Financial Statements
June 30, 2021

Santa Clara County Office of Education

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Independent Auditor's Report

Santa Clara County Board of Education
San Jose, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Clara County Office of Education (the County Office) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County Office's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County Office, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 to the financial statements, the County Office has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in an increase in both cash and accounts payable in the amount of $8,401,525, and no effect on net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santa Clara County Office of Education's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are 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 a report dated December 28, 2021 on our consideration of 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, 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 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.

Eide Bailly LLP

Menlo Park, California
December 28, 2021

This management discussion and analysis of Santa Clara County Office of Education's (the County Office) financial performance provides an overview of the County Office's financial activities for the fiscal year ended June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the County Office's financial statements, which immediately follow this section.

Overview of the Financial Statements

Financial Highlights

- The County Office's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by $1.2 million.
- Governmental expenses were about $352.3 million. Revenues were about $353.6 million.
- The County Office spent approximately $2.4 million on new capital assets during the year.
- The County Office increased its outstanding long-term debt by $19.2 million. This was primarily due to the increase in Aggregate net pension liability.
- Average daily attendance (ADA) – The County Office did not collect or report ADA for purpose of apportionment in FY 2020-2021. The County Office will be funded based on ADA reported in the 2019-2020 P2.

Overview of the Financial Statements

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

- The first two statements are county-wide financial statements that provide both short-term and long-term information about the County Office's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County Office, reporting the County Office's operations in more detail than the County-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Short and long-term financial information about the activities of the County that operate like businesses (self-insurance funds) are provided in the proprietary funds statements.
- Fiduciary funds statement provides information about the financials to whom the resources belong.

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

Figure A-1. Organization of Santa Clara County Office of Education's Annual Financial Report

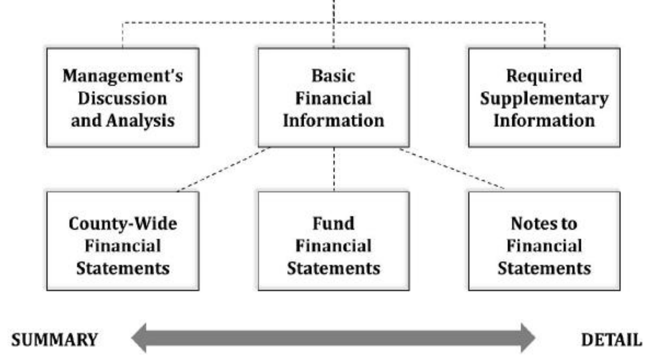

Figure A-2 summarizes the major features of the County Office's financial statements, including the portion of the County Office's activities they cover and the types of information they contain.

Figure A-2 Major Features of the County-Wide and Fund Financial Statements

Type of Statements	County-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County Office, except fiduciary activities	The activities of the County Office that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the County Office that operate like a business, such as self- insurance funds	Instances in which the County Office administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The County Office's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The County Office's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after the end of the year	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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

County-Wide Statements

The County-wide statements report information about the County Office as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County Office'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 county-wide statements report the County Office's net position and how it has changed. Net position – the difference between the County Office's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the County Office's financial health, or position.

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

Fund Financial Statements

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

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

The County Office has three kinds of funds:

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

2. **Proprietary funds** – When the County Office charges other County Office funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the County Office's internal service fund is included within the governmental activities reported in the County-wide statements but provide more detail and additional information, such as cash flows. The County Office uses the internal service fund to report activities that relate to the County Office's self-insured program for workers compensation claims.

3. **Fiduciary funds** – The County Office is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The County Office is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County Office's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County-wide financial statements because the County Office cannot use these assets to finance its operations.

Financial Analysis of the County as A Whole

Net Position The County Office's combined net position was higher on June 30, 2021, than it was the year before – increasing by $1.2 million or 8.2% (See Table A-1).

Table A-1

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2021	2020	
Assets			
Current and other assets	$ 217.0	$ 176.6	$ 40.4
Capital assets	67.9	69.7	(1.8)
Total assets	284.9	246.3	38.6
Deferred outflows of resources	50.3	50.1	38.6
Liabilities			
Current liabilities	79.8	58.1	21.7
Long-term liabilities	246.3	231.3	15.0
Total liabilities	326.1	289.4	36.7
Deferred inflows of resources	23.0	22.0	1.0
Net Position			
Net investment in capital assets	64.9	65.8	(0.9)
Restricted	43.7	46.1	(2.4)
Unrestricted	(122.4)	(127.0)	4.5
Total net position	$ (13.8)	$ (15.0)	$ 1.2

Changes in Net Position, Governmental Activities The County Office's total revenues increased by 8.2% to $353.6 million (See Table A-2). The increase was mainly due to an increase in operating grants.

The total cost of all programs and services also increased by 5.5% to $352.3 million. The County Office's expenses are related to educating and caring for students, 58.25%. The administrative activities of the County Office accounted for 14.70% of total costs. Remaining 27.05% are related to pass-thru grants, plant services, and other services. The increase in costs was due to the increase in personnel costs and administration costs.

Table A-2

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2021	2020*	
Total revenues	$ 353.6	$ 326.9	$ 26.7
Total expenses	352.3	334	18.2
Change in net position	$ 1.2	$ (7.2)	$ 8.5

* The prior year revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Financial Analysis of the County Office's Funds

The financial performance of the County Office as a whole is reflected in its governmental funds as well. As the County Office completed this year, its governmental funds reported a combined fund balance of $103.8 million, which is more than last year's ending fund balance of $87.7 million.

County School Services Fund Budgetary Highlights

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

- Revenues – The original budgeted amount increased by $39.0 million primarily due to increase in Operating grants and contributions and in Charges for services.
- Salaries and benefits costs – The original budgeted amount increased $2.6 million due to changes in staffing and collective bargaining agreements.
- Other non-personnel expenses – The original budgeted amount increased $49.0 million to re-budget carryover funds and revise operational cost estimates.

While the County Office's final budget for the County School Service Fund anticipated that expenditures would exceed revenues by about $33.4 million, the actual results for the year show that revenues exceeded expenditures by approximately $17.0 million. Actual revenues were $10.4 million less than anticipated, but expenditures were $60.7 million less than budgeted. That amount consists primarily of categorical program dollars that were not spent as of June 30, 2021 that will be carried over into the 2021-2022 budget, and the efforts of conservative spending.

Capital Asset and Debt Administration

Capital Assets

During 2020-2021, the County Office invested approximately $2.4 million in new capital assets. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was approximately $4.2 million.

Table A-3: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2021	2020	
Land and construction in progress	$ 7.5	$ 6.0	$ 1.6
Buildings and improvements	55.5	58.5	(3.0)
Equipment	4.9	5.3	(0.4)
Total	$ 67.9	$ 69.7	$ (1.8)

Long-Term Debt

At year-end the County Office had approximately $254.6 million in long term liabilities, including current portion – an increase of 9.6% from last year – as shown in Table A-4. (More detailed information about the County Office's long-term liabilities is presented in Note 9 to the financial statements).

Table A-4: Outstanding Long-Term Debt at Year-End

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2021	2020	
Long-Term Liabilities			
Certificates of participation	$ 2.7	$ 3.5	$ (0.8)
Unamortized premiums	0.4	0.5	(0.1)
Compensated absences	9.3	8.2	1.1
Claims liability	13.7	13.9	(0.2)
Aggregate net pension liability	228.5	206.1	22.4
Total	$ 254.6	$ 232.2	$ 22.3

Factors Bearing on the County Office's Future

Budget Overview

The Governor signed the 2021-2022 Budget Act on June 28, 2021. The 2021-2022 budget package assumes total state spending of $262.6 billion in total state funds, a $60.5 billion (or 29.95%) over enacted totals for 2020-2021. This consists of $196.4 billion from the General Fund, $61.2 billion from special funds and $4.9 billion from bond funds. The budget package assumes spending from federal funds to be $193.0 billion, an increase of 20.7% over 2020-2021 enacted levels.

Major 2021-2022 Budget Assumptions

The 2021-2022 Budget includes total funding of $123 billion ($65.5 billion from the General Fund and $58.4 billion from other funds) for all K-12 education programs – the highest level of fund in California's history. Per-pupil funding is also at the highest levels ever, totaling $13,976 per pupil in Proposition 98 General Fund and $21,555 per pupil when accounting for all funding sources.

The Budget pays of deferrals and incudes funding for the California for All Kids Plan-investing in pre-kindergarten through twelve education designed to improve outcomes for all young Californians.

Proposition 98

The 2021-2022 budget estimates Proposition 98 funding levels of $79.3 billion, $93.4 billion, and $93.7 billion in fiscal year 2019-2020, 2020-2021 and 2021-2022, representing a historically high three-year increase in the minimum Guarantee of $47 billion over the level funded in the 2020 Budget Act.

