

# **SAN DIEGO COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2021**

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

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
San Diego County Office of Education  
San Diego, California

### **Report on the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

## ***Emphasis of Matter***

### ***Change in Accounting Principle***

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

## ***Other Matters***

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Diego County Office of Education's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022 on our consideration of San Diego County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Office of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Office of Education's internal control over financial reporting and compliance.

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

San Diego, California  
January 3, 2022

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

## INTRODUCTION

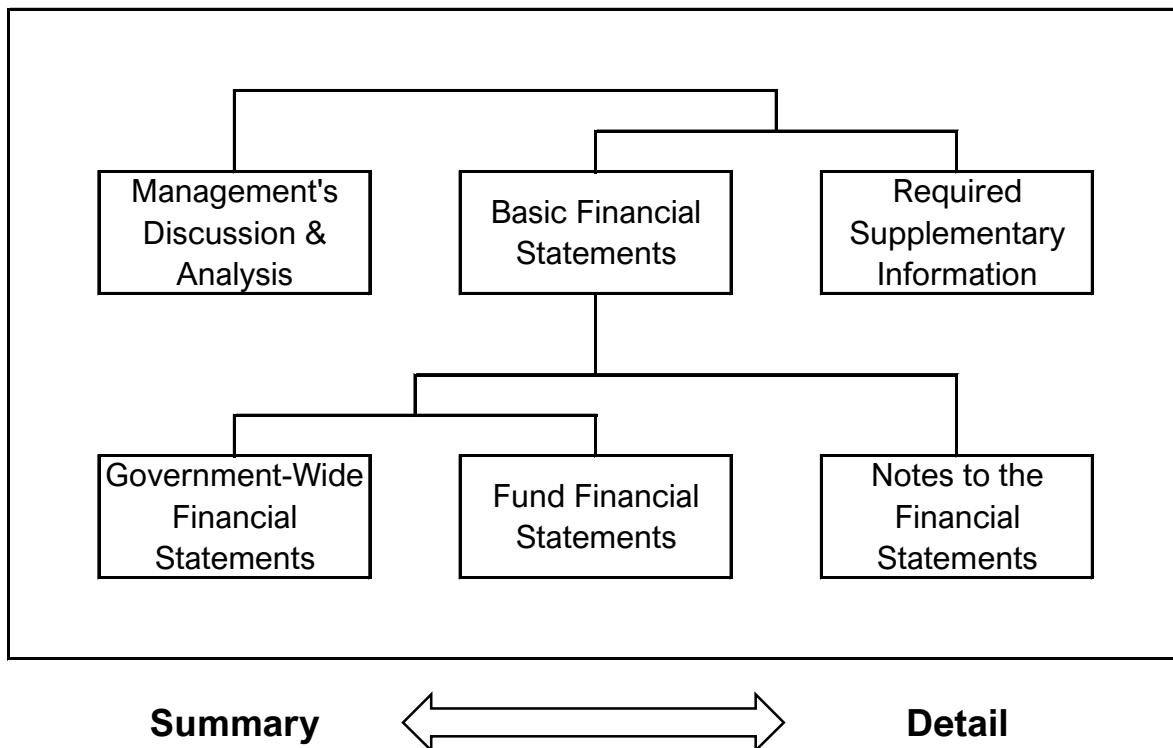
Our discussion and analysis of San Diego County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The County Office of Education's total net position was \$195,962,967 at June 30, 2021. This was an increase of \$21,410,717 from the prior year, after restatement.
- Overall revenues were \$544,684,449 which exceeded expenses of \$523,273,732.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





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

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

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

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

**Government-Wide Statements**

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

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

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

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

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

**Net Position**

The County Office of Education's net position was \$195,962,967 at June 30, 2021, as reflected in the table below. Of this amount, \$20,815,083 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$473,600,728	\$366,822,394	\$106,778,334
Net OPEB asset	17,921,575	740,271	17,181,304
Capital assets	72,138,492	75,469,460	(3,330,968)
<b>Total Assets</b>	<b>563,660,795</b>	<b>443,032,125</b>	<b>120,628,670</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>39,504,401</b>	<b>40,770,422</b>	<b>(1,266,021)</b>
<b>LIABILITIES</b>			
Current liabilities	190,712,844	121,431,611	69,281,233
Long-term liabilities	189,049,179	169,788,054	19,261,125
<b>Total Liabilities</b>	<b>379,762,023</b>	<b>291,219,665</b>	<b>88,542,358</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>27,440,206</b>	<b>18,031,284</b>	<b>9,408,922</b>
<b>NET POSITION</b>			
Net investment in capital assets	72,138,492	75,104,009	(2,965,517)
Restricted	103,009,392	75,573,507	27,435,885
Unrestricted	20,815,083	23,874,082	(3,058,999)
<b>Total Net Position</b>	<b>\$195,962,967</b>	<b>\$174,551,598</b>	<b>\$ 21,411,369</b>

