

# **SANTA CLARA COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2023**

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
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JUNE 30, 2023**

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## **FINANCIAL SECTION**

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Schools throughout California

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Independent Auditors' Report

Santa Clara County Board of Education  
San Jose, California

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

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Santa Clara County Office of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santa Clara County Office of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Santa Clara County Office of Education, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

##### ***Responsibilities of Management for the Financial Statements***

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

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

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of the Santa Clara County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Santa Clara 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 Santa Clara County Office of Education's internal control over financial reporting and compliance.



San Diego, California  
December 5, 2023

# SANTA CLARA COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

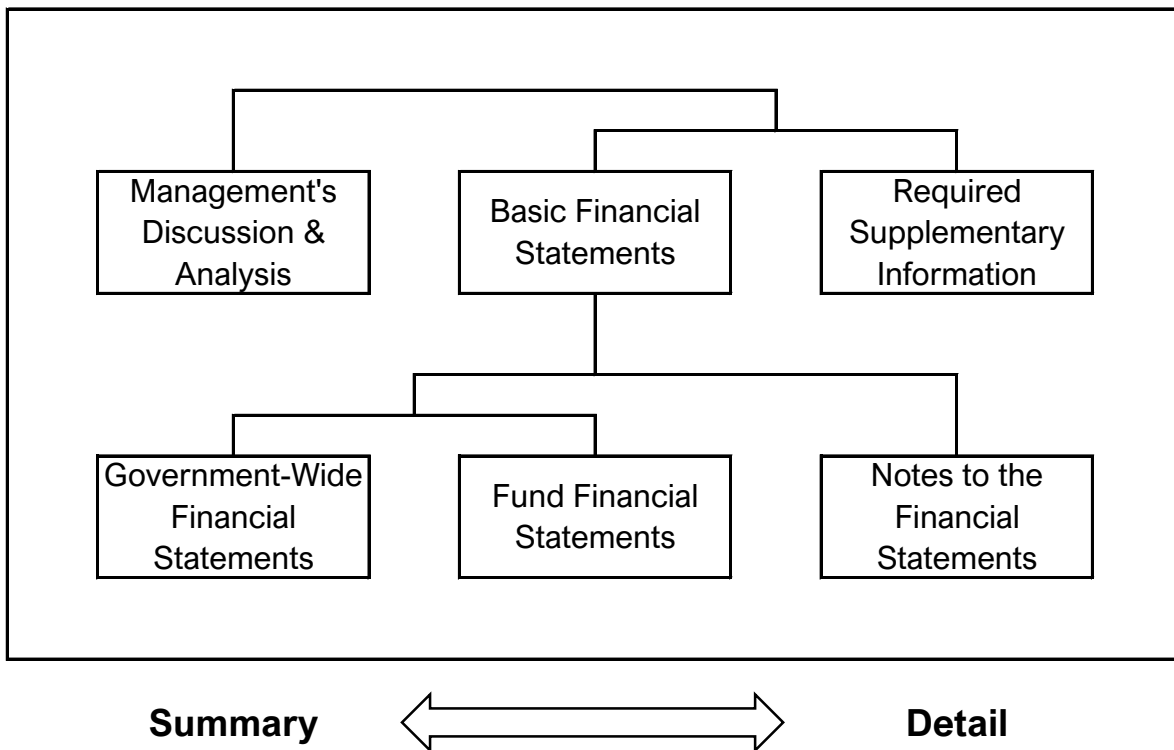
Our discussion and analysis of Santa Clara County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- ▶ The County Office of Education's net position was \$28,135,314 at June 30, 2023. This was an increase of \$29,056,511 from the prior year.
- ▶ Overall revenues were \$384,007,170 which exceeded expenses of \$354,950,659.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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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's 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 of Education's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Net Position**

The County Office of Education's net position was \$28,135,314 at June 30, 2023, as reflected in the table below. Of this amount, \$(99,330,440) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 261,983,948	\$ 231,648,494	\$ 30,335,454
Capital assets	76,658,711	72,028,365	4,630,346
<b>Total Assets</b>	<b>338,642,659</b>	<b>303,676,859</b>	<b>34,965,800</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>71,498,227</b>	<b>40,441,988</b>	<b>31,056,239</b>
<b>LIABILITIES</b>			
Current liabilities	136,084,700	87,513,779	48,570,921
Long-term liabilities	219,226,156	161,298,397	57,927,759
<b>Total Liabilities</b>	<b>355,310,856</b>	<b>248,812,176</b>	<b>106,498,680</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>26,694,716</b>	<b>96,227,868</b>	<b>(69,533,152)</b>
<b>NET POSITION</b>			
Net investment in capital assets	74,583,168	68,562,896	6,020,272
Restricted	52,882,586	44,094,064	8,788,522
Unrestricted	(99,330,440)	(113,578,157)	14,247,717
<b>Total Net Position</b>	<b>\$ 28,135,314</b>	<b>\$ (921,197)</b>	<b>\$ 29,056,511</b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 24,859,788	\$ 13,554,080	\$ 11,305,708
Operating grants and contributions	153,017,717	167,199,328	(14,181,611)
General revenues			
Property taxes	178,874,086	162,978,903	15,895,183
Unrestricted federal and state aid	11,108,235	10,122,415	985,820
Other	16,147,344	5,019,182	11,128,162
<b>Total Revenues</b>	<b>384,007,170</b>	<b>358,873,908</b>	<b>25,133,262</b>
<b>EXPENSES</b>			
Instruction	98,748,956	92,014,191	6,734,765
Instruction-related services	39,766,564	36,009,388	3,757,176
Pupil services	44,909,427	38,349,844	6,559,583
General administration	55,615,920	46,524,895	9,091,025
Plant services	9,554,815	9,879,919	(325,104)
Ancillary and community services	14,872,015	3,353,202	11,518,813
Debt service	87,727	55,840	31,887
Other outgo	90,514,340	119,798,151	(29,283,811)
Enterprise activities	880,895	-	880,895
<b>Total Expenses</b>	<b>354,950,659</b>	<b>345,985,430</b>	<b>8,965,229</b>
<b>Change in net position</b>	<b>29,056,511</b>	<b>12,888,478</b>	<b>16,168,033</b>
<b>Net Position - Beginning</b>	<b>(921,197)</b>	<b>(13,809,675)</b>	<b>12,888,478</b>
<b>Net Position - Ending</b>	<b>\$ 28,135,314</b>	<b>\$ (921,197)</b>	<b>\$ 29,056,511</b>

The cost of all our governmental activities this year was \$354,950,659 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$178,874,086, the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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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>2023</b>	<b>2022</b>
Instruction	\$ 55,586,896	\$ 47,063,753
Instruction-related services	12,634,515	10,935,069
Pupil services	10,766,163	14,441,687
General administration	40,727,081	30,163,819
Plant services	2,148,419	6,717,826
Ancillary and community services	369,846	88,867
Debt service	87,727	55,840
Transfers to other agencies	54,165,413	55,765,161
Enterprise activities	587,094	-
<b>Total</b>	<b>\$ 177,073,154</b>	<b>\$ 165,232,022</b>

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

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$102,054,013, which is more than last year’s ending fund balance of \$97,057,596. The County Office of Education’s County School Service Fund had \$5,408,942 more in operating revenues than expenditures for the year ended June 30, 2023.