The Budget includes 2020-2021 and 2021-2022 payment of $1.9 billion and $2.6 billion, respectively into the Public Safety System Stabilization Account, for a total account balance of $4.5 billion at the end of 2021-2022. Under the current law, there is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Account is equal to or greater than 3.0% of the total k-12 share of the Proposition 98 Guarantee. The balance of $4.5 billion in 2021-2022 triggers school district reserves caps beginning in 2022-2023.

CalSTRS and CalPERS Employer Contribution Rates

The 2021-2022 budget does not include any new funding towards California Public employers' Retirement System (CalPERS) for Local Education Agencies.

- However, previous investments reduce the employer contribution rate for CalPERS from 24.6% to 22.91% in 2021-2022.

Like CalPERS, the 2021-2022 budget does not include any new funding towards California Teachers' Retirement System (CalSTRS) for Local Education Agencies.

- However, previous investments reduce the employer contribution rate for CalSTRS from 17.9% to 16.92% in 2021-2022

Federal Funds and State Funds

In-Person Instruction Grant
The Budget included $2 billion one-time Proposition 98 General Fund for In-Person Instruction (IPI) Grants which was available beginning in February 2021. As a condition of receiving grant funds the schools were required to compete a COVID-19 School Safety Pan in compliance with the state Department of Public Health and occupational health safety requirements and adopted and implemented a plan for COVID-19 surveillance testing for staff and students.

Expanded Learning Opportunities Funding
The state also allocated $4.6 billion in one-time Proposition 98 General Fund for Expanded Learning Opportunities (ELO) Grants. This will provide districts with time fund to design targeted interventions that focus on students from low-income families, English language learners, youth in foster care, and homeless youth, including an extended school year or summer school. These funds will be eligible for targeted strategies that address learning loss related to the pandemic, including community learning hubs.

Federal COVID-19 Relief Funds
The recent federal COVID-19 relief bill provides $54.3 billion Elementary and Secondary Schools Emergency Relief Fund (ESSER) for public K-12 schools and $4 billion Governor's Emergency Education Relief Fund (GEER) for both public and private pre-kindergarten through higher education institutions. Based on prior allocations, California could receive more than $6 billion ESSER (of which 90% would go directly to Title I schools) and $400 million GEER. These resources will assist schools in reopening and remaining open for in-person instruction and addressing the immediate needs of students.

Special Education

The 2021-2022 Budget reflects the state's ongoing commitment to invest in and improve instruction and services for students with disabilities and includes the following:

- $396.9 million ongoing Proposition 98 General Fund to increase the statewide base rate for special education funding.

- $186.1 million ongoing Proposition 98 General Fund to provide a 4.05% cost of living adjustments for state special education funding.

- $15 million one-time Proposition 98 General Fund for grants to LEAs to improve the delivery of inclusive practices.

Operational Funding

Local Control Funding Formula

The Budget includes a compounded LCFF cost-of living adjustment of 4.05%, representing a 2020-2021 cost-of-living adjustment of 2.31% and 2021-2022 cost-of-living adjustment of 1.7%. Additionally, to help local education agencies address ongoing fiscal pressures, the Budget includes $520 million Proposition 98 General Fund to provide a 1.0% increase in LCFF base funding. This discretionary increase, when combined with the compounded cost-of-living adjustment, results in growth in the LCFF of 5.07% over the 2020-2021 level.

While the budget prioritizes increased investments in K-14 funding, the SCCOE is "flat funded" and will continue to remain at the same funding levels that were imposed in 2014 when the Local Control Funding Formula (LCFF) was fully implemented for county offices of education (COE's). The SCCOE is committed to continuing to make strategic investments, leveraging partnerships throughout the community and county with focus on strategic growth, and identifying new grant opportunities to support key priorities and initiatives. In fiscal year 2020-2021, $25.53 million in new restricted funding was received and these efforts will continue in fiscal year 2021-2022.

Deferrals

Recession-driven revenue reductions anticipated at the 2020 Budget Act drove the need to defer LCFF apportionments, in the amounts of $1.9 billion in 2019-2020, growing to more than $11 billion in 2020-2021. The Budget eliminates all K-12 deferrals in 2021-2022.

Average Daily Attendance

The 2020 Budget Act included several policies designed to support funding stability for local education agencies given the COVID-19 Pandemic. Building on lessons learn from 2020-2021 school year, the Budget establishes new expectations for local educational agencies in how they serve students and how the state funds them.

- The Budget assumes that in-person instruction is the default mode of instruction in 2021-2022.
- The Budget does not include a new ADA hold harmless in 2021-2022. However, because of the ADA hold harmless provided in the 2020 Budget Act, local educational agencies that experience declines in 2021-2022 will retain the ability to receive apportionment based on higher of their 2019-2020 or 2020-2021 ADA, pursuant to the existing hold harmless provisions included in the LCFF statute. The ADA hold harmless does not apply to county offices of education (COE's) and one-time proposition 98 General Funding will be allocated to address costs associated with the COVID-19 pandemic for Court and Community school programs.

Other K-12 Budget Adjustments

Other significant adjustments include:

- **Career Technical Education -** An increase of $150 million on going Proposition 98 General Fund to augment opportunities for local education agencies to participate in the Career Technical Education Incentive Grant Program.

- **Career Technical Education ROCPs –** An increase of $86.4 million one-time Proposition 98 Genera Fund for career technical education regional occupational centers or programs (ROCPs) operated by a joint powers authority to address costs associated with the COVID-19 Pandemic.

- **Court Schools –** An increase of $80 million one-time Proposition 98 General Fund for court schools to address cost associated with the COVID 19 Pandemic.

All these factors were considered in preparing the Santa Clara County Office of Education's budget for the 2021-2022 fiscal year.

Contacting the County Office's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County Office's finances and to demonstrate the County Office's accountability for the funding it receives. If you have questions about this report or need additional financial information, please contact Stephanie Gomez, Chief Business Officer.

	Governmental Activities
Assets	
Deposits and investments	$ 175,148,607
Receivables	32,541,708
Prepaid expenses	354,982
Net other post employment benefits (OPEB) asset	8,995,755
Capital assets not depreciated	7,523,087
Capital assets, net of accumulated depreciation	60,362,221
Total assets	284,926,360
Deferred Outflows of Resources	
Deferred charge on refunding	58,336
Deferred outflows of resources related to OPEB	1,255,456
Deferred outflows of resources related to pensions	48,983,391
Total deferred outflows of resources	50,297,183
Liabilities	
Accounts payable	63,913,996
Interest payable	33,375
Unearned revenue	7,544,897
Long-term liabilities	
Long-term liabilities other than pensions	
Due in one year	8,312,342
Due in more than one year	17,731,520
Aggregage net pension liabilities	228,528,398
Total liabilities	326,064,528
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	12,492,541
Deferred inflows of resources related to pensions	10,476,149
Total deferred inflows of resources	22,968,690
Net Position	
Net investment in capital assets	64,912,618
Restricted for	
Educational programs	43,697,802
Unrestricted	(122,420,095)
Total net position	$ (13,809,675)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 108,161,187	$ 2,385,702	$ 43,650,336	$ (62,125,149)
Instruction-related activities				
Supervision of instruction	32,919,925	5,786,235	16,255,984	(10,877,706)
Instructional library, media, and technology	138,220	13,781	9,589	(114,850)
School site administration	12,401,987	276,880	4,369,505	(7,755,602)
Pupil services				
Home-to-school transportation	1,604,522	-	1,438,478	(166,044)
Food services	521,356	547	464,672	(56,137)
All other pupil services	49,496,184	5,609,671	23,358,017	(20,528,496)
Administration				
Data processing	12,486,628	-	166,323	(12,320,305)
All other administration	39,299,998	1,031,305	8,620,779	(29,647,914)
Plant services	8,458,238	62,161	2,245,204	(6,150,873)
Ancillary services	2,739,041	916,870	1,573,161	(249,010)
Community services	410,548	3,897	528,356	121,705
Enterprise services	4,498	2,452	1,706	(340)
Interest on long-term liabilities	72,990	-	-	(72,990)
Other outgo	83,608,314	642,903	39,927,807	(43,037,604)
Total governmental activities	$ 352,323,636	$ 16,732,404	$ 142,609,917	(192,981,315)
General Revenues and Subventions				
Property taxes, levied for general purposes				155,601,320
Taxes levied for other specific purposes				5,787,895
Federal and State aid not restricted to specific purposes				10,861,073
Interest and investment earnings				1,916,253
Interagency revenues				5,367,944
Miscellaneous				14,686,961
Subtotal, general revenues				194,221,446
Change in Net Position				1,240,131
Net Position (Deficit) - Beginning				(15,049,806)
Net Position (Deficit) - Ending				$ (13,809,675)