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

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

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 27,220,656	\$ 28,565,590	\$ (1,344,934)
Operating grants and contributions	356,984,261	319,771,652	37,212,609
Capital grants and contributions	320	661	(341)
General revenues			
Property taxes	97,572,759	92,897,988	4,674,771
Unrestricted federal and state aid	39,933,009	39,670,742	262,267
Other	22,973,444	27,885,187	(4,911,743)
<b>Total Revenues</b>	<b>544,684,449</b>	<b>508,791,820</b>	<b>35,892,629</b>
<b>EXPENSES</b>			
Instruction	53,840,845	53,294,158	546,687
Instruction-related services	120,946,227	116,477,504	4,468,723
Pupil services	8,332,080	9,126,080	(794,000)
General administration	59,855,048	55,324,248	4,530,800
Plant services	12,182,999	15,371,928	(3,188,929)
Ancillary and community services	425,504	302,684	122,820
Debt service	26,026	46,143	(20,117)
Other outgo	265,429,867	245,912,817	19,517,050
Depreciation	2,217,398	278,871	1,938,527
Other	17,738	17,222	516
<b>Total Expenses</b>	<b>523,273,732</b>	<b>496,151,655</b>	<b>27,122,077</b>
<b>Change in net position</b>	<b>21,410,717</b>	<b>12,640,165</b>	<b>8,770,552</b>
<b>Net Position - Beginning, as Restated*</b>	<b>174,552,250</b>	<b>161,911,433</b>	<b>12,640,817</b>
<b>Net Position - Ending</b>	<b>\$195,962,967</b>	<b>\$174,551,598</b>	<b>\$ 21,411,369</b>

*\*Beginning net position was restated for the 2021 year only.*

The cost of all our governmental activities this year was \$523,273,732 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$97,572,759 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

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

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

**Changes in Net Position (continued)**

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

	<b>Net Cost of Services</b>	
	<b>2021</b>	<b>2020</b>
Instruction	\$ 14,869,257	\$ 22,119,427
Instruction-related services	36,962,325	36,606,787
Pupil services	4,375,912	3,881,961
General administration	51,351,548	50,658,969
Plant services	9,810,331	13,839,514
Ancillary and community services	202,100	272,888
Debt service	26,026	46,143
Transfers to other agencies	19,253,808	20,108,937
Depreciation	2,217,398	278,871
Other	(210)	255
<b>Total Expenses</b>	<b>\$ 139,068,495</b>	<b>\$ 147,813,752</b>

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

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$258,915,842, which is more than this year's restated beginning fund balance of \$224,047,954. The County Office of Education's County School Service Fund had \$28,555,572 more in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's Special Education Pass-Through Fund had equal amounts in operating revenues and expenditures for the year ended June 30, 2021. The Special Reserve Fund for Capital Outlay Projects had \$108,535 more in operating revenues than expenditures for the year ended June 30, 2021.

**CURRENT YEAR BUDGET 2020-2021**

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

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

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2020-2021 the County Office of Education had invested \$72,138,492 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 3,877,796	\$ 3,877,796	\$ -
Construction in progress	841,972	596,264	245,708
Land improvements	2,127,699	2,127,699	-
Buildings & improvements	54,381,784	54,121,198	260,586
Furniture & equipment	60,074,644	59,773,629	301,015
Accumulated depreciation	(49,165,403)	(45,027,126)	(4,138,277)
<b>Total Capital Assets</b>	<b>\$ 72,138,492</b>	<b>\$ 75,469,460</b>	<b>\$ (3,330,968)</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$189,049,179 in long-term liabilities, an increase of 11.34% from last year – as shown in the table below. (More detailed information about the County Office of Education's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Capital leases	\$ -	\$ 365,451	\$ (365,451)
Early retirement incentive	-	1,414,426	(1,414,426)
Compensated absences	4,843,022	4,092,896	750,126
Net pension liability	184,206,157	165,538,962	18,667,195
Less: current portion of long-term liabilities	-	(1,623,681)	1,623,681
<b>Total Long-term Liabilities</b>	<b>\$189,049,179</b>	<b>\$169,788,054</b>	<b>\$ 19,261,125</b>

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

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

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

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

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

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

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

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

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

The County Office of Education participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The County Office of Education's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the County Office of Education. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 25.82% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the County Office of Education's budget for the 2021-22 fiscal year.