**CURRENT YEAR BUDGET 2022-2023**

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2022-2023 the County Office of Education had invested \$76,658,711 in capital assets, net of accumulated depreciation and amortization.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 5,533,399	\$ 5,533,399	\$ -
Construction in progress	12,353,875	6,015,015	6,338,860
Buildings & improvements	95,184,755	94,311,065	873,690
Furniture & equipment	21,388,198	19,887,482	1,500,716
Less: Accumulated depreciation	(59,152,603)	(55,105,538)	(4,047,065)
Lease assets - buildings & improvements	1,817,201	1,817,201	-
Less: Accumulated amortization (lease assets)	(466,114)	(430,259)	(35,855)
<b>Total</b>	<b>\$ 76,658,711</b>	<b>\$ 72,028,365</b>	<b>\$ 4,630,346</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$230,459,156 in long-term liabilities, an increase of 50.66% 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>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total certificates of participation	\$ 1,055,342	\$ 2,060,684	\$ (1,005,342)
Leases payable	1,020,201	1,443,675	(423,474)
Compensated absences	11,665,910	9,981,292	1,684,618
Net pension liability	212,274,557	134,881,746	77,392,811
Claims liability	11,233,000	12,931,000	(1,698,000)
Less: current portion of long-term liabilities	(6,789,854)	(8,332,816)	1,542,962
<b>Total</b>	<b>\$ 230,459,156</b>	<b>\$ 152,965,581</b>	<b>\$ 77,493,575</b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

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

**CONTACTING THE COUNTY OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and 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 the Business Office, 1290 Ridder Pak Drive San Jose, CA 95131 (408) 453-6522.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 199,213,507
Accounts receivable	54,267,459
Net OPEB asset	8,089,745
Prepaid expenses	413,237
Capital assets, not depreciated	17,887,274
Capital assets, net of accumulated depreciation	57,420,350
Lease assets, net of accumulated amortization	1,351,087
<b>Total Assets</b>	<b>338,642,659</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	68,941,088
Deferred outflows related to OPEB	2,537,695
Deferred amount on refunding	19,444
<b>Total Deferred Outflows of Resources</b>	<b>71,498,227</b>
<b>LIABILITIES</b>	
Accrued liabilities	100,689,411
Unearned revenue	28,605,435
Long-term liabilities, current portion	6,789,854
Long-term liabilities, non-current portion	219,226,156
<b>Total Liabilities</b>	<b>355,310,856</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	16,320,733
Deferred inflows related to OPEB	10,373,983
<b>Total Deferred Inflows of Resources</b>	<b>26,694,716</b>
<b>NET POSITION</b>	
Net investment in capital assets	74,583,168
Restricted:	
Educational programs	52,882,586
Unrestricted	(99,330,440)
<b>Total Net Position</b>	<b>\$ 28,135,314</b>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 98,748,956	\$ 4,368,032	\$ 38,794,028	\$ (55,586,896)
Instruction-related services				
Instructional supervision and administration	30,097,930	6,390,846	16,062,857	(7,644,227)
Instructional library, media, and technology	369,350	15,413	-	(353,937)
School site administration	9,299,284	306,079	4,356,854	(4,636,351)
Pupil services				
Home-to-school transportation	1,630,914	-	-	(1,630,914)
Food services	1,388,576	7,182	1,576,861	195,467
All other pupil services	41,889,937	4,420,836	28,138,385	(9,330,716)
General administration				
Centralized data processing	12,997,451	29,328	634,086	(12,334,037)
All other general administration	42,618,469	3,678,147	10,547,278	(28,393,044)
Plant services	9,554,815	2,104,521	5,301,875	(2,148,419)
Ancillary services	14,197,641	2,397,321	11,421,118	(379,202)
Community services	674,374	26,756	656,974	9,356
Enterprise activities	880,895	3,990	289,811	(587,094)
Interest on long-term debt	87,727	-	-	(87,727)
Other outgo	90,514,340	1,111,337	35,237,590	(54,165,413)
<b>Total Governmental Activities</b>	<b>\$ 354,950,659</b>	<b>\$ 24,859,788</b>	<b>\$ 153,017,717</b>	<b>(177,073,154)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				173,707,673
Property taxes, levied for other specific purposes				5,166,413
Federal and state aid not restricted for specific purposes				11,108,235
Interest and investment earnings				2,968,348
Interagency revenues				6,312,996
Miscellaneous				6,866,000
<b>Subtotal, General Revenue</b>				<b>206,129,665</b>
<b>CHANGE IN NET POSITION</b>				<b>29,056,511</b>
<b>Net Position - Beginning</b>				<b>(921,197)</b>
<b>Net Position - Ending</b>				<b>\$ 28,135,314</b>

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



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

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	<b>County School Service Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 161,081,987	\$ 6,194,688	\$ 167,276,675
Accounts receivable	50,182,086	3,816,208	53,998,294
Due from other funds	1,351,674	2,124,999	3,476,673
Prepaid expenditures	58,255	-	58,255
<b>Total Assets</b>	<b>\$ 212,674,002</b>	<b>\$ 12,135,895</b>	<b>\$ 224,809,897</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 80,510,692	\$ 8,459,567	\$ 88,970,259
Due to other funds	3,841,805	1,338,385	5,180,190
Unearned revenue	28,473,898	131,537	28,605,435
<b>Total Liabilities</b>	<b>112,826,395</b>	<b>9,929,489</b>	<b>122,755,884</b>
<b>FUND BALANCES</b>			
Nonspendable	83,255	-	83,255
Restricted	50,572,379	2,310,207	52,882,586
Assigned	21,008,128	-	21,008,128
Unassigned	28,183,845	(103,801)	28,080,044
<b>Total Fund Balances</b>	<b>99,847,607</b>	<b>2,206,406</b>	<b>102,054,013</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 212,674,002</b>	<b>\$ 12,135,895</b>	<b>\$ 224,809,897</b>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2023**

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**Total Fund Balance - Governmental Funds** \$ 102,054,013

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

Capital assets:

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

Capital assets	\$ 134,460,227	
Lease assets	1,817,201	
Accumulated depreciation	(59,152,603)	
Accumulated amortization (lease assets)	<u>(466,114)</u>	76,658,711

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial 19,444

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: (19,479)

OPEB Asset

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including an asset for other post employment benefits: 8,089,745

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:

Total certificates of participation	\$ 1,055,342	
Leases payable	1,020,201	
Compensated absences	11,665,910	
Net pension liability	<u>212,274,557</u>	(226,016,010)

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	\$ 68,941,088	
Deferred inflows of resources related to pensions	<u>(16,320,733)</u>	52,620,355

*continued on the following page*

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
 POSITION, continued  
 JUNE 30, 2023**

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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	\$ 2,537,695	
Deferred inflows of resources related to OPEB	<u>(10,373,983)</u>	(7,836,288)

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:

22,564,823

<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>28,135,314</u></b>
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**SANTA CLARA COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
LCFF sources	\$ 184,219,864	\$ 4,884,744	\$ 189,104,608
Federal sources	61,102,315	24,497,464	85,599,779
Other state sources	32,805,940	20,507,126	53,313,066
Other local sources	62,289,372	762,966	63,052,338
<b>Total Revenues</b>	<b>340,417,491</b>	<b>50,652,300</b>	<b>391,069,791</b>
<b>EXPENDITURES</b>			
Current			
Instruction	104,795,355	3,708,516	108,503,871
Instruction-related services			
Instructional supervision and administration	31,179,620	3,044,547	34,224,167
Instructional library, media, and technology	458,776	-	458,776
School site administration	11,819,220	910,288	12,729,508
Pupil services			
Home-to-school transportation	1,628,268	-	1,628,268
Food services	597,188	779,042	1,376,230
All other pupil services	43,146,997	2,579,086	45,726,083
General administration			
Centralized data processing	13,597,657	-	13,597,657
All other general administration	43,038,033	6,234,508	49,272,541
Plant services	9,020,391	551,582	9,571,973
Facilities acquisition and construction	7,303,303	-	7,303,303
Ancillary services	14,419,508	-	14,419,508
Community services	700,586	-	700,586
Enterprise activities	6,050	-	6,050
Transfers to other agencies	52,874,123	32,281,256	85,155,379
Debt service			
Principal	423,474	885,000	1,308,474
Interest and other	-	91,000	91,000
<b>Total Expenditures</b>	<b>335,008,549</b>	<b>51,064,825</b>	<b>386,073,374</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,408,942</b>	<b>(412,525)</b>	<b>4,996,417</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	4	976,000	976,004
Transfers out	(976,000)	(4)	(976,004)
<b>Net Financing Sources (Uses)</b>	<b>(975,996)</b>	<b>975,996</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,432,946</b>	<b>563,471</b>	<b>4,996,417</b>
<b>Fund Balance - Beginning</b>	<b>95,414,661</b>	<b>1,642,935</b>	<b>97,057,596</b>
<b>Fund Balance - Ending</b>	<b>\$ 99,847,607</b>	<b>\$ 2,206,406</b>	<b>\$ 102,054,013</b>

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

**SANTA CLARA 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, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ 4,996,417

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

Capital outlay:

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

Expenditures for capital outlay:	\$	8,822,018	
Depreciation expense:		(4,470,624)	
Amortization expense:		<u>(35,855)</u>	4,315,539