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 142,706,871	$ 381,535	$ 936,954	$ 144,025,360
Receivables	26,272,225	4,173,601	2,017,924	32,463,750
Due from other funds	52,235	562,278	-	614,513
Total assets	$ 169,031,331	$ 5,117,414	$ 2,954,878	$ 177,103,623
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 56,644,439	$ 5,117,042	$ 1,893,584	$ 63,655,065
Due to other funds	2,013,939	-	52,235	2,066,174
Unearned revenue	7,544,897	-	-	7,544,897
Total liabilities	66,203,275	5,117,042	1,945,819	73,266,136
Fund Balances				
Nonspendable	25,000	-	-	25,000
Restricted	42,688,371	372	1,009,059	43,697,802
Assigned	26,906,242	-	-	26,906,242
Unassigned	33,208,443	-	-	33,208,443
Total fund balances	102,828,056	372	1,009,059	103,837,487
Total liabilities and fund balances	$ 169,031,331	$ 5,117,414	$ 2,954,878	$ 177,103,623

Total Fund Balance - Governmental Funds		$ 103,837,487
Amounts Reported for Governmental Activities in the Statement of Net Position are Different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 118,610,605	
Accumulated depreciation is	(50,725,297)	
Net capital assets		67,885,308
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(33,375)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		19,055,917
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	58,336	
Net other postemployment benefits (OPEB)	1,255,456	
Net pension liability	48,983,391	
Total deferred outflows of resources		50,297,183
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net other postemployment benefits (OPEB)	(12,492,541)	
Net pension liability	(10,476,149)	
Total deferred inflows of resources		(22,968,690)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(228,528,398)
The County Office's net OPEB asset is not benefited in the current period, and is not reported as an asset in the funds.		8,995,755

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
Certificates of participation	$ (2,670,000)	
Premiums on issuance of debt	(361,026)	
Compensated absences (vacations)	(9,319,836)	
Total long-term liabilities		(12,350,862)
Total net position - governmental activities		$ (13,809,675)

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula	$ 165,397,461	$ -	$ -	$ 165,397,461
Federal sources	47,540,459	28,309,532	789,835	76,639,826
Other state sources	22,370,215	12,546,376	9,026,916	43,943,507
Other local sources	59,089,619	1,336,095	40,336	60,466,050
Total revenues	294,397,754	42,192,003	9,857,087	346,446,844
Expenditures				
Current				
Instruction	94,899,592	-	2,009,683	96,909,275
Instruction-related activities				
Supervision of instruction	26,989,222	-	2,343,872	29,333,094
Instructional library, media, and technology	127,164	-	-	127,164
School site administration	10,598,434	-	495,971	11,094,405
Pupil services				
Home-to-school transportation	1,476,180	-	-	1,476,180
Food services	230,181	-	249,473	479,654
All other pupil services	40,872,753	-	3,546,959	44,419,712
Administration				
Data processing	11,487,855	-	-	11,487,855
All other administration	36,772,165	-	545,973	37,318,138
Plant services	7,429,270	-	324,769	7,754,039
Ancillary services	2,501,081	-	-	2,501,081
Community services	377,709	-	-	377,709
Transfer of pass-through revenues	39,999,910	42,139,546	-	82,139,456
Transfers to agencies for services	1,206,858	52,085	209,915	1,468,858
Enterprise services	4,498	-	-	4,498
Capital outlay	2,415,825	-	-	2,415,825
Debt service				
Principal	-	-	810,000	810,000
Interest and other	-	-	174,000	174,000
Total expenditures	277,388,697	42,191,631	10,710,615	330,290,943
Excess (Deficiency) of Revenues of Revenues Over Expenditures	17,009,057	372	(853,528)	16,155,901
Other Financing Sources (Uses)				
Transfers in	2,397	-	984,000	986,397
Transfers out	(984,000)	-	(2,397)	(986,397)
Net Financing Sources (Uses)	(981,603)	-	981,603	-
Net Change in Fund Balances	16,027,454	372	128,075	16,155,901
Fund Balance - Beginning	86,800,602	-	880,984	87,681,586
Fund Balance - Ending	$ 102,828,056	$ 372	$ 1,009,059	$ 103,837,487

Total Net Change In Fund Balances - Governmental Funds		$ 16,155,901
Amounts Reported for Governmental Activities in the Statement of Activities are Different because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (4,229,398)	
Capital outlays	2,415,825	
Net expense adjustment		(1,813,573)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(1,072,695)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(16,996,513)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the statement of activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		1,850,583
Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		
Premium amortization		120,342
Deferred charge on refunding amortization		(19,446)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
Certificates of participation	810,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	114
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	2,205,418
Change in net position of governmental activities	$ 1,240,131

	Governmental Activities - Internal Service Funds
Assets	
Current assets	
Deposits and investments	$ 31,123,247
Receivables	77,958
Due from other funds	1,451,661
Prepaid expenses	354,982
Total assets	33,007,848
Liabilities	
Current liabilities	
Accounts payable	258,931
Current portion of claims liabilities	4,266,000
Total current liabilities	4,524,931
Noncurrent liabilities	
Claims liabilities	9,427,000
Total liabilities	13,951,931
Net Position	
Unrestricted	19,055,917
Total net position	$ 19,055,917

	Governmental Activities - Internal Service Funds
Operating Revenues	
In-district premium	$ 6,644,124
Other local revenue	213,986
Total operating revenues	6,858,110
Operating Expenses	
Classified salaries	229,476
Employee benefits	101,329
Supplies and materials	10,444
Contract services and other operating cost	4,706,665
Total operating expenses	5,047,914
Operating Income	1,810,196
Nonoperating Revenues	
Interest income	395,222
Change in Net Position	2,205,418
Total Net Position - Beginning	16,850,499
Total Net Position - Ending	$ 19,055,917

	Governmental Activities - Internal Service Funds
Operating Activities	
Cash receipts from other funds for insurance	$ 6,883,127
OPEB contribution received from other funds	17,657
Cash payments to other suppliers of goods or services	(10,444)
Cash payments to employees for services	(351,367)
Cash payments for claims	(6,389,326)
Net Cash from Operating Activities	149,647
Noncapital Financing Activities	
Transfer from other funds	1,265,226
Investing Activities	
Interest on investments	395,222
Net Change in Cash and Cash Equivalents	1,810,095
Cash and Cash Equivalents, Beginning	29,313,152
Cash and Cash Equivalents, Ending	$ 31,123,247
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 1,810,196
Changes in assets and liabilities	
Receivables	42,674
Accounts payable	(20,562)
Claim Liabilities	(1,682,661)
Net Cash from Operating Activities	$ 149,647

	Custodial Funds
	Warrant Pass-Through Fund
Assets	
Deposits and investments	$ 193,639,256
Total assets	$ 193,639,256
Liabilities	
Warrants payable	$ 67,332,655
Salaries Payable	126,075,211
Due to other agencies	231,390
Total liabilities	$ 193,639,256

	Custodial Funds
	Warrant Pass-Through Fund
Additions	
Deposits from districts	$ 3,758,678,730
Deductions	
Payments on behalf of districts	3,758,678,730
Change in Net Position	-
Net Position - Beginning	-
Net Position - Ending	$ -

Note 1 - Summary of Significant Accounting Policies

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

Financial Reporting Entity

The Board of Education is the level of government that has governance responsibilities over activities related to public school education programs operated by the County Office. 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 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.

Scope of Public Service

1. The Corporation was created for the sole purpose of financially assisting the County Office.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The County Office's funds are grouped into three fund categories: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County Office's major and non-major governmental funds:

Major Governmental Funds

County School Service Fund The County School Service Fund is the chief operating fund for the County Office. It is used to account for the ordinary operations of the County Office. All transactions except those accounted for in another fund are accounted for in this fund.

Special Education Pass-Through Fund The Special Education Pass-Through Fund is a special revenue fund that is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special education programs operated by various school County Offices within the county and the County Office.

Non-Major Governmental Funds

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for federal, state, and local resources to operate the food service program *(Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the County Office's food service program *(Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **County School Facilities Fund** The County School Facilities Fund is a capital project fund used to account for resources used for the acquisition or construction of capital facilities and equipment by the County Office.

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for and the retirement of principal and interest on the County Office's Certificates of Participation (COPs).

Proprietary Funds 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, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

- **Internal Service Fund** The Internal Service Fund is used to account for services related to self-insurance and other post employment benefits (OPEB).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County Office and are not available to support the County Office’s own programs. The County Office operates one of the four types of Fiduciary funds: custodial funds. Custodial funds are used to account for resources, not in a trust, that are held by the County Office for other parties outside the County Office’s reporting entity. The County Office’s custodial funds is the Warrant-Pass Through Fund:

- **Warrant-Pass Through Fund** The Warrant Pass-Through Fund is an agency fund used to account for the activities for which the County Office has an agency relationship with the activity of the fund. This fund is a clearing account for warrants, payroll, taxes withheld and charter school activity for educational entities within the county.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, for each governmental function of the County Office. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function, and excludes fiduciary activity. The County Office does not allocate indirect expenses to functions in 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 the 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. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on the asset 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 such as food services result from special revenue funds and the restrictions on their net position use.

Fund Financial Statements Fund financial statements report detailed information about the County Office. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the County Office finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the County Office.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The County Office considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the County Office before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the County Office has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The County Office's cash and cash equivalents are considered to be 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.