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the County Office of Education's finances and to show the County Office of Education's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Andrienne Loree, Executive Director, Internal Business Services at San Diego County Office of Education, 6401 Linda Vista Road, Room 501, San Diego, CA 92111 or E-mail to [andrienne.loree@sdcoe.net](mailto:andrienne.loree@sdcoe.net).

**SAN DIEGO COUNTY OFFICE OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 295,418,630
Accounts receivable	174,902,028
Investment in JPA	1,509,551
Prepaid expenses	1,770,519
Net OPEB asset	17,921,575
Capital assets, not depreciated	4,719,768
Capital assets, net of accumulated depreciation	67,418,724
<b>Total Assets</b>	<b>563,660,795</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	38,654,773
Deferred outflows related to OPEB	849,628
<b>Total Deferred Outflows of Resources</b>	<b>39,504,401</b>
<b>LIABILITIES</b>	
Accrued liabilities	184,892,952
Unearned revenue	5,819,892
Long-term liabilities	189,049,179
<b>Total Liabilities</b>	<b>379,762,023</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	13,357,565
Deferred inflows related to OPEB	14,082,641
<b>Total Deferred Inflows of Resources</b>	<b>27,440,206</b>
<b>NET POSITION</b>	
Net investment in capital assets	72,138,492
Restricted:	
Capital projects	72,646,185
Educational programs	30,356,455
Associated student body	6,752
Unrestricted	20,815,083
<b>Total Net Position</b>	<b>\$ 195,962,967</b>

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

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 53,840,845	\$ 2,472,334	\$ 36,498,934	\$ 320	\$ (14,869,257)
Instruction-related services					
Instructional supervision and administration	109,513,169	9,431,173	72,431,886	-	(27,650,110)
Instructional library, media, and technology	2,190,118	72,045	141,639	-	(1,976,434)
School site administration	9,242,940	874,138	1,033,021	-	(7,335,781)
Pupil services					
Food services	1,448,362	18,577	127,072	-	(1,302,713)
All other pupil services	6,883,718	308,465	3,502,054	-	(3,073,199)
General administration					
Centralized data processing	30,359,982	2,158,691	807,195	-	(27,394,096)
All other general administration	29,495,066	1,031,896	4,505,718	-	(23,957,452)
Plant services	12,182,999	249,693	2,122,975	-	(9,810,331)
Ancillary services	425,504	1,820	221,584	-	(202,100)
Enterprise activities	17,738	13,691	4,257	-	210
Interest on long-term debt	26,026	-	-	-	(26,026)
Other outgo	265,429,867	10,588,133	235,587,926	-	(19,253,808)
Depreciation (unallocated)	2,217,398	-	-	-	(2,217,398)
<b>Total Governmental Activities</b>	<b>\$ 523,273,732</b>	<b>\$ 27,220,656</b>	<b>\$ 356,984,261</b>	<b>\$ 320</b>	<b>(139,068,495)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					92,948,850
Property taxes, levied for other specific purposes					4,623,909
Federal and state aid not restricted for specific purposes					39,933,009
Interest and investment earnings					2,257,604
Miscellaneous					20,715,840
<b>Subtotal, General Revenue</b>					<b>160,479,212</b>
<b>CHANGE IN NET POSITION</b>					<b>21,410,717</b>
<b>Net Position - Beginning, as Restated</b>					<b>174,552,250</b>
<b>Net Position - Ending</b>					<b>\$ 195,962,967</b>