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:

1,308,474

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(19,446)

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:

314,807

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:

3,271

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:

(1,684,618)

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:

1,045,661

*continued on the following page*

**SANTA CLARA 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, 2023**

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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: 16,263,088

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 120,342

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: 2,392,976

**Change in Net Position of Governmental Activities** \$ 29,056,511

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 31,936,832
Accounts receivable	269,165
Due from other funds	1,716,806
Prepaid expenses	354,982
Total current assets	<u>34,277,785</u>
<b>Total Assets</b>	<u>34,277,785</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	466,673
Due to other funds	13,289
Current portion of claims liabilities	2,027,000
Total current liabilities	<u>2,506,962</u>
Non-current liabilities	
Claims liabilities	9,206,000
Total non-current liabilities	<u>9,206,000</u>
<b>Total Liabilities</b>	<u>11,712,962</u>
<b>NET POSITION</b>	
Restricted	22,564,823
<b>Total Net Position</b>	<u>\$ 22,564,823</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 6,637,997
Other local revenues	158,579
<b>Total operating revenues</b>	<u>6,796,576</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	252,506
Supplies and materials	314
Professional services	4,788,382
<b>Total operating expenses</b>	<u>5,041,202</u>
<b>Operating income/(loss)</b>	<u>1,755,374</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	637,602
<b>Total non-operating revenues/(expenses)</b>	<u>637,602</u>
<b>CHANGE IN NET POSITION</b>	2,392,976
<b>Net Position - Beginning</b>	<u>20,171,847</u>
<b>Net Position - Ending</b>	<u>\$ 22,564,823</u>

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



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<b>Fund</b>
<b>Cash flows from operating activities</b>	
Cash received (paid) from assessments made to (from) other funds	\$ 5,551,453
Cash payments for payroll, insurance, and operating costs	(6,505,123)
Net cash provided by (used for) operating activities	<u>(953,670)</u>
<b>Cash flows from investing activities</b>	
Interest received	637,602
Net cash provided by (used for) investing activities	<u>637,602</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(316,068)</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	32,252,900
End of year	<u>\$ 31,936,832</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ 1,755,374
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(180,309)
(Increase) decrease in due from other funds	(1,064,814)
Increase (decrease) in accrued liabilities	220,790
Increase (decrease) in due to other funds	13,289
Increase (decrease) in current claims	(1,583,000)
Increase (decrease) in long-term claims	(115,000)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (953,670)</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

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	<u>Custodial Fund</u> <u>Warrant/Pass-</u> <u>through Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 225,558,321
<b>Total Assets</b>	<u>225,558,321</u>
<b>LIABILITIES</b>	
Warrants payable	86,148,704
Salaries and benefits payable	<u>139,409,617</u>
<b>Total Liabilities</b>	<u>225,558,321</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
<b>ADDITIONS</b>	
Deposits from districts	\$ 4,523,399,460
<b>Total Additions</b>	<u>4,523,399,460</u>
<b>DEDUCTIONS</b>	
Payments on behalf of districts	4,523,399,460
<b>Total Deductions</b>	<u>4,523,399,460</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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Santa Clara County Office of Education (the “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, food service, 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 and Santa Clara County Board of Education Finance Corporation (the “Corporation”) have a financial and operational relationship that meets the reporting entity definition criteria of the generally accepted accounting principles, for inclusion of the Corporation as a blended component unit of the County Office. Accordingly, the financial activity of the Corporation has been included in the basic financial statements of the County Office in the Debt Service Fund. The Corporation was created for the sole purpose of financially assisting the County Office.

The following are those aspects of the relationship between the County Office and the Corporation:

**Manifestations of Oversight**

1. The Corporation's Board of Directors were appointed by the County Office's Board of Education.
2. The Corporation has no employees. The County Office's Superintendent functions as an agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.
3. The County Office exercises significant influence over operations of the Corporation as it is anticipated that the County Office will be the sole lessee of all facilities owned by the Corporation.

**Accountability for Fiscal Matters**

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the County Office.
2. Any deficits incurred by the Corporation will be reflected in the lease payment of the County Office. Any surpluses of the Corporation revert to the County Office at the end of the lease period.
3. It is anticipated that the County Office's lease payments will be the sole revenue source of the Corporation.
4. The County Office has assumed a “Moral Obligation”, and potentially a legal obligation, for any debt incurred by the Corporation.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**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.

**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, operation of food service and 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:** 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.

SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023

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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:

**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*).

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

**County School Facilities Fund:** This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Debt Service Fund:** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

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*).

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

**C. Basis of Presentation (continued)**

**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 exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

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

**Government-Wide, Proprietary, and Fiduciary Fund Financial Statements**

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

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

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

**Governmental Funds**

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

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school County Office of Educations and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school County Office of Educations as collectible within one year.

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

**D. Basis of Accounting – Measurement Focus (continued)**

**Revenues – Exchange and Non-Exchange Transactions (continued)**

Non-exchange transactions, in which the 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.

**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.



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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**

**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.

**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. 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.

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

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives: Capital assets are depreciated using the straight-line method over 4-30 years depending on asset types.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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)**

**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.

**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.

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

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

**Postemployment Benefits Other Than Pensions (OPEB) (continued)**

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.

**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.

**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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

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

**Fund Balance**

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, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

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

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

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

*Unassigned* - In the 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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**F. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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.

**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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**J. New Accounting Pronouncements**

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

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

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The 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. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The County Office of Education has not yet determined the impact on the financial statements.

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Funds</b>	<b>Internal Service Fund</b>	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Investment in county treasury	\$ 172,486,736	\$ 32,936,740	\$ 205,423,476	\$ 225,558,321
Fair value adjustment	(5,235,061)	(999,908)	(6,234,969)	-
Cash in revolving fund	25,000	-	25,000	-
<b>Total</b>	<b>\$ 167,276,675</b>	<b>\$ 31,936,832</b>	<b>\$ 199,213,507</b>	<b>\$ 225,558,321</b>

**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 Santa Clara 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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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 for governmental activities with the County Treasury with a fair value of approximately \$199,188,507 and an amortized book value of \$205,423,476. The average weighted maturity for this pool is 648 days.

**E. Credit Risk**

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



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the County Office of Education's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

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

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

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

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

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

The County Office of Education's fair value measurements at June 30, 2023 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	\$ 199,188,507
<b>Total</b>	<b><u>\$ 199,188,507</u></b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	County School Service Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government				
Categorical aid	\$ 13,940,078	\$ 571,915	\$ -	\$ 14,511,993
State Government				
Apportionment	13,655,479	-	-	13,655,479
Categorical aid	16,852,214	3,125,668	-	19,977,882
Lottery	42,443	-	-	42,443
Local Government				
Other local sources	5,691,872	118,625	269,165	6,079,662
<b>Total</b>	<b>\$ 50,182,086</b>	<b>\$ 3,816,208</b>	<b>\$ 269,165</b>	<b>\$ 54,267,459</b>

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 5,533,399	\$ -	\$ -	\$ 5,533,399
Construction in progress	6,015,015	6,564,386	225,526	12,353,875
Total capital assets not being depreciated	11,548,414	6,564,386	225,526	17,887,274
Capital assets being depreciated				
Buildings & improvements	94,311,065	873,690	-	95,184,755
Furniture & equipment	19,887,482	1,609,468	108,752	21,388,198
Total capital assets being depreciated	114,198,547	2,483,158	108,752	116,572,953
Less: Accumulated depreciation				
Buildings & improvements	40,769,978	3,406,847	-	44,176,825
Furniture & equipment	14,335,560	1,063,777	423,559	14,975,778
Total accumulated depreciation	55,105,538	4,470,624	423,559	59,152,603
Total capital assets being depreciated, net	59,093,009	(1,987,466)	(314,807)	57,420,350
Lease assets being amortized				
Buildings & improvements	1,817,201	-	-	1,817,201
Total lease assets being amortized	1,817,201	-	-	1,817,201
Less: Accumulated amortization for lease assets				
Buildings & improvements	430,259	35,855	-	466,114
Total accumulated amortization for lease assets	430,259	35,855	-	466,114
Total lease assets being amortized, net	1,386,942	(35,855)	-	1,351,087
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 72,028,365</b>	<b>\$ 4,541,065</b>	<b>\$ (89,281)</b>	<b>\$ 76,658,711</b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 4 – CAPITAL ASSETS (continued)**