Investments

Investments with original maturities greater than one year with exception of cash in County Treasury are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments that are not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County Treasury are determined by the County.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the County Office as a whole. The County Office maintains a capitalization threshold of $5,000. The County Office does not possess any infrastructure. 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, but are expensed as incurred. When purchased, such assets are recorded as expenditures in the governmental funds. In the government-wide statement of net position and activities, such amounts are capitalized and their cost is amortized to operations over their useful lives by annual depreciation expense charges. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position.

Capital assets are depreciated using the straight-line method over 4-30 years depending on asset types.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. 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 resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the County Office's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 years of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

The change in the County Office’s compensated absences during the year are as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Compensated absences	$ 8,247,141	$ 2,626,001	$ (1,538,000)	$ 9,319,836	$ 3,076,000

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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 liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when paid.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County Office reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County Office reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Office Plan and additions to/deductions from the County Office Plan. For this purpose, the County Office Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the County School Service Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the County office. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The County Office currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County Office's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position - net of 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County Office or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County Office first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County Office, these revenues are self-insurance premiums. Operating expenses are necessary costs incurred to provide the good or service, that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between government funds in the government-wide financial statements are eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

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.

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 of Santa Clara bills and collects the taxes on behalf of the County Office. Local property tax revenues are recorded when received.

Change in Accounting Principles

In January 2017, the County Office adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how governments should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the County Office resulted in a reclassification of assets and liabilities. The effect of the implementation of this standard resulted in an increase of cash and investments, and accounts payable of $8,401,525 on the custodial fund, general fund, and governmental activities and no change on beginning net position or fund balance as of July 1, 2020.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The provisions of this Statement have been implemented as of June 30, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). The provisions of this Statement have been implemented as of June 30, 2021, except for the following, which are not applicable until a later date as noted: the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. The effects of these change on the County Office's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans).

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, have been implemented as of June 30, 2021.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The effects of this change on the County Office's financial statements have not yet been determined.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effects of this change on the County Office's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively. The effects of this change on the County Office's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement 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. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the County Office's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.

The effects of this change on the County Office’s financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The effects of this change on the County Office’s financial statements have not yet been determined.

In May 2020, the 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 government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The effects of this change on the County Office’s financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	$ 144,025,360
Proprietary funds	31,123,247
Fiduciary funds	193,639,256
Total deposits and investments	$ 368,787,863

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	$ 193,639,256
Cash in revolving	25,000
Investments	175,123,607
Total deposits and investments	$ 368,787,863

Policies and Practices

The County Office 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; and collateralized mortgage obligations.

Investments in County Treasury

The County Office is considered to be an involuntary participant in an external investment pool as the County Office is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The County Office's investment in the pool is reported in the accounting financial statements at amounts based upon the County Office's pro-rata share of the amortized cost that approximate fair value provided by the County Treasurer for the entire 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.

General Authorizations

The County Office's policy is to follow the requirements stipulated by the California government code related to investments. Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

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

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 manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The cost and fair value of the deposits with County Treasurer at June 30, 2021 approximate cost, and the weighted average maturity of the pool was 615 days.

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 County Pool is not rated and is not registered with the Security Exchange Commission as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the County Office's deposits may not be returned to it. The County Office 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. The County Office does not have any significant exposure to custodial credit risk. As of June 30, 2021, the County Office's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

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

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

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

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	County School Service Fund	Special Education Pass Through Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Federal Government					
Categorical aid	$ 12,577,720	$ -	$ 329,022	$ 12,906,742	$ -
State Government					
LCFF apportionment	4,193,812	-	-	4,193,812	-
Categorical aid	5,379,490	4,161,300	1,688,901	11,229,691	-
Lottery	117,719	-	-	117,719	-
Local Government					
Interest	-	12,301	2	12,303	-
Other local sources	4,003,484	-	-	4,003,484	77,958
Total	$ 26,272,225	$ 4,173,601	$ 2,017,924	$ 32,463,750	$ 77,958

Note 4 - Capital Assets

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 5,533,399	$ -	$ -	$ 5,533,399
Construction in progress	432,074	1,627,548	(69,934)	1,989,688
Total capital assets not being depreciated	5,965,473	1,627,548	(69,934)	7,523,087
Capital assets being depreciated				
Buildings and improvements	92,523,715	331,678	-	92,855,393
Furniture and equipment	17,751,373	526,533	(45,781)	18,232,125
Total capital assets being depreciated	110,275,088	858,211	(45,781)	111,087,518
Total capital assets	116,240,561	2,485,759	(115,715)	118,610,605
Accumulated depreciation				
Buildings and improvements	(34,070,068)	(3,312,072)	-	(37,382,140)
Furniture and equipment	(12,471,612)	(917,326)	45,781	(13,343,157)
Total accumulated depreciation	(46,541,680)	(4,229,398)	45,781	(50,725,297)
Governmental activities capital assets, net	$ 69,698,881	$ (1,743,639)	$ (69,934)	$ 67,885,308

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
Instruction	$ 1,682,379
Supervision of instruction	509,233
Instructional library, media, and technology	2,208
School site administration	192,603
Home-to-school transportation	25,627
Food services	8,327
All other pupil services	771,142
Ancillary services	43,420
Community services	6,557
All General Administration	647,856
Data Processing Services	199,433
Plant Services	140,613
Total depreciation expenses governmental activities	$ 4,229,398

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2021, are as follows:

	Due From			
Due To	County School Service Fund	Special Education Pass Through	Internal Service Fund	Total
County School Service Fund	$ -	$ 562,278	$ 1,451,661	$ 2,013,939
Non-Major Governmental Funds	52,235	-	-	52,235
Total	$ 52,235	$ 562,278	$ 1,451,661	$ 2,066,174

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

	Transfer From		
Transfer To	County School Service Fund	Non-Major Governmental Funds	Total
County School Service Fund	$ -	$ 984,000	$ 984,000
Non-Major Governmental Funds	2,397	-	2,397
Total	$ 2,397	$ 984,000	$ 986,397

The County School Service Fund Transferred to the Debt Service Fund for COP principal payments.	$ 984,000
The County School Facilities Fund transferred to the County School Service Fund for reimbursement of interest expense.	1,898
The Cafeteria Fund transferred to the County School Service Fund to close out the account.	483
The Certificates of Participation Debt Service Fund transferred to the County School Service Fund to close out the account.	16
Total	$ 986,397

Note 6 - Deferred Charge on Refunding

Deferred outflows of resources is a consumption of net position by the County Office that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $64,912,618 includes the effect of deferring the recognition of loss from advance refunding. The $58,336 balance of the deferred outflows of resources at June 30, 2021, will be recognized as an expense and as a decrease in net position over the remaining life of related bonds. During the year, $19,446 was recognized as expense.

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Deferred charges on refunding	$ 77,782	$ -	$ (19,446)	$ 58,336

Note 7 - Accounts Payable

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

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Vendor payables	$ 9,127,316	$ 52,356	$ 1,695,769	$ 10,875,441	$ 258,931
State LCFF apportionment	38,668,895	5,020,173	185,170	43,874,238	-
Salaries and benefits	8,848,228	44,513	12,645	8,905,386	-
Total	$ 56,644,439	$ 5,117,042	$ 1,893,584	$ 63,655,065	$ 258,931

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	County School Service Fund
Federal financial assistance	$ 305,589
State categorical aid	2,125,003
Other local	5,114,306
Total	$ 7,544,897

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the County Office's long-term liabilities other than claim liabilities and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Certificates of participation	$ 3,480,000	$ -	$ (810,000)	$ 2,670,000	$ 850,000
Premiums on COP	481,368	-	(120,342)	361,026	120,342
Compensated absences	8,247,141	2,626,001	(1,553,306)	9,319,836	3,076,000
Claims liability	13,924,000	4,233,000	(4,464,000)	13,693,000	4,266,000
Total	$ 26,132,509	$ 6,859,001	$ (6,947,648)	$ 26,043,862	$ 8,312,342

Payments on the Certificates of Participation (COP) were made from the Debt Service Fund. Payments on the compensated absences are made from various County Office funds.

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 2.0% to 5.0%.

