	Active	No

\* Charter moved to Banta Unified as of July 2020

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 COMBINING BALANCE SHEET  
 JUNE 30, 2021**

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	<b>Adult Education Fund</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 9,390	\$ 9,390
Accounts receivable	280,873	280,873
Due from other funds	162,579	162,579
<b>Total Assets</b>	<b>\$ 452,842</b>	<b>\$ 452,842</b>
<b>LIABILITIES</b>		
Accrued liabilities	\$ 7,178	\$ 7,178
Due to other funds	385,024	385,024
<b>Total Liabilities</b>	<b>392,202</b>	<b>392,202</b>
<b>FUND BALANCES</b>		
Restricted	60,640	60,640
<b>Total Fund Balances</b>	<b>60,640</b>	<b>60,640</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 452,842</b>	<b>\$ 452,842</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Adult Education Fund</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>		
Other state sources	293,661	\$ 293,661
Other local sources	1,672	1,672
<b>Total Revenues</b>	<b>295,333</b>	<b>295,333</b>
<b>EXPENDITURES</b>		
Current		
Instruction	338,076	338,076
Instruction-related services		
Instructional supervision and administration	42,026	42,026
Instructional library, media, and technology	15,899	15,899
School site administration	12,001	12,001
Pupil services		
All other pupil services	8,855	8,855
General administration		
All other general administration	35,458	35,458
Debt service		
Principal	1,234	1,234
Interest and other	154	154
<b>Total Expenditures</b>	<b>453,703</b>	<b>453,703</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(158,370)</b>	<b>(158,370)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	159,627	159,627
<b>Net Financing Sources (Uses)</b>	<b>159,627</b>	<b>159,627</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,257</b>	<b>1,257</b>
<b>Fund Balance - Beginning</b>	<b>59,383</b>	<b>59,383</b>
<b>Fund Balance - Ending</b>	<b>\$ 60,640</b>	<b>\$ 60,640</b>

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2021**

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

**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, 2021**

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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, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

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

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 55,267,000
IRS Treasury Tax Relief	*	(26,749)
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	95.575	(394,282)
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	<u>(473,313)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$54,372,656</u>

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

**Schedule of Instructional Time**

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

**Schedule of Financial Trends and Analysis**

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

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

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

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
NOTES TO SUPPLEMENTARY INFORMATION, continued  
JUNE 30, 2021**

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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 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, 2021, 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 January 27, 2022.

**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  
January 27, 2022

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

Governing Board  
San Joaquin County Office of Education  
Stockton, California

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

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, 2021. 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, 2021.

## 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  
January 27, 2022

**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 *2020-2021 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, 2021, 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 *2020-2021 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, 2021.

**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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Independent Study-Course Based; for charter schools	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Charter School Facility Grant Program	Yes

San Diego, California  
January 27, 2022

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

Governing Board  
San Joaquin County Office of Education  
Stockton, California

**Report on 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, 2021, and have issued our report thereon dated January 27, 2022.

**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 2020-21.

**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  
January 27, 2022

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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, 2021**

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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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.027A, 84.173, 84.173A</u>	<u>Special Education Cluster</u>
<u>84.425U, 84.425C, 84.425D</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>93.600</u>	<u>Head Start</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>\$ 1,631,180</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, 2021**

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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, 2021.**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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, 2021.**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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, 2021.**

**SAN JOAQUIN COUNTY OFFICE OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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