Depreciation and amortization expense was charged to governmental activities as follows:

Instruction	\$ 1,646,422
Instructional supervision and administration	455,187
Instructional library, media, and technology	10,516
School site administration	188,900
Home-to-school transportation	23,477
Food services	14,881
All other pupil services	660,648
Centralized data processing	230,755
All other general administration	1,056,565
Plant services	161,071
Ancillary services	49,330
Community services	8,727
<b>Total</b>	<u>\$ 4,506,479</u>

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2023 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>County School Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
County School Service Fund	\$ -	\$ 2,124,999	\$ 1,716,806	\$ 3,841,805
Non-Major Governmental Funds	1,338,385	-	-	1,338,385
Internal Service Fund	13,289	-	-	13,289
<b>Total</b>	<u>\$ 1,351,674</u>	<u>\$ 2,124,999</u>	<u>\$ 1,716,806</u>	<u>\$ 5,193,479</u>

County School Service Fund due to the Special Education Pass-Through Fund for excess tax and excess apportionment for low incidence adjustment:	\$ 2,103,946
County School Service Fund due to the Child Development Fund for final indirect cost adjustments.	21,053
County School Service Fund due to the Internal Service Fund for health and welfare benefits and additional workers compensation adjustments.	1,716,806
Special Education Pass-Through Fund due to the County School Service Fund for excess tax and excess ERAF adjustments.	807,353
Child Development Fund due to the County School Service Fund for workers compensation and indirect cost adjustments.	530,931
County School Facilities Fund due to the County School Service Fund for year-end close fund balance adjustment.	3
Debt Service Fund due to the County School Facilities Fund for third quarter interests.	98
Internal Service Fund due to the County School Facilities Fund for additional workers compensation adjustments.	13,289
<b>Total</b>	<u>\$ 5,193,479</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 5 – INTERFUND TRANSACTIONS (continued)**

**B. Operating Transfers**

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

Interfund Transfers Out	Interfund Transfers In		
	County School Service Fund	Non-Major Governmental Funds	Total
County School Service Fund	\$ -	\$ 976,000	\$ 976,000
Non-Major Governmental Funds	4	-	4
<b>Total</b>	<b>\$ 4</b>	<b>\$ 976,000</b>	<b>\$ 976,004</b>

County School Service Fund transfer to the Debt Service Fund for payment of the Certificate of Participation principal payme	\$	976,000	\$	976,000
County School Facilities Fund due to the County School Service Fund for year-end interest transfer.				3
Debt Service Fund due to the County School Service Fund for year-end interest transfer.				1
<b>Total</b>			<b>\$</b>	<b>976,004</b>

**NOTE 6 – ACCRUED LIABILITIES**

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

	County School Service Fund	Non-Major Governmental Funds	Internal Service Fund	County-Wide	Governmental Activities
Payroll	\$ 696,896	\$ 29,266	\$ -	\$ -	\$ 726,162
Vendors payable	31,416,481	849,073	-	-	32,265,554
Unmatured interest	-	-	-	19,479	19,479
Due to grantor government	48,397,315	-	-	-	48,397,315
Due to other agencies	-	7,581,228	466,673	-	8,047,901
<b>Total</b>	<b>\$ 80,510,692</b>	<b>\$ 8,459,567</b>	<b>\$ 466,673</b>	<b>\$ 19,479</b>	<b>\$ 89,456,411</b>

**NOTE 7 – UNEARNED REVENUE**

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

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 19,024,958	\$ 131,537	\$ 19,156,495
State categorical sources	4,260,553	-	4,260,553
Local sources	5,188,387	-	5,188,387
<b>Total</b>	<b>\$ 28,473,898</b>	<b>\$ 131,537</b>	<b>\$ 28,605,435</b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 8 – LONG-TERM LIABILITIES**

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
<b>Governmental Activities</b>					
Certificates of participation	\$ 1,820,000	\$ -	\$ 885,000	\$ 935,000	\$ 935,000
Unamortized premium	240,684	-	120,342	120,342	120,342
Total certificates of participation	2,060,684	-	1,005,342	1,055,342	1,055,342
Leases payable	1,443,675	-	423,474	1,020,201	413,512
Compensated absences	9,981,292	1,684,618	-	11,665,910	3,294,000
Claims liability	12,931,000	1,912,000	3,610,000	11,233,000	2,027,000
Net pension liability	134,881,746	77,392,811	-	212,274,557	-
<b>Total</b>	<b>\$ 161,298,397</b>	<b>\$ 80,989,429</b>	<b>\$ 5,038,816</b>	<b>\$ 237,249,010</b>	<b>\$ 6,789,854</b>

- Payments on certificates of participation are made in the Debt Service Fund.
- Payments for leases payable are made in the County School Service Fund
- Payments for compensated absences are typically liquidated in the County School Service Fund and the Non-Major Governmental Funds.
- Payments for claims liability are made from the Self-Insurance Fund.

**A. Certificates of Participation**

In January 2016, the County Office issued 2016 Refunding COP in the amount of \$7,240,000 to refund the remaining 2002 Refunding COP. The 2016 Refunding COPs mature during succeeding years through April 2024. The bonds accrue interest at a rate from 2.00% to 5.00%.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2023 were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 935,000	\$ 46,750	\$ 981,750
<b>Total</b>	<b>\$ 935,000</b>	<b>\$ 46,750</b>	<b>\$ 981,750</b>

**B. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$11,665,910. This amount is included as part of long-term liabilities in the government-wide financial statements.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**C. Leases Payable**

The County Office entered into eight lease agreements for classrooms and land space. As of June 30, 2023, the value of the lease liabilities were \$1,020,201. The County Office is required to make principal and interest payments through July 2027. The lease liability was valued using discount rates between 1.74% and 2.59%. The County Office determined the rate by utilizing a factor of 1.5% added to the State and Local Government Series (SLGS) rates over the same time periods. For future years, the County Office is required to make monthly principal and interest payments between \$3,880 and \$37,704. The total amount of the right to use leased assets, and the related accumulated amortization on the right to use leased assets were \$1,817,201 and \$466,114, as of June 30, 2023, respectively.

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

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 413,512	\$ 19,252	\$ 432,764
2025	385,009	10,163	395,172
2026	172,036	3,549	175,585
2027	45,773	745	46,518
2028	3,871	8	3,879
<b>Total</b>	<b>\$ 1,020,201</b>	<b>\$ 33,717</b>	<b>\$ 1,053,918</b>

**D. Net Pension Liability**

The County Office of Education’s beginning net pension liability was \$134,881,746 and increased by \$77,392,811 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$212,274,557. See Note 12 for additional information regarding the net pension liability.

**NOTE 9 – WORKERS' COMPENSATION UNPAID CLAIMS LIABILITIES**

The County Office accounts for the self-insured activities in the Self-Insurance Internal Service Fund. The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the County Office of Education:

	<b>Workers' Compensation</b>
Liability Balance, July 01, 2022	\$ 12,931,000
Claims & changes in estimates	1,912,000
Claims payments	(3,610,000)
Liability Balance, June 30, 2023	<u>\$ 11,233,000</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 10 – FUND BALANCES**

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

	<b>County School Service Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable			
Revolving cash	\$ 25,000	\$ -	\$ 25,000
Prepaid expenditures	58,255	-	58,255
Total non-spendable	<u>83,255</u>	<u>-</u>	<u>83,255</u>
Restricted			
Educational programs	50,572,379	2,310,207	52,882,586
Total restricted	<u>50,572,379</u>	<u>2,310,207</u>	<u>52,882,586</u>
Assigned			
Board designation	176,000	-	176,000
Deferred maintenance	846,148	-	846,148
Facilities	1,056,684	-	1,056,684
Technology and data services	10,517,313	-	10,517,313
Reserve for vacation and sick leave	3,359,066	-	3,359,066
Carryover unspent funds	5,052,917	-	5,052,917
Total assigned	<u>21,008,128</u>	<u>-</u>	<u>21,008,128</u>
Unassigned	28,183,845	(103,801)	28,080,044
<b>Total</b>	<u>\$ 99,847,607</u>	<u>\$ 2,206,406</u>	<u>\$ 102,054,013</u>

The County Office of Education is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The minimum recommended reserve for 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. The Santa Clara County Office of Education’s policy is to maintain the reserve at 4 percent.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**A. Plan Description**

The Santa Clara County Office of Education’s defined benefit OPEB plan, Santa Clara County Office of Education Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the County Office of Education. The 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 Plan provides health benefits to eligible retirees and their dependents until age 65. Benefits are provided through a third-party insurer. Eligibility requirements are as follows:

- SEIU employees who retire on or after age 55 with at least 10 years of service.
- ACE/CTA employees and psychologists who retire on or after age 55 with at least 10 years of service.
- Management employees hired on or before November 1, 2008, who retire on or after age 55 with at least one year of service.
- Management employees and Superintendent hired after November 1, 2008, who retire on or after age 55 with at least ten years of service.
- Superintendents appointed after November 1, 2008 retiring on or after age 55 with at least ten years of service.