The following is a schedule of future payments for the 2016 Refunding Certificates of Participation:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 850,000	$ 133,500	$ 983,500
2023	885,000	91,000	976,000
2024	935,000	46,750	981,750
Total	$ 2,670,000	$ 271,250	$ 2,941,250

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 25,000	$ -	$ -	$ 25,000
Restricted				
Education programs	42,688,371	372	1,009,059	43,697,802
Assigned				
Board designation	176,000	-	-	176,000
Deferred maintenance (FMP)	3,085,466	-	-	3,085,466
Facilities	4,361,419	-	-	4,361,419
Technology services	10,300,234	-	-	10,300,234
Employee benefits	4,293,327	-	-	4,293,327
Carryover of unspent funds	4,689,796	-	-	4,689,796
Total assigned	26,906,242	-	-	26,906,242
Unassigned				
Reserve for economic uncertainties	11,134,908	-	-	11,134,908
Remaining unassigned	22,073,535	-	-	22,073,535
Total unassigned	33,208,443	-	-	33,208,443
Total	$ 102,828,056	$ 372	$ 1,009,059	$ 103,837,487

Note 11 - Net Other Postemployment Benefit (OPEB) Asset

For the fiscal year ended June 30, 2021, the County Office reported net OPEB asset, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Net OPEB Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Credit
Retiree Health Plan	$ 8,995,755	$ 1,255,456	$ (12,492,541)	$ (1,085,179)

Plan Administration

The County Office's retiree healthcare plan (the Plan) is provided through California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare program administered by CalPERS. The Plan is a defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Management of the Plan is vested in the County Office management. The County Office's plan was administered through CalPERS. CalPERS issues a publicly available entity-wide financial report that includes financial statements and required supplementary information pertaining to CERBT. This report is on the CalPERS website at: http://www.calpers.ca.gov.

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	153
Active employees	1,569
Total	1,722

Benefits Provided

The Plan provides health benefits to eligible retirees and their dependents until age 65. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. Eligibility requirements are as follows:

- SEIU employees who retire on or after age 50 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).

Contributions

The required contribution is based on projected pay-as-you-go financing requirements which is paid by the employer only. For fiscal year as of June 30, 2021, the County Office contributed $32,024 to the Plan, all of which is used for Fiscal year 2022 benefit payment.

Actuarial Assumptions

The net OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the net OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

The net OPEB asset in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date		June 30, 2020
Inflation	2.25%	
Salary increases	2.75%,	average, including inflation
Discount rate	5.5%	
Investment rate of return	5.5%,	net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.4%	

Mortality rates were based on the January 2020 Experience Study for certificated employees and the December 2017 CalPERS Active Experience Study for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the average County Office employee service life of 14.1 years.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	4.90%
Fixed Income	43%	1.40%
Treasury Inflation Protection Securities	5%	0.57%
Real Estate Investment Trusts	8%	4.43%
Commodities	4%	1.88%

Discount Rate

The discount rate used to measure the net OPEB Asset was 5.5%. The projection of cash flows used to determine the discount rate assumed that the County Office's contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB Asset.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance, June 30, 2020	$ 14,615,616	$ 25,475,319	$ (10,859,703)
Service cost	1,076,963	-	1,076,963
Interest	953,202	-	953,202
Difference between expected and actual experience	(78,067)	-	(78,067)
Changes of assumptions and other inputs	799,088	-	799,088
Net investment income	-	899,678	(899,678)
Benefit payments	(882,698)	(882,698)	-
Administrative expense	-	(12,440)	12,440
Net change in total OPEB Asset	1,868,488	4,540	1,863,948
Balance, June 30, 2021	$ 16,484,104	$ 25,479,859	$ (8,995,755)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB Asset of the County Office, as well as what the County Office's net OPEB Asset would be if it were calculated using a discount rate that is 1%-point lower (5%) or 1%-point higher (7%) than the current discount rate:

Discount Rate	Net OPEB Asset
1% decrease (4.5%)	$ 7,874,160
Current discount rate (5.5%)	8,995,755
1% increase (6.5%)	10,052,856

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB Asset of the County Office, as well as what the County Office's total OPEB Asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Asset
1% decrease (5.4%)	$ 10,722,607
Current healthcare cost trend rate (6.4%)	8,995,755
1% increase (7.4%)	6,985,738

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the County Office recognized OPEB credit of $266,529 at June 30, 2021, the County Office reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $32,024.

At June 30, 2021, the County Office reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 32,024	$ -
Differences between expected and actual experience	-	(11,748,701)
Changes of assumptions	694,083	(743,840)
Net difference between projected and actual earnings on OPEB plan investments	529,349	-
Total	$ 1,255,456	$ (12,492,541)

The deferred outflows of resources related to OPEB resulting from County Office contributions subsequent to the measurement date will be recognized as an addition of the net OPEB asset in the subsequent fiscal year. The deferred (inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments are amortized over a 13-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (1,535,961)
2023	(1,535,961)
2024	(1,535,962)
2025	(1,527,839)
2026	(1,666,268)
Thereafter	(3,467,118)
Total	$ (11,269,109)

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the County Office reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 93,077,076	$ 25,533,597	$ 5,943,366	$ 12,491,964
CalPERS	135,451,322	23,449,794	4,532,783	26,417,038
Total	$ 228,528,398	$ 48,983,391	$ 10,476,149	$ 38,909,002

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The County Office contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15	16.15
Required state contribution rate	10.328%	10.328%

Contributions

Required member, County Office and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the County Office's total contributions were $8,497,036.

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

At June 30, 2021, the County Office 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. The amount recognized by the County Office 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 were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 93,077,076
State's proportionate share of the net pension liability	47,981,244
Total	$ 141,058,320

The net pension liability was measured as of June 30, 2020. The County Office's proportion of the net pension liability was based on a projection of the County Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating school County Offices and the State, actuarially determined. The County Office's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0960% and 0.0894%, resulting in a net increase in the proportionate share of 0.0066%.

For the year ended June 30, 2021, the County Office recognized pension expense of $12,491,964. In addition, the County Office recognized pension expense and revenue of $6,721,701 for support provided by the State. At June 30, 2021, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,497,036	$ -
Change in proportion and differences between contributions made and County Office's proportionate share of contributions	5,585,015	(3,318,433)
Differences between projected and actual earnings on pension plan investments	2,210,975	-
Differences between expected and actual experience in the measurement of the total pension liability	164,238	(2,624,933)
Changes of assumptions	9,076,333	-
Total	$ 25,533,597	$ (5,943,366)

The deferred outflows of resources related to pensions resulting from County Office contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (1,349,124)
2023	753,320
2024	1,502,958
2025	1,303,821
Total	$ 2,210,975

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and County Office's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 2,372,272
2023	2,688,070
2024	2,981,851
2025	(173,781)
2026	252,756
Thereafter	761,052
Total	$ 8,882,220

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term 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 future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 140,626,496
Current discount rate (7.10%)	93,077,076
1% increase (8.10%)	53,818,333

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County Office is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total County Office contributions were $13,415,453.

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

As of June 30, 2021, the County Office reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $135,451,322. The net pension liability was measured as of June 30, 2020. The County Office's proportion of the net pension liability was based on a projection of the County Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. The County Office's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.4415% and 0.4301%, resulting in a net decrease in the proportionate share of 0.0114%.

For the year ended June 30, 2021, the County Office recognized pension expense of $26,417,038. At June 30, 2021, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,415,453	$ -
Change in proportion and differences between contributions made and County Office's proportionate share of contributions	-	(4,532,783)
Differences between projected and actual earnings on pension plan investments	2,819,666	-
Differences between expected and actual experience in the measurement of the total pension liability	6,717,970	-
Changes of assumptions	496,705	-
Total	$ 23,449,794	$ (4,532,783)

The deferred outflows of resources related to pensions resulting from County Office contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	$ (1,055,177)
2023	941,180
2024	1,635,927
2025	1,297,736
Total	$ 2,819,666

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	$ 2,428,786
2023	17,697
2024	212,044
2025	23,365
Total	$ 2,681,892

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 194,735,975
Current discount rate (7.15%)	135,451,322
1% increase (8.15%)	86,248,035

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the County Office. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,430,073 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and the budgeted amounts reported in the County School Service Fund - Budgetary Comparison Schedule.

Note 13 - Risk Management

Property and Liability

The County Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the County Office participated in the South Bay Area Schools Insurance Authority (SBASIA) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Insurance program/Company name	Type of Coverage	Self-insured Retention	Limits
Workers' Compensation Program			
Santa Clara county Office of Education	Workers' Compensation	Not applicable	$ 350,000
CSPIC	Workers' Compensation	$ 300,000	$ 300,000
Property and Liability			
SBASIA	Property	$ 10,000	$ 500,000
SBASIA	Liability	$ 10,000	$ 250,000
Excess Property and Liability Program			
Genesis Insurance Company	Excess Liability	$ 300,000	$ 1,000,000
CSAC Excess Insurance Authority	General Liability	$ 1,000,000	$ 24,000,000
Public Entity Property Insurance Program	Excess Property	$ 500,000	$ 1,000,000

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 from July 1, 2019 to June 30, 2021:

	Total
Liability Balance, July 1, 2019	$ 12,708,000
Claims and changes in estimates	5,523,000
Claims payments	(4,307,000)
Liability Balance, June 30, 2020	13,924,000
Claims and changes in estimates	4,233,000
Claims payments	(4,464,000)
Liability Balance, June 30, 2021	$ 13,693,000
Assets Available to Pay Claims at June 30, 2021	$ 24,955,342

Note 14 - Commitments and Contingencies

Grants

The County Office 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 at June 30, 2021.

Litigation

The County Office 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 at June 30, 2021.