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



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

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 194,361,701	\$ 13,364,799	\$ 32,822,609	\$ 34,864,140	\$ 275,413,249
Accounts receivable	50,142,222	122,611,596	57,031	2,053,839	174,864,688
Due from other funds	1,690,507	-	15,486,168	775,000	17,951,675
Prepaid expenditures	1,770,519	-	-	-	1,770,519
<b>Total Assets</b>	<b>\$ 247,964,949</b>	<b>\$ 135,976,395</b>	<b>\$ 48,365,808</b>	<b>\$ 37,692,979</b>	<b>\$ 470,000,131</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 48,322,377	\$ 135,900,412	\$ 11,760	\$ 658,403	\$ 184,892,952
Due to other funds	18,680,938	75,983	-	1,614,524	20,371,445
Unearned revenue	5,610,817	-	-	209,075	5,819,892
<b>Total Liabilities</b>	<b>72,614,132</b>	<b>135,976,395</b>	<b>11,760</b>	<b>2,482,002</b>	<b>211,084,289</b>
<b>FUND BALANCES</b>					
Nonspendable	1,797,419	-	-	-	1,797,419
Restricted	30,168,441	-	48,354,048	24,493,655	103,016,144
Committed	-	-	-	10,717,322	10,717,322
Assigned	79,875,904	-	-	-	79,875,904
Unassigned	63,509,053	-	-	-	63,509,053
<b>Total Fund Balances</b>	<b>175,350,817</b>	<b>-</b>	<b>48,354,048</b>	<b>35,210,977</b>	<b>258,915,842</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 247,964,949</b>	<b>\$ 135,976,395</b>	<b>\$ 48,365,808</b>	<b>\$ 37,692,979</b>	<b>\$ 470,000,131</b>

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

**SAN DIEGO COUNTY OFFICE OF EDUCATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET**  
**POSITION**  
**JUNE 30, 2021**

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**Total Fund Balance - Governmental Funds** **\$ 258,915,842**

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

**Capital assets:**

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

Capital assets	\$ 121,303,895	
Accumulated depreciation	<u>(49,165,403)</u>	72,138,492

**Investment in JPA:**

In governmental funds, the investment in JPA for the ECREC is not recorded because the investment involves an interest in capital assets less the long-term debt used to finance those assets. In the government-wide statement of net position the investment is reflected as:

1,509,551

**Long-term liabilities:**

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

Compensated absences	\$ 4,843,022	
Net pension liability	<u>184,206,157</u>	(189,049,179)

**Deferred outflows and inflows of resources relating to pensions:**

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

Deferred outflows of resources related to pensions	\$ 38,654,773	
Deferred inflows of resources related to pensions	<u>(13,357,565)</u>	25,297,208

**Internal service funds:**

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

27,151,053

**Total Net Position - Governmental Activities**

**\$ 195,962,967**

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

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 129,666,821	\$ -	\$ -	\$ 2,000,000	\$ 131,666,821
Federal sources	30,118,197	59,876,973	-	2,374,972	92,370,142
Other state sources	71,323,726	188,924,529	-	5,408,714	265,656,969
Other local sources	53,509,873	-	316,673	4,767,402	58,593,948
<b>Total Revenues</b>	<b>284,618,617</b>	<b>248,801,502</b>	<b>316,673</b>	<b>14,551,088</b>	<b>548,287,880</b>
<b>EXPENDITURES</b>					
Current					
Instruction	56,632,623	-	-	-	56,632,623
Instruction-related services					
Instructional supervision and administration	98,922,775	-	-	7,240,104	106,162,879
Instructional library, media, and technology	1,868,729	-	-	-	1,868,729
School site administration	8,432,234	-	-	-	8,432,234
Pupil services					
Food services	1,294,131	-	-	5,726	1,299,857
All other pupil services	6,544,394	-	-	-	6,544,394
General administration					
Centralized data processing	25,944,827	-	-	-	25,944,827
All other general administration	27,496,265	-	-	628,924	28,125,189
Plant services	11,331,487	-	9,227	144,314	11,485,028
Facilities acquisition and maintenance	267,027	-	198,911	182,582	648,520
Ancillary services	424,202	-	-	-	424,202
Enterprise activities	17,738	-	-	-	17,738
Transfers to other agencies	16,482,708	248,801,502	-	145,657	265,429,867
Debt service					
Principal	365,451	-	-	-	365,451
Interest and other	38,454	-	-	-	38,454
<b>Total Expenditures</b>	<b>256,063,045</b>	<b>248,801,502</b>	<b>208,138</b>	<b>8,347,307</b>	<b>513,419,992</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>28,555,572</b>	<b>-</b>	<b>108,535</b>	<b>6,203,781</b>	<b>34,867,888</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	250,025	-	15,000,000	-	15,250,025
Transfers out	(15,000,000)	-	-	(250,025)	(15,250,025)
<b>Net Financing Sources (Uses)</b>	<b>(14,749,975)</b>	<b>-</b>	<b>15,000,000</b>	<b>(250,025)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>13,805,597</b>	<b>-</b>	<b>15,108,535</b>	<b>5,953,756</b>	<b>34,867,888</b>
<b>Fund Balance - Beginning, as Restated</b>	<b>161,545,220</b>	<b>-</b>	<b>33,245,513</b>	<b>29,257,221</b>	<b>224,047,954</b>
<b>Fund Balance - Ending</b>	<b>\$ 175,350,817</b>	<b>\$ -</b>	<b>\$ 48,354,048</b>	<b>\$ 35,210,977</b>	<b>\$ 258,915,842</b>