The same medical coverage as provided to active employees is provided to eligible retired employees. The percentage of the monthly premium paid by the County Office varies. Retirees pay all amounts in excess of:

- For SEIU retirees, 50%.
- For ACE/CTA/psychologists, the percentage is 50% after 10 years of employment, 75% after 15 years, and 100% after 20 years.
- For management and Superintendent, 3.3% for each year of service (100% after 30 years).

**D. Contributions**

For the measurement period, the County Office of Education contributed \$853,076 to the Plan, \$804,544 of which was used for current premiums.



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**E. Plan Membership**

Membership of the Plan consisted of the following:

	<b>Number of participants</b>
Inactive employees receiving benefits	54
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>1,522</u>
<b>Total number of participants**</b>	<b><u>1,576</u></b>

\*Information not provided

\*\*As of the June 30, 2021 valuation date

**F. Net OPEB Asset**

The components of the net OPEB liability of the County Office of Education at June 30, 2023, were as follows:

Total OPEB liability	\$ 17,182,157
Plan fiduciary net position	<u>(25,271,902)</u>
<b>County Office of Education's net OPEB asset</b>	<b><u>\$ (8,089,745)</u></b>

**G. Investments**

**Investment Policy**

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.

**Concentrations**

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40.00%	4.90%
Fixed Income	43.00%	1.40%
Treasury Inflation Protection Securities	5.00%	0.57%
Real Estate Investment Trusts	8.00%	4.43%
Commodities	4.00%	1.88%

**Rate of Return**

For the year ended, June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**H. Actuarial Assumptions and Other Inputs**

The net total OPEB asset as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

**Economic assumptions:**

Inflation	2.25%
Salary increases	2.75%
Investment rate of return	5.50%
Healthcare cost trend rates	6.70%

**Non-economic assumptions:**

*Mortality:*

Certificated	2020 CalSTRS Mortality Table
Classified	Pub-2010 General above-median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the initial amortization period for the average County Office employee service life of 14.1 years.

The actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**I. Changes in Net OPEB Asset**

	<u>June 30, 2023</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,184,576
Interest on total OPEB liability	916,560
Difference between expected and actual experience	3,150
Benefits payments	<u>(804,544)</u>
Net change in total OPEB liability	1,299,742
Total OPEB liability - beginning	<u>15,882,415</u>
Total OPEB liability - ending (a)	<u>\$ 17,182,157</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ (48,532)
Net investment income	(3,746,891)
Benefit payments	(804,544)
Administrative expenses	<u>(7,568)</u>
Net change in plan fiduciary net position	(4,607,535)
Plan fiduciary net position - beginning	<u>29,879,437</u>
Plan fiduciary net position - ending (b)	<u>\$ 25,271,902</u>
 County Office of Education's net OPEB asset - ending (a) - (b)	<u>\$ (8,089,745)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 147.08%
 Covered-employee payroll	 \$ 125,182,256
 County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	 -6.46%

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

The following presents the net OPEB asset of the Santa Clara County Office of Education, as well as what the County Office of Education's net OPEB asset 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>(4.50%)</b>	<b>(5.50%)</b>	<b>(6.50%)</b>
Net OPEB asset	\$ (6,943,892)	\$ (8,089,745)	\$ (9,173,155)

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

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

The following presents the net OPEB asset of the Santa Clara County Office of Education, as well as what the County Office of Education’s net OPEB asset 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</b>	<b>Valuation Trend Rate</b>	<b>1% Increase</b>
	<b>(5.7%)</b>	<b>(6.7%)</b>	<b>(7.7%)</b>
Net OPEB asset	\$ (9,870,441)	\$ (8,089,745)	\$ (6,023,974)

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

For the year ended June 30, 2023, the Santa Clara County Office of Education recognized OPEB expense of \$1,094,193. At June 30, 2023, the Santa Clara County Office of Education reported deferred outflows of resources related to OPEB 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	\$ 2,050,892	\$ -
Differences between expected and actual experience	2,730	8,988,216
Changes in assumptions	484,073	1,385,767
<b>Total</b>	<b>\$ 2,537,695</b>	<b>\$ 10,373,983</b>

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

<b>Year Ended June 30,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2024	\$ (1,559,734)
2025	(1,551,611)
2026	(1,690,039)
2027	(340,771)
2028	(664,344)
Thereafter	(2,029,789)
<b>Total</b>	<b>\$ (7,836,288)</b>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 12 – 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:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 59,957,422	\$ 18,181,128	\$ 10,552,169	\$ (3,279,277)
PERS Pension	152,317,135	50,759,960	5,768,564	17,686,023
<b>Total</b>	<u>\$ 212,274,557</u>	<u>\$ 68,941,088</u>	<u>\$ 16,320,733</u>	<u>\$ 14,406,746</u>

**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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the 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 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$11,155,710 for the year ended June 30, 2023.

**On-Behalf Payments**

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,816,851 to CalSTRS.

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

At June 30, 2023, 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	\$ 59,957,422
State's proportionate share of the net pension liability associated with the County Office of Education	<u>30,026,853</u>
<b>Total</b>	<b><u>\$ 89,984,275</u></b>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The 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, 2022, the County Office of Education’s proportion was 0.086 percent, which was a decrease of 0.009 percent from its proportion measured as of June 30, 2021.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2023, the County Office of Education recognized pension expense of \$(3,279,277). In addition, the County Office of Education recognized pension expense and revenue of \$(2,245,770) for support provided by the State. At June 30, 2023, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,931,171
Differences between expected and actual experience	49,184	4,495,556
Changes in assumptions	2,973,452	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	4,002,782	3,125,442
County Office of Education contributions subsequent to the measurement date	11,155,710	-
<b>Total</b>	<u>\$ 18,181,128</u>	<u>\$ 10,552,169</u>

The \$11,155,710 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 3,858,062	\$ 4,111,512
2025	984,980	4,291,854
2026	984,980	5,034,766
2027	984,977	(4,020,335)
2028	106,209	928,146
2029	106,210	206,226
<b>Total</b>	<u>\$ 7,025,418</u>	<u>\$ 10,552,169</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

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

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

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

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

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

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

<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



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Discount Rate**

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

**Sensitivity of the 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	\$ 101,829,941	\$ 59,957,422	\$ 25,190,642

**Pension Plan Fiduciary Net Position**

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – 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 2023 was 25.37% of annual payroll. Contributions to the plan from the County Office of Education were \$19,514,124 for the year ended June 30, 2023.

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

At June 30, 2023, the County Office of Education reported a liability of \$152,317,135 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The 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, 2022, the County Office of Education's proportion was 0.443 percent, which was decrease of 0.008 percent from its proportion measured as of June 30, 2021.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2023, the County Office of Education recognized pension expense of \$17,686,023. At June 30, 2023, 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	\$ 17,984,511	\$ -
Differences between expected and actual experience	688,384	3,789,845
Changes in assumptions	11,267,556	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,305,385	1,978,719
County Office of Education contributions subsequent to the measurement date	19,514,124	-
<b>Total</b>	<u>\$ 50,759,960</u>	<u>\$ 5,768,564</u>

The \$19,514,124 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 8,206,339	\$ 2,195,482
2025	7,217,525	1,935,525
2026	4,855,651	1,637,557
2027	10,966,321	-
<b>Total</b>	<u>\$ 31,245,836</u>	<u>\$ 5,768,564</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

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

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

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

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

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

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

**Discount Rate**

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

**Sensitivity of the 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 220,029,814	\$ 152,317,135	\$ 96,355,094

**Pension Plan Fiduciary Net Position**

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 13 – 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, 2023.