Participation in Public Entity Risk Pools, Joint Power Authorities and Other Related Party Transactions

The County Office is a member of South Bay Area Schools Insurance Authority (SBASIA). SBASIA operates and maintains common risk management and insurance for liability and property damage protection. The JPA agreement for SBASIA provides that SBASIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 and $1,000,000 for each insured event for property and liability, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Audited financial statements are generally available from the respective entities. The relationship between Santa Clara County Office of Education and the Joint Powers Authority is such that the JPA is not a component unit of the County Office for financial reporting purposes.

Required Supplementary Information
June 30, 2021

Santa Clara County Office of Education

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local control funding formula	$163,718,086	$156,785,318	$165,397,461	$ 8,612,143
Federal sources	49,650,406	60,118,045	47,540,459	(12,577,586)
Other State sources	14,775,816	24,788,379	22,370,215	(2,418,164)
Other local sources	37,557,771	63,057,798	59,089,619	(3,968,179)
Total revenues	265,702,079	304,749,540	294,397,754	(10,351,786)
Expenditures				
Current				
Certificated salaries	59,975,497	60,808,936	57,437,509	3,371,427
Classified salaries	68,406,709	69,815,349	65,541,336	4,274,013
Employee benefits	60,628,900	60,995,986	57,509,844	3,486,142
Books and supplies	8,150,406	17,513,084	11,525,478	5,987,606
Services and operating expenditures	41,595,416	71,869,089	42,297,910	29,571,179
Other outgo	33,564,349	20,692,522	40,660,795	(19,968,273)
Capital outlay	14,194,235	36,431,564	2,415,825	34,015,739
Total expenditures	286,515,512	338,126,530	277,388,697	60,737,833
Excess (Deficiency) of Revenues Over Expenditures	(20,813,433)	(33,376,990)	17,009,057	50,386,047
Other Financing Sources (Uses)				
Transfers in	-	-	2,397	2,397
Transfers out	(984,000)	(984,000)	(984,000)	-
Net financing sources (uses)	(984,000)	(984,000)	(981,603)	2,397
Net Change in Fund Balances	(21,797,433)	(34,360,990)	16,027,454	50,388,444
Fund Balance - Beginning	86,800,602	86,800,602	86,800,602	-
Fund Balance - Ending	$ 65,003,169	$ 52,439,612	$102,828,056	$ 50,388,444

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 29,075,752	$ 57,499,142	$ 28,309,532	$ (29,189,610)
Other State sources	10,450,517	10,450,517	12,546,376	2,095,859
Other local sources	1,283,639	1,283,639	1,336,095	52,456
Total revenues	40,809,908	69,233,298	42,192,003	(27,041,295)
Expenditures				
Current				
Other outgo	40,809,908	69,233,298	42,191,631	(27,041,667)
Total expenditures	40,809,908	69,233,298	42,191,631	(27,041,667)
Net Change in Fund Balances	-	-	372	372
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ 372	$ 372

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,076,963	$ 1,809,486	$ 2,177,330	$ 2,054,085
Interest	953,202	1,413,151	1,532,235	1,381,780
Difference between expected and actual experience	(78,067)	(8,863,931)	(6,537,456)	-
Changes of assumptions	799,088	(1,009,024)	-	-
Benefit payments	(882,698)	(954,200)	(978,447)	(878,106)
Net change in total OPEB liability	1,868,488	(7,604,518)	(3,806,338)	2,557,759
Total OPEB Liability - Beginning	14,615,616	22,220,134	26,026,472	23,468,713
Total OPEB Liability - Ending (a)	$ 16,484,104	$ 14,615,616	$ 22,220,134	$ 26,026,472
Plan Fiduciary Net Position				
Contributions - employer	$ -	$ 954,200	$ 24,978,447	$ -
Net investment income	899,678	1,480,459	-	-
Benefit payments	(882,698)	(954,200)	(978,447)	-
Administrative expense	(12,440)	(5,140)	-	-
Net change in plan fiduciary net position	4,540	1,475,319	24,000,000	-
Plan Fiduciary Net Position - Beginning	25,475,319	24,000,000	-	-
Plan Fiduciary Net Position - Ending (b)	$ 25,479,859	$ 25,475,319	$ 24,000,000	$ -
Net OPEB Liability (Asset) - Ending (a) - (b)	$ (8,995,755)	$ (10,859,703)	$ (1,779,866)	$ 26,026,472
Plan Fiduciary Net Position as a Percentage of the total OPEB Liability	154.57%	174.30%	108.01%	0.00%
Covered Payroll	$ 118,350,838	$ 109,475,614	$ 111,870,369	$ 108,746,865
Net OPEB Asset as a Percentage of Covered Payroll	-7.60%	-9.92%	-1.59%	23.9%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

	2021	2020	2019	2018
Actuarially determined contribution	$ 882,698	$ 954,200	$ 24,978,447	$ -
Contribution in relation to the actuarially determined contribution	882,698	954,200	24,978,447	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 117,422,178	$ 118,350,838	$ 109,475,614	$ 111,870,369
Contributions as a percentage of covered payroll	0.75%	0.81%	22.82%	N/A

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0960%	0.0894%	0.0918%	0.0954%	0.0920%	0.0930%	0.0950%
Proportionate share of the net pension liability	$ 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	47,981,244	44,053,946	48,292,615	52,211,755	42,436,000	33,247,000	33,379,000
Total	$ 141,058,320	$ 124,802,902	$ 132,639,638	$ 140,468,178	$ 116,973,000	$ 96,110,000	$ 88,657,000
Covered payroll	$ 52,885,532	$49,050,504	$ 49,538,209	$ 54,365,000	$ 45,928,000	$ 43,339,000	$ 42,132,000
Proportionate share of the net pension liability as a percentage of its covered payroll	176.00%	164.62%	170.27%	162.34%	162.29%	145.05%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.4415%	0.4301%	0.4623%	0.4651%	0.4410%	0.4690%	0.5080%
Proportionate share of the net pension liability	$ 135,451,322	$ 125,363,783	$ 123,272,428	$ 111,033,215	$ 87,140,000	$ 69,188,000	$ 87,140,000
Covered payroll	$ 63,703,377	$ 59,751,578	$ 60,985,937	$ 59,344,000	$ 52,933,000	$ 51,965,000	$ 52,933,000
Proportionate share of the net pension liability as a percentage of its covered payroll	212.63%	209.81%	202.13%	187.10%	164.62%	133.14%	164.62%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 8,497,036	$ 9,043,426	$ 7,985,422	$ 7,165,833	$ 6,839,141	$ 4,928,078	$ 3,848,492
Less contributions in relation to the contractually required contribution	8,497,036	9,043,426	7,985,422	7,165,833	6,839,141	4,928,078	3,848,492
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 13,415,453	$ 12,562,943	$ 10,792,330	$ 9,474,362	$ 8,241,720	$ 6,270,944	$ 6,116,832
Less contributions in relation to the contractually required contribution	13,415,453	12,562,943	10,792,330	9,474,362	8,241,720	6,270,944	6,116,832
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule(s)

The County Office employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget 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.

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

Schedule of Changes in the County Office's Net OPEB Liability (Asset) and Related Ratios

This schedule presents information on the County Office's changes in the net OPEB liability (asset), including beginning and ending balances, and the net OPEB liability (asset). In the future, as data becomes available, ten years of information will be presented.

- *Change in Benefit Terms* – Retirees eligible for explicit subsidy assumed to elect coverage at retirement changed from 100% to 50% and 75% for future retirees and SEIU retirees, respectively. Percentage of future retirees to elect spouse coverage at retirement changed to 100% of future management and 10% of all other future retirees.
- *Change in Assumptions* – The discount and long-term expected rate of return changed from 6.00% to 5.50%.

Schedule of the County Office's OPEB Contributions

This schedule presents information on the County Office's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the County Office's Proportionate Share of the Net Pension Liability

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes in Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of County Office's Pension Contributions

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

Supplementary Information
June 30, 2021

Santa Clara County Office of Education

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through California Department of Education (CDE):				
Special Education Cluster (IDEA)				
Special Education Grants to States				
Basic Local Assistance	84.027	13379	$ 29,188,389	$ 26,818,804
Mental Health	84.027	15197	846,298	813,677
Special Education Preschool Grants				
IDEA Preschool Grants	84.173	13430	757,847	671,861
Preschool Staff Development	84.173	13431	5,831	5,190
Alternative Disppute Resolution	84.173	13007	48,700	-
Preschool Capacity Building Project	84.173	13839	217,348	-
Total Special Education Cluster			31,064,413	28,309,532
Migrant Education State Grant Program				
Part C, Migrant Education Regular and Summer Programs	84.011	14326	6,782,890	-
Part C, Migrant Ed (MESRP)	84.011	10144	228,866	-
Total Migrant Education State Grant Program			7,011,756	-
Title I Grants to Local Educational Agencies				
Part A, Basic Grants Low Income and Neglected	84.010	14329	1,185,229	-
Part D, Subpart 2, Local Delinquent Programs	84.010	14357	473,848	-
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	411,086	-
ESSA School Improvement (CSI) Funding for COEs	84.010	15439	237,237	-
Total Title I Grants to Local Educational Agencies			2,307,400	-
English Language Acquisition State Grants				
Limited English Proficiency Student	84.365	14346	36,913	-
Technical Assistance	84.365	14967	131,470	-
Total English Language Acquisition State Grants			168,383	-
Education Stabilization Fund (COVID-19)				
Elementary and Secondary School Emergency Relief (ESSER)				
ESSER I	84.425D	15536	1,003,844	-
ESSER II	84.425D	15547	1,120,529	-
ESSER III	84.425D	15559	291,946	-
Governor's Emergency Education Relief (GEER)	84.425C	15517	594,794	-
Total Education Stabilization Fund			3,011,113	-
Special Education-Grants for Infants and Families	84.181	23761	787,560	-
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	7,176	-
Student Support and Academic Enrichment Program	84.424	15396	81,023	-
Education for Homeless Children and Youth	84.196	14332	236,019	-
Total U.S. Department of Education			$ 44,674,843	$ 28,309,532