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

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 34,867,888

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

**Capital outlay:**

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

Expenditures for capital outlay:	\$ 1,565,264	
Depreciation expense:	<u>(4,891,008)</u>	(3,325,744)

**Debt service:**

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

365,451

**Gain or loss from the disposal of capital assets:**

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

(5,224)

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

12,428

**Compensated absences:**

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

(750,126)

**Pensions:**

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

(16,349,836)

(Continued on next page)

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: 1,414,426

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 5,181,454

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 21,410,717</b>
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**SAN DIEGO COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

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	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 20,005,381
Accounts receivable	37,340
Due from other funds	2,419,770
Net OPEB asset	17,921,575
<b>Total Assets</b>	<b>40,384,066</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	849,628
<b>Total Deferred Outflows of Resources</b>	<b>849,628</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	14,082,641
<b>Total Deferred Inflows of Resources</b>	<b>14,082,641</b>
<b>NET POSITION</b>	
Restricted	27,151,053
<b>Total Net Position</b>	<b>\$ 27,151,053</b>

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

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

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	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Premiums/contributions	\$ 3,573,111
Other local revenues	4,189,002
<b>Total operating revenues</b>	<u>7,762,113</u>
<b>OPERATING EXPENSES</b>	
Other postemployment benefits (OPEB)	<u>2,784,850</u>
<b>Total operating expenses</b>	<u>2,784,850</u>
<b>Operating income/(loss)</b>	<u>4,977,263</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	<u>204,191</u>
<b>Total non-operating revenues/(expenses)</b>	<u>204,191</u>
<b>CHANGE IN NET POSITION</b>	5,181,454
<b>Net Position - Beginning</b>	<u>21,969,599</u>
<b>Net Position - Ending</b>	<u>\$ 27,151,053</u>

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

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 JUNE 30, 2021**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 3,573,111
Cash received (paid) from assessments made to (from) other funds	3,657,663
Cash payments for payroll, insurance, and operating costs	(6,973,852)
Net cash provided by (used for) operating activities	256,922
<b>Cash flows from investing activities</b>	
Interest received	204,191
Net cash provided by (used for) investing activities	204,191
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	461,113
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	19,544,268
End of year	\$ 20,005,381
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ 4,977,263
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	44,394
(Increase) decrease in due from other funds	(575,733)
(Increase) decrease in net OPEB asset	(17,181,304)
(Increase) decrease in deferred outflows related to pensions	161,427
Increase (decrease) in deferred inflows related to pensions	12,830,875
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 256,922</b>

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



**SAN DIEGO COUNTY OFFICE OF EDUCATION**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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	<b>Private-Purpose Trust Funds</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 156,771,260
Accounts receivable	3,848,240
Prepaid expenses	4,000
Net OPEB asset	633,077
<b>Total Assets</b>	<b>161,256,577</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	297,429
Deferred outflows related to OPEB	65,009
<b>Total Deferred Outflows of Resources</b>	<b>362,438</b>
 <b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	2,164,537
Underground storage tank	70,000
Unearned revenue	1,780,007
Unpaid self-insurance	65,498,041
Total current liabilities	69,512,585
Non-current liabilities	
Compensated absences	307,443
Net pension liability	5,318,233
Total non-current liabilities	5,625,676
<b>Total Liabilities</b