**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, 2023.

**C. Construction Commitments**

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

**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The County Office of Education participates in one joint ventures under joint powers authorities (JPAs), the South Bay Area Schools Insurance Authority (SBASIA). 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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County Office of Education recognized deferred outflows or inflows of resources in the County-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the County Office of Education's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred amount on refunding was \$19,444.

**B. 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 County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2023, total deferred outflows related to pensions was \$68,941,088 and total deferred inflows related to pensions was \$16,320,733.

**C. 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 County Office of Education-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, 2023, total deferred outflows related to other postemployment benefits was \$2,537,695 and total deferred inflows related to other postemployment benefits was \$10,373,983.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SANTA CLARA COUNTY OFFICE OF EDUCATION  
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 174,180,831	\$ 184,278,915	\$ 184,219,864	\$ (59,051)
Federal sources	52,249,668	101,412,528	61,340,315	(40,072,213)
Other state sources	18,075,167	49,392,947	32,805,940	(16,587,007)
Other local sources	39,988,332	83,070,249	62,051,372	(21,018,877)
<b>Total Revenues</b>	<b>284,493,998</b>	<b>418,154,639</b>	<b>340,417,491</b>	<b>(77,737,148)</b>
<b>EXPENDITURES</b>				
Certificated salaries	57,792,785	67,351,400	62,658,061	4,693,339
Classified salaries	72,604,055	79,426,619	77,282,671	2,143,948
Employee benefits	69,847,620	74,948,003	70,165,611	4,782,392
Books and supplies	5,771,321	19,319,088	6,930,511	12,388,577
Services and other operating expenditures	43,374,904	138,160,567	57,050,202	81,110,365
Capital outlay	8,178,210	23,093,587	8,822,021	14,271,566
Other outgo				
Excluding transfers of indirect costs	48,765,906	53,198,433	52,874,123	324,310
Transfers of indirect costs	(709,136)	1,974,755	(774,651)	2,749,406
<b>Total Expenditures</b>	<b>305,625,665</b>	<b>457,472,452</b>	<b>335,008,549</b>	<b>122,463,903</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(21,131,667)</b>	<b>(39,317,813)</b>	<b>5,408,942</b>	<b>44,726,755</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	170,897	4	(170,893)
Transfers out	(976,000)	(976,000)	(976,000)	-
<b>Net Financing Sources (Uses)</b>	<b>(976,000)</b>	<b>(805,103)</b>	<b>(975,996)</b>	<b>(170,893)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(22,107,667)</b>	<b>(40,122,916)</b>	<b>4,432,946</b>	<b>44,555,862</b>
<b>Fund Balance - Beginning</b>	<b>95,414,661</b>	<b>95,414,661</b>	<b>95,414,661</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 73,306,994</b>	<b>\$ 55,291,745</b>	<b>\$ 99,847,607</b>	<b>\$ 44,555,862</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because revenues for programs are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN NET OPEB ASSET AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>						
Service cost	\$ 1,184,576	\$ 1,259,684	\$ 1,076,963	\$ 1,809,486	\$ 2,177,330	\$ 2,054,085
Interest on total OPEB liability	916,560	951,942	953,202	1,413,151	1,532,235	1,381,780
Difference between expected and actual experience	3,150	(704,833)	(78,067)	(8,863,931)	(6,537,456)	-
Changes of assumptions	-	(1,236,969)	799,088	(1,009,024)	-	-
Benefits payments	(804,544)	(871,513)	(882,698)	(954,200)	(978,447)	(878,106)
Net change in total OPEB liability	1,299,742	(601,689)	1,868,488	(7,604,518)	(3,806,338)	2,557,759
Total OPEB liability - beginning	15,882,415	16,484,104	14,615,616	22,220,134	26,026,472	23,468,713
Total OPEB liability - ending (a)	\$ 17,182,157	\$ 15,882,415	\$ 16,484,104	\$ 14,615,616	\$ 22,220,134	\$ 26,026,472
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ (48,532)	\$ -	\$ -	\$ 954,200	\$ 24,978,447	\$ 878,106
Net investment income	(3,746,891)	5,280,457	899,678	1,480,459	-	-
Benefit payments	(804,544)	(871,513)	(882,698)	(954,200)	(978,447)	(878,106)
Administrative expenses	(7,568)	(9,366)	(12,440)	(5,140)	-	-
Net change in plan fiduciary net position	(4,607,535)	4,399,578	4,540	1,475,319	24,000,000	-
Plan fiduciary net position - beginning	29,879,437	25,479,859	25,475,319	24,000,000	-	-
Plan fiduciary net position - ending (b)	\$ 25,271,902	\$ 29,879,437	\$ 25,479,859	\$ 25,475,319	\$ 24,000,000	\$ -
County Office of Education's net OPEB liability - ending (a) - (b)	\$ (8,089,745)	\$ (13,997,022)	\$ (8,995,755)	\$ (10,859,703)	\$ (1,779,866)	\$ 26,026,472
Plan fiduciary net position as a percentage of the total OPEB liability	147.08%	188.13%	154.57%	174.30%	108.01%	0.00%
Covered-employee payroll	\$ 125,182,256	\$ 117,422,178	\$ 118,350,838	\$ 109,475,614	\$ 111,870,369	\$ 108,746,865
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	-6.46%	-11.92%	-7.60%	-9.92%	-1.59%	23.93%

See accompanying notes to required supplementary information.

**SANTA CLARA 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, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.086%	0.095%	0.096%	0.089%	0.092%	0.095%	0.092%	0.093%	0.095%
County Office of Education's proportionate share of the net pension liability	\$ 59,957,422	\$ 43,242,282	\$ 93,077,076	\$ 80,748,956	\$ 84,347,023	\$ 88,256,423	\$ 74,537,000	\$ 62,863,000	\$ 55,278,000
State's proportionate share of the net pension liability associated with the County Office of Education	30,026,853	21,757,839	47,981,244	44,053,946	48,292,615	52,211,755	42,436,000	33,247,000	33,379,000
<b>Total</b>	<b>\$ 89,984,275</b>	<b>\$ 65,000,121</b>	<b>\$ 141,058,320</b>	<b>\$ 124,802,902</b>	<b>\$ 132,639,638</b>	<b>\$ 140,468,178</b>	<b>\$ 116,973,000</b>	<b>\$ 96,110,000</b>	<b>\$ 88,657,000</b>
County Office of Education's covered payroll	\$ 52,048,658	\$ 52,613,226	\$ 52,885,532	\$ 49,050,504	\$ 49,659,272	\$ 54,365,191	\$ 45,928,034	\$ 43,338,874	\$ 42,132,000
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	115.2%	82.2%	176.0%	164.6%	169.9%	162.3%	162.3%	145.0%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**SANTA CLARA 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, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.443%	0.451%	0.442%	0.430%	0.462%	0.465%	0.441%	0.469%	0.508%
County Office of Education's proportionate share of the net pension liability	\$ 152,317,135	\$ 91,639,464	\$ 135,451,322	\$ 125,363,783	\$ 123,272,428	\$ 111,033,215	\$ 87,140,000	\$ 69,188,000	\$ 87,140,000
County Office of Education's covered payroll	\$ 67,913,933	\$ 64,808,952	\$ 63,703,377	\$ 59,751,578	\$ 61,002,910	\$ 59,344,182	\$ 52,932,759	\$ 51,965,271	\$ 52,933,000
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	224.3%	141.4%	212.6%	209.8%	202.1%	187.1%	164.6%	133.1%	164.6%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 11,155,710	\$ 8,806,633	\$ 8,497,036	\$ 9,043,426	\$ 7,985,422	\$ 7,165,833	\$ 6,839,141	\$ 4,928,078	\$ 3,848,492
Contributions in relation to the contractually required contribution*	(11,155,710)	(8,806,633)	(8,497,036)	(9,043,426)	(7,985,422)	(7,165,833)	(6,839,141)	(4,928,078)	(3,848,492)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 58,284,141	\$ 52,048,658	\$ 52,613,226	\$ 52,885,532	\$ 49,050,504	\$ 49,659,272	\$ 54,365,191	\$ 45,928,034	\$ 43,338,874
Contributions as a percentage of covered payroll	19.14%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

\*Amounts do not include on-behalf contributions

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 19,514,124	\$ 15,559,082	\$ 13,415,453	\$ 12,562,943	\$ 10,792,330	\$ 9,474,362	\$ 8,241,720	\$ 6,270,944	\$ 6,116,832
Contributions in relation to the contractually required contribution*	(19,514,124)	(15,559,082)	(13,415,453)	(12,562,943)	(10,792,330)	(9,474,362)	(8,241,720)	(6,270,944)	(6,116,832)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 78,286,463	\$ 67,913,933	\$ 64,808,952	\$ 63,703,377	\$ 59,751,578	\$ 61,002,910	\$ 59,344,182	\$ 52,932,759	\$ 51,965,271
Contributions as a percentage of covered payroll	24.93%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

\*Amounts do not include on-behalf contributions

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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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 Asset 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 asset, and the components of the net OPEB asset and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB asset as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

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

**Changes in Assumptions**

There were no changes in assumptions since the previous measurement.