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through CDE:				
Child Care and Development Fund Cluster				
Child Care and Development Block Grant				
Federal Quality Improvement Activities	93.575	14092	$ 396,816	$ -
Local Planning Councils	93.575	13946	52,679	-
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) - COVID-19	93.575	15555	103,635	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Family Child Care Home	93.596	13609	10,660	-
Total Child Development Cluster			563,790	-
Head Start	93.600	10016	26,163,226	-
Total U.S. Department of Health and Human Services Human Services			26,727,016	-
U.S. Department of Agriculture				
Passed through CDE:				
Child and Adult Care Food Program				
Centers and Families Claims	10.558	13393	216,730	-
CCFP Cash in Lieu of Commodities	10.558	13389	9,315	-
Total Child and Adult Care Food Program			226,045	-
Total U.S. Department of Agriculture			226,045	-
U.S. Department of Treasury				
Passed through CDE:				
Coronavirus Relief Fund (CRF) - COVID-19	21.019	25516	3,125,869	-
Total U.S. Department of Treasury			3,125,869	-
Total Expenditures of Federal Awards			$ 74,753,773	$ 28,309,532

Organization

Santa Clara County Office of Education was organized in 1852 under the laws of the State of California. The County Office operates under a locally-elected seven-member Board form of government and provides education services to grades K-12 as mandated by the State and/or Federal agencies. The County Office is the administrative agency for six Special Education Local Plan Areas and operates special education classes at seventy-two school sites within the County of Santa Clara. The County Office coordinates one Regional Occupational Program and four community college County Offices. It operates alternative schools programs that serve children in a variety of settings including Juvenile Hall, ranch programs, children's shelter and numerous community schools throughout the Santa Clara county. It operates via the children's service department, various preschool, childcare, developmental programs and comprehensive services for low income children and their families in Santa Clara and San Benito counties. This effort is coordinated using funds from Headstart, Early Headstart, Migrant Education, Preschool and State Preschool programs.

Santa Clara County Office of Education administers programs to 31 elementary, high school, unified, and community college County Offices within Santa Clara County serving an area of approximately 1,300 square miles. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Claudia Rossi	President	2022
Peter Ortiz	Vice President	2022
Joseph Di Salvo	Member	2024
Tara Srekrishnan	Member	2022
Victoria Chon	Member	2024
Grace H. Mah	Member	2024
Rosemary Kamei	Member	2024

ADMINISTRATION

Mary Ann Dewan, Ph.D.	County Superintendent of Schools
Jessica Bonduris, Ed.D.	Assistant Superintendent of Educational Services
Stephanie Gomez	Chief Business Officer
Anisha Munshi, Ed.D.	Assistant Superintendent of Professional Learning and Instruction Support
David Wu	Chief Technology Officer
Dr. Gary Waddell, Ed.D.	Assistant Superintendent, Equity and Educational Progress
Larry Oshodi	Assistant Superintendent of Personnel Services

Name of Charter School and Charter Number		Included in Audit Report
1840	Opportunity Youth Academy	Included in County Office's Financial Statements, County School Service Fund
0972	ACE Empower Academy	Separate Report
1167	Alpha: cornerstone Academy Preparatory	Separate Report
1618	Alpha: Jose Hernandez Middle School	Separate Report
0615	Bullis Charter School	Separate Report
0767	Discovery Charter School	Separate Report
1547	Discovery Charter II	Separate Report
1268	Downtown College Preparatory - Alum Rock	Separate Report
1393	Rocketship Academy Brilliant Minds	Separate Report
1394	Rocketship Alma Academy	Separate Report
1193	Rocketship Discovery Prep	Separate Report
1687	Rocketship Fuerza Community Prep	Separate Report
1127	Rocketship Los Suenos Academy	Separate Report
0850	Rocketship Mateo Sheedy Elementary	Separate Report
1778	Rocketship Rising Stars	Separate Report
1061	Rocketship Si Se Puede Academy	Separate Report
1516	Summit Public School - Denali	Separate Report
1282	Summit Public School - Tahoma	Separate Report
1290	Sunrise Middle	Separate Report
0844	University Preparatory Academy Charter School	Separate Report
1716	Voices College-Bound Language Academy Morgan Hill	Separate Report
1743	Voices College-Bound Language Academy Mt. Pleasant	Separate Report

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021:

	(Budget) 2022 [1]	2021	2020	2019
County School Service Fund				
Revenues	$ 279,326,548	$ 294,397,754	$270,532,579	$ 266,450,345
Other sources	-	2,397	29,595	-
Total Revenues and Other Sources	279,326,548	294,400,151	270,562,174	266,450,345
Expenditures	305,805,466	277,388,697	263,819,871	255,349,104
Other uses and transfers out	983,500	984,000	1,050,845	981,960
Total Expenditures and Other Uses	306,788,966	278,372,697	264,870,716	256,331,064
Increase/(Decrease) in Fund Balance	(27,462,418)	16,027,454	5,691,458	10,119,281
Ending Fund Balance	$ 75,365,638	$102,828,056	$ 86,800,602	$ 81,109,144
Available Reserves [3]	$ 28,378,462	$ 33,208,443	$27,867,145	$ 25,179,836
Available Reserves as a Percentage of Total Outgo	9.25%	11.93%	10.52%	9.82%
Long-Term Liabilities	$ 237,947,576	$ 246,259,918	$231,314,906	$ 226,120,298
K-12 Average Daily Attendance at P-A [2]	164	345	281	260

The County School Service Fund balance has increased by $21,718,912 over the past two years. The fiscal year 2021-2022 budget projects a decrease of $27,462,418. For a County Office this size, the State of California recommends available reserves of at least 2 percent of total County School Service Fund expenditures, transfers out, and other uses (total outgo). The County Office met this requirement at June 30, 2021.

The County Office has incurred operating surpluses in all of the past four years, but anticipates incurring an operating deficit during the 2021-2022 fiscal year.

Total long-term liabilities have increased by $20,139,620 over the past two years.

Average daily attendance (ADA) has increased by 85 over the past two years, but a decrease of 181 ADA is anticipated during the 2021-2022 fiscal year.

[1] Budget 2022 is included for analytical purposes only and has not been subjected to audit.
[2] The ADA does not include charter school.
[3] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the County School Service Fund.

	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Debt Service Fund	Non-Major Governmental Funds
Assets					
Deposits and investments	$ 934,551	$ 485	$ 1,901	$ 17	$ 936,954
Receivables	2,017,921	-	3	-	2,017,924
Total assets	$ 2,952,472	$ 485	$ 1,904	$ 17	$ 2,954,878
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,893,584	$ -	$ -	$ -	$ 1,893,584
Due to other funds	49,835	485	1,898	17	52,235
Total liabilities	1,943,419	485	1,898	17	1,945,819
Fund Balances					
Restricted	1,009,053	-	6	-	1,009,059
Total liabilities and fund balances	$ 2,952,472	$ 485	$ 1,904	$ 17	$ 2,954,878

	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Debt Service Fund	Non-Major Governmental Funds
Revenues					
Federal sources	$ 789,835	$ -	$ -	$ -	$ 789,835
Other State sources	9,026,916	-	-	-	9,026,916
Other local sources	40,310	1	25	-	40,336
Total revenues	9,857,061	1	25	-	9,857,087
Expenditures					
Current					
Instruction	2,009,683	-	-	-	2,009,683
Instruction-related activities					
Supervision of instruction	2,343,872	-	-	-	2,343,872
School site administration	495,971	-	-	-	495,971
Pupil services					
Food services	249,473	-	-	-	249,473
All other pupil services	3,546,959	-	-	-	3,546,959
Administration					
All other administration	545,973	-	-	-	545,973
Plant services	324,769	-	-	-	324,769
Transfers to agencies for services	209,915	-	-	-	209,915
Debt service					
Principal	-	-	-	810,000	810,000
Interest and other	-	-	-	174,000	174,000
Total expenditures	9,726,615	-	-	984,000	10,710,615
Excess (Deficiency) of Revenues Over Expenditures	130,446	1	25	(984,000)	(853,528)
Other Financing Sources (Uses)					
Transfers in	-	-	-	984,000	984,000
Transfers out	-	(483)	(1,898)	(16)	(2,397)
Net Financing Sources (Uses)	-	(483)	(1,898)	983,984	981,603
Net Change in Fund Balances	130,446	(482)	(1,873)	(16)	128,075
Fund Balance - Beginning	878,607	482	1,879	16	880,984
Fund Balance - Ending	$ 1,009,053	$ -	$ 6	$ -	$ 1,009,059

	Self Insurance	OPEB	Internal Service Funds Total
Assets			
Current assets			
Deposits and investments	$ 23,085,165	$ 8,038,082	$ 31,123,247
Receivables	63,533	14,425	77,958
Due from other funds	1,451,661	-	1,451,661
Prepaid expenses	354,982	-	354,982
Total assets	24,955,341	8,052,507	33,007,848
Liabilities			
Current liabilities			
Accounts payable	258,931	-	258,931
Current Portion of claims liabilities	4,266,000	-	4,266,000
Total current liabilities	4,524,931	-	4,524,931
Noncurrent liabilities			
Claims liabilities	9,427,000	-	9,427,000
Total liabilities	13,951,931	-	13,951,931
Net Position			
Restricted	$ 11,003,410	$ 8,052,507	$ 19,055,917

	Self Insurance	OPEB	Internal Service Fund Total
Operating Revenues			
Contribution for Insurance Premium	$ 6,644,124	$ -	$ 6,644,124
Other local revenue	213,986	-	213,986
Total operating revenues	6,858,110	-	6,858,110
Operating Expenses			
Classified Salaries	229,476	-	229,476
Employee Benefits	101,329	-	101,329
Supplies and materials	10,444	-	10,444
Contract services and other operating cost	4,706,665	-	4,706,665
Total operating expenses	5,047,914	-	5,047,914
Operating Income	1,810,196	-	1,810,196
Nonoperating Revenues			
Interest income	313,858	81,364	395,222
Change in Net Position	2,124,054	81,364	2,205,418
Total Net Position - Beginning	8,879,356	7,971,143	16,850,499
Total Net Position - Ending	$ 11,003,410	$ 8,052,507	$ 19,055,917

	Self Insurance	OPEB	Internal Service Fund Total
Operating Activities			
Cash receipts from other funds for insurance	$ 6,883,127	$ -	$ 6,883,127
OPEB contribution received from other funds	-	17,657	17,657
Cash payments to other suppliers of goods or services	(10,444)	-	(10,444)
Cash payments to employees for services	(351,367)	-	(351,367)
Cash payments for claims	(6,389,326)	-	(6,389,326)
Net Cash from Operating Activities	131,990	17,657	149,647
Noncapital Financing Activities			
Transfer from other funds	1,265,226	-	1,265,226
Investing Activities			
Interest on investments	313,858	81,364	395,222
Net Change in Cash and Cash Equivalents	1,711,074	99,021	1,810,095
Cash and Cash Equivalents, Beginning	21,374,091	7,939,061	29,313,152
Cash and Cash Equivalents, Ending	$ 23,085,165	$ 8,038,082	$ 31,123,247
Reconciliation of Operating Income to Net Cash From Operating Activities			
Operating income	$ 1,810,196	$ -	$ 1,810,196
Changes in assets and liabilities			
Receivables	25,017	17,657	42,674
Accounts payable	(20,562)	-	(20,562)
Claim liabilities	(1,682,661)	-	(1,682,661)
Net Cash from Operating Activities	$ 131,990	$ 17,657	$ 149,647

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Santa Clara County Office of Education (the County Office) under programs of the federal government for the year ended June 30, 2021. The information 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). Because the schedule presents only a selected portion of the operations of the County Office, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance) of County Office.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the *modified accrual* and *accrual* basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate
The County Office has not elected to use the ten percent de minimis cost rate, when applicable.

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

Description	Amount
Total Federal Revenues reported on the financial statements	$ 76,639,826
Medical Assistance Program amounts for which the County Office is neither the subrecipient or awardee	(1,636,343)
Local Revenues coded per Standardized Account Code Structure as federal revenues	(249,709)
Total Schedule of Expenditures of Federal Awards	$ 74,753,774

Local Education Agency Organization Structure

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

Schedule of Charter Schools

This Schedule lists all Charter Schools chartered by the County Office, and displays information for each Charter School whether or not the Charter School is included in the County Office audit.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

This schedule discloses the County Office'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's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Internal Service Funds – Combining Statement of Net Position, Statement of Revenues, Expenditures and Changes in Net Position, and Statement of Cash Flows

The Internal Service Funds Combining Statement of Net Position, Combining Statement of Revenues, Expenditures and Changes in Net Position, and Statement of Cash Flows is included to provide information regarding the individual funds that have been included in the Internal Service Funds column on the Proprietary Funds Statement of Net Position, Statement of Revenues, Expenditures, and Changes in Net Position, and Statement of Cash Flows.

Independent Auditor's Reports
June 30, 2021

Santa Clara County Office of Education

Independent Auditor's 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*

Santa Clara County Board of Education
San Jose, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Santa Clara County Office of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Santa Clara County Office of Education's basic financial statements and have issued our report thereon dated December 28, 2021.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 to the financial statements, the County Office has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in an increase in both cash and accounts payable in the amount of $8,401,525, and no effect on net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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 may exist that have not been identified.

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*.

We noted certain matters that we reported to management of Santa Clara County Office of Education in a separate letter dated December 28, 2021.

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.

Eide Bailly LLP

Menlo Park, California
December 28, 2021

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Santa Clara County Board of Education
San Jose, California

Report on Compliance for Each Major Federal Program
We have audited Santa Clara County Office of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Clara County Office of Education's major federal programs for the year ended June 30, 2021. 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.

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

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

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

Opinion on Each Major Federal Program

In our opinion, Santa Clara County Office of Education's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Menlo Park, California
December 28, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Santa Clara County Board of Education
San Jose, California

Report on State Compliance

We have audited Santa Clara County Office of Education's (the County Office) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the County Office's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the County Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the County Office's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	No, see below
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	Yes
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No, see below

Kindergarten Continuance
The County Office does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

Instructional Time
Instructional Time does not apply to the County Office; therefore, we did not perform procedures related to Instructional Time.

Ratios of Administrative Employees to Teachers
Ratio of Administrative Employees to Teachers does not apply to the County Office; therefore, we did not perform procedures related to Ratio of Administrative Employees to Teachers.

Classroom Teacher Salaries
We did not perform procedures for Classroom Teachers Salaries as the County Office was not subject to the provisions of *Education Code* Section 41372 pursuant to the provisions of *Education Code* Section 41374.

Early Retirement Incentive
The County Office did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

K-3 Grade Span Adjustment
K-3 Grade Span Adjustment does not apply to the County Office; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

Apprenticeship: Related and Supplemental Instruction
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the County Office.

District of Choice
We did not perform District of Choice procedures because the program is not offered by the County Office.

Charter School Facility Grant Program
Additionally, we did not perform procedures for the Charter School Facility Grant Program because the County Office did not receive funding for this program.

Basis for Qualified Opinion on School Accountability Report Card
As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, the County Office did not comply with requirements regarding School Accountability Report Card. Compliance with such requirements is necessary in our opinion, for the County Office to comply with the requirements referred to above.

Qualified Opinion on School Accountability Report Card
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County Office complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

The County Office's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. The County Office's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs
In our opinion, Santa Clara County of Education complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.*

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 28, 2021

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Special Education Cluster	84.027, 84.173
Education Stabilization Fund (COVID-19)	84.425
Coronavirus Relief Fund (COVID-19)	21.019

Dollar threshold used to distinguish between type A and type B programs	$ 2,242,613
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for all programs	Qualified

Unmodified for all programs except for the following program/s which was/were qualified

Name of Program
School Accountability Report Card

None reported.

None reported.

2021-001 **School Accountability Report Card**
Code 40000, 72000

Criteria
EDC §17002 and EDC §33126(b)(8) requires that an assessment of school facilities be included in the annual School Accountability Report Card (SARC). School Districts use a "Facility Inspection Tool (FIT)" or equivalent, as the documented basis of the conditions reported in the facilities section of the SARC.

Condition
The District could not provide the FIT, or equivalent with the information that matched the facilities information published in the SARC.

Questioned Costs
There is no questioned cost associated with this condition.

Context
We selected a sample of four schools and the condition applies to all of those schools.

Effect
Information contained in the SARC regarding school facilities may be incomplete or inaccurate.

Cause and Recommendation
We recommend that the County Office appoint someone to be accountable for compliance in this area.

Identification as a Repeat Finding
This was not reported as a prior year finding.

Views of Responsible Officials/Corrective Action Plan
The County Office has included this area of gap in staff assignment and will address the corrective action required.

Summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.