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Schedule of County Office of Education 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, 2023, the County Office of Education did not incur an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.



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## **SUPPLEMENTARY INFORMATION**

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**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<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	\$ 863,056	\$ -
Comprehensive Support and Improvement for LEAs	84.010	15438	501,333	-
Comprehensive Support and Improvement for COEs	84.010	15439	161,548	-
Title I, Part D, Local Delinquent Programs	84.010	14357	504,064	-
Subtotal Title I, Part A			<u>2,030,001</u>	<u>-</u>
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14838	7,377,769	2,260,899
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	54,614	-
Title III				
Title III, English Learner Student Program	84.365	14346	102,552	-
Title III, Technical Assistance	84.365	14967	202,912	-
Subtotal Title III			<u>305,464</u>	<u>-</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	63,628	-
Title IV, Part C: Public Charter Schools Grants	84.282	15385	165,378	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	19,341,051	17,136,462
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	2,701,493	2,689,906
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	1,713,226	1,687,773
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	192,020	192,020
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	681,167	619,361
Alternate Dispute Resolution	84.173	13007	420,220	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	5,186	4,741
Subtotal Special Education Cluster			<u>25,054,363</u>	<u>22,330,263</u>
IDEA Early Intervention Grants, Part C	84.181	23761	907,962	-
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	177,316	-
School Based Mental Health Services	84.184H	*	32,544	-
Mental Health Service Professional Demonstration	84.184X	*	32,544	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	1,001,787	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	1,753,481	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	269,411	-
ESSER - California Community Schools Partnership Program	84.425	15537	911,436	-
Emergency Assistance to Non-Public Schools	84.425V	*	10,807,934	-
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	56,182	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>14,800,231</u>	<u>-</u>
<b>Total U. S. Department of Education</b>			<u>51,001,814</u>	<u>24,591,162</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through California Department of Social Services:</i>				
Child and Adult Care Food Program (CACFP)				
CACFP Claims - Centers and Family Day Care	10.558	13393	436,500	-
CCFP Cash in Lieu of Commodities	10.558	13389	19,951	-
Subtotal Child and Adult Care Food Program			<u>456,451</u>	<u>-</u>
<b>Total U. S. Department of Agriculture</b>			<u>456,451</u>	<u>-</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				
Federal Child Care, Center-based	93.575	13609	54,938	-
Federal Quality Improvement Activities	93.575	14092	638,481	-
Local Planning Councils	93.575	13946	55,380	-
ARP California State Preschool Program One-time Stipend	93.575	15640	112,041	-
Child Care and Development Programs Administered by CA Department of Social Services	93.575	10163	847,350	-
Early Learning and Care Workforce Development Grant	93.575	15472	507,745	-
Subtotal Child Care and Development Block Grant			<u>2,215,935</u>	<u>-</u>
Head Start	93.600	10016	31,434,522	-
<i>Passed through Substance Abuse and Mental Health Services Administration</i>				
SCCOE Wellness Center Grant	93.493	*	199,581	-
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>33,850,038</u>	<u>-</u>

Continued on following page

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
U. S. DEPARTMENT OF EDUCATION AND HUMAN RESOURCES:				
<i>Direct Award:</i>				
National Science Foundation (NSF)	47.076	*	\$ 268,820	\$ -
<b>Total U. S. Department of Education and Human Resources</b>			<u>268,820</u>	<u>-</u>
NATIONAL OCEANIC ATMOSPHERIC ADMINISTRATION (NOAA) :				
<i>Passed through California Bay Watershed Education and Training :</i>				
BWET	11.429	*	49,623	-
<b>Total National Oceanic Atmospheric Administration (NOAA)</b>			<u>49,623</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 85,626,746</u>	<u>\$ 24,591,162</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>DISTRICT FUNDED COUNTY PROGRAMS</b>		
TK/K through Third		
Special Education - Special Day Class	177.41	178.01
Extended Year Special Education - Nonpublic Schools	16.23	21.84
Total TK/K through Third	<u>193.64</u>	<u>199.85</u>
Fourth through Sixth		
Special Education - Special Day Class	155.90	155.96
Extended Year Special Education - Nonpublic Schools	10.40	15.34
Total Fourth through Sixth	<u>166.30</u>	<u>171.30</u>
Seventh through Eighth		
Special Education - Special Day Class	82.76	83.31
Special Education - Nonpublic Schools	2.92	2.72
Extended Year Special Education - Nonpublic Schools	8.42	11.74
Total Seventh through Eighth	<u>94.10</u>	<u>97.77</u>
Ninth through Twelfth		
Special Education - Special Day Class	359.69	359.50
Special Education - Nonpublic Schools	16.31	15.54
Extended Year Special Education - Nonpublic Schools	32.16	50.46
Total Ninth through Twelfth	<u>408.16</u>	<u>425.50</u>
Total District Funded County Programs	<u>862.20</u>	<u>894.42</u>
<b>ALTERNATIVE EDUCATION GRANT PROGRAMS</b>		
<b>JUVENILE COURT SCHOOLS</b>		
<b>ELEMENTARY</b>		
Juvenile Halls, Homes, and Camps	2.60	3.63
Total Elementary	<u>2.60</u>	<u>3.63</u>
<b>SECONDARY</b>		
Juvenile Halls, Homes, and Camps	67.14	68.44
Total Secondary	<u>67.14</u>	<u>68.44</u>
Total Juvenile Court Schools	<u>69.74</u>	<u>72.07</u>
<b>COUNTY FUNDED NON-JUVENILE COURT SCHOOLS</b>		
<b>ELEMENTARY</b>		
Probation Referred, On Probation or Parole, or Expelled	14.56	18.25
Total Elementary	<u>14.56</u>	<u>18.25</u>
<b>SECONDARY</b>		
Probation Referred, On Probation or Parole, or Expelled	63.32	68.98
Total Secondary	<u>63.32</u>	<u>68.98</u>
Total County Funded Non-Juvenile Court Schools	<u>77.88</u>	<u>87.23</u>
<b>COMMUNITY DAY SCHOOL</b>		
TK/K through Third	177.41	178.01
Fourth through Sixth	155.90	155.96
Seventh through Eighth	82.76	83.31
Ninth through Twelfth	359.60	359.36
Total Community Day School	<u>775.67</u>	<u>776.64</u>
<b>CHARTER SCHOOL - NONCLASSROOM BASED</b>		
Probation Referred	52.46	54.68
Ninth through Twelfth	167.44	186.67
TOTAL NONCLASSROOM BASED CHARTER SCHOOL	<u>219.90</u>	<u>241.35</u>

See accompanying notes to supplementary information.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2024 (Budget)</b>		<b>2023</b>		<b>2022</b>		<b>2021</b>
County School Service Fund - Budgetary Basis							
Revenues And Other Financing Sources	\$ 339,063,110	\$	340,417,495	\$	291,719,167	\$	294,400,151
Expenditures And Other Financing Uses	359,586,819		335,984,549		299,132,562		278,372,697
Net change in Fund Balance	<u>\$ (20,523,709)</u>	<u>\$</u>	<u>4,432,946</u>	<u>\$</u>	<u>(7,413,395)</u>	<u>\$</u>	<u>16,027,454</u>
Ending Fund Balance	<u>\$ 79,323,898</u>	<u>\$</u>	<u>99,847,607</u>	<u>\$</u>	<u>95,414,661</u>	<u>\$</u>	<u>102,828,056</u>
Available Reserves*	<u>\$ 24,326,866</u>	<u>\$</u>	<u>28,183,845</u>	<u>\$</u>	<u>29,105,083</u>	<u>\$</u>	<u>33,208,443</u>
Available Reserves As A Percentage Of Outgo	<u>6.77%</u>		<u>8.39%</u>		<u>9.73%</u>		<u>11.93%</u>
Long-term Liabilities	<u>\$ 230,459,156</u>	<u>\$</u>	<u>237,249,010</u>	<u>\$</u>	<u>152,965,581</u>	<u>\$</u>	<u>246,259,918</u>
Average Daily Attendance At Annual**	<u>155</u>		<u>159</u>		<u>118</u>		<u>345</u>

The County School Service Fund ending fund balance has decreased by \$2,980,449 over the past two years. The fiscal year 2023-24 budget projects a further decrease of \$20,253,709. 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 Santa Clara County Office of Education’s policy is to maintain the reserve at 4 percent.

The County Office of Education has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have decreased by \$9,010,908 over the past two years.

Average daily attendance has decreased by 186 ADA over the past two years. A decrease in 4 ADA is anticipated during the 2023-24 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.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
1840	Opportunity Youth Academy	Active	Yes
0972	ACE Empower Academy	Active	Separate Report
1167	Alpha: Cornerstone Academy Preparatory	Active	Separate Report
1618	Alpha: Johse Hernandez Middle School	Active	Separate Report
0615	Bullis Charter School	Active	Separate Report
0767	Discovery Charter School	Active	Separate Report
1547	Discovery Charter II	Active	Separate Report
1268	Downtown College Preparatory- Alum Rock	Active	Separate Report
1393	Rocketship Academy Brilliant Minds	Active	Separate Report
1394	Rocketship Alma Academy	Active	Separate Report
1193	Rocketship Discovery Prep	Active	Separate Report
1687	Rocketship Fuerza Community Prep	Active	Separate Report
1127	Rocketship Loc Suenos Academy	Active	Separate Report
0850	Rocketship Mateo Sheedy Elementary	Active	Separate Report
1778	Rocketship Rising Starts	Active	Separate Report
1061	Rocketship Si Se Pudeded Academy	Active	Separate Report
1516	Summit Public School - Denali	Active	Separate Report
1282	Summit Public School - Tahoma	Active	Separate Report
1290	Sunrise Middle	Active	Separate Report
0844	University Preparatory Academy Charter School	Active	Separate Report
1716	Voices College-Bound Language Academy Morgan Hill	Active	Separate Report
1743	Voices College-Bound Language Academy Mt. Pleasant	Active	Separate Report

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 COMBINING BALANCE SHEET  
 JUNE 30, 2023**

	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>County School Facilities Fund</b>	<b>Debt Service Fund</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 3,315,562	\$ 2,879,025	\$ 3	\$ 98	\$ 6,194,688
Accounts receivable	2,865,272	950,936	-	-	3,816,208
Due from other funds	2,103,946	21,053	-	-	2,124,999
<b>Total Assets</b>	<b>\$ 8,284,780</b>	<b>\$ 3,851,014</b>	<b>\$ 3</b>	<b>\$ 98</b>	<b>\$ 12,135,895</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 7,581,228	\$ 878,339	\$ -	\$ -	\$ 8,459,567
Due to other funds	807,353	530,931	3	98	1,338,385
Unearned revenue	-	131,537	-	-	131,537
<b>Total Liabilities</b>	<b>8,388,581</b>	<b>1,540,807</b>	<b>3</b>	<b>98</b>	<b>9,929,489</b>
<b>FUND BALANCES</b>					
Restricted	-	2,310,207	-	-	2,310,207
Unassigned	(103,801)	-	-	-	(103,801)
<b>Total Fund Balances</b>	<b>(103,801)</b>	<b>2,310,207</b>	<b>-</b>	<b>-</b>	<b>2,206,406</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,284,780</b>	<b>\$ 3,851,014</b>	<b>\$ 3</b>	<b>\$ 98</b>	<b>\$ 12,135,895</b>

See accompanying notes to supplementary information.



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Education Pass-Through Fund	Child Development Fund	County School Facilities Fund	Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 4,884,744	\$ -	\$ -	\$ -	\$ 4,884,744
Federal sources	22,330,263	2,167,201	-	-	24,497,464
Other state sources	9,950,993	10,556,133	-	-	20,507,126
Other local sources	695,580	67,386	-	-	762,966
<b>Total Revenues</b>	<b>37,861,580</b>	<b>12,790,720</b>	<b>-</b>	<b>-</b>	<b>50,652,300</b>
<b>EXPENDITURES</b>					
Current					
Instruction	-	3,708,516	-	-	3,708,516
Instruction-related services					
Instructional supervision and administration	-	3,044,547	-	-	3,044,547
School site administration	-	910,288	-	-	910,288
Pupil services					
Food services	-	779,042	-	-	779,042
All other pupil services	-	2,579,086	-	-	2,579,086
General administration					
All other general administration	5,459,857	774,651	-	-	6,234,508
Plant services	-	551,582	-	-	551,582
Transfers to other agencies	32,281,256	-	-	-	32,281,256
Debt service					
Principal	-	-	-	885,000	885,000
Interest and other	-	-	-	91,000	91,000
<b>Total Expenditures</b>	<b>37,741,113</b>	<b>12,347,712</b>	<b>-</b>	<b>976,000</b>	<b>51,064,825</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>120,467</b>	<b>443,008</b>	<b>-</b>	<b>(976,000)</b>	<b>(412,525)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	976,000	976,000
Transfers out	-	-	(3)	(1)	(4)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>975,999</b>	<b>975,996</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>120,467</b>	<b>443,008</b>	<b>(3)</b>	<b>(1)</b>	<b>563,471</b>
<b>Fund Balance - Beginning</b>	<b>(224,268)</b>	<b>1,867,199</b>	<b>3</b>	<b>1</b>	<b>1,642,935</b>
<b>Fund Balance - Ending</b>	<b>\$ (103,801)</b>	<b>\$ 2,310,207</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,206,406</b>

See accompanying notes to supplementary information.

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2023**

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The Santa Clara County Office of Education was established in 1852 and is comprised of an area of approximately 1,300 square miles located in Santa Clara County. There were no changes in the boundaries of the County Office of Education during the current year. The County Office of Education operates 31 elementary, high school, unified, and community college County Offices.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Victoria Chon	President	December 2024
Tara Sreekrishnan	Vice President	December 2026
Raeena Lari	Member	December 2026
Joseph Di Salvo	Member	December 2024
Maimona, Afzal Berta	Member	December 2026
Grace H. Mah	Member	December 2024
Don Rocha	Member	December 2024

**COUNTY OFFICE OF EDUCATION ADMINISTRATORS**

Mary Ann Dewan, Ph.D.  
*Superintendent*

Stephanie Gomez  
*Assistant Superintendent of Business Services*

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2023**

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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, 2023 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2023.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$85,599,779
ARP California State Preschool Program One-time Stipend	93.575	(2,559)
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	<u>29,526</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$85,626,746</u>

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

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

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

**Schedule of Financial Trends and Analysis**

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

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

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

**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

Santa Clara County Board of Education  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Santa Clara County Office of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santa Clara County Office of Education's basic financial statements, and have issued our report thereon dated December 5, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

San Diego, California  
December 5, 2023

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

Santa Clara County Board of Education  
San Jose, California

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

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

In our opinion, Santa Clara 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit for Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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



**Report on Internal Control Over Compliance (continued)**

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

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

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

San Diego, California  
December 5, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER  
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Santa Clara County Board of Education  
San Jose, California

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

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

In our opinion, Santa Clara County Office of Education complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

***Basis for Opinion on State Compliance***

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

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

***Responsibilities of Management for Compliance***

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

**Auditor’s Responsibilities for the Audit of State Compliance**

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

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

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

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

***Report on Internal Control Over Compliance (continued)***

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

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

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

San Diego, California  
December 5, 2023

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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>84.425, 84.425U, 84.425V</u>	<u>Education Stabilization Fund Discretionary Grants</u>	
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 2,568,802</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

**STATE AWARDS**

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

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



**SANTA CLARA COUNTY OFFICE OF EDUCATION  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023.*

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023.***

**SANTA CLARA COUNTY OFFICE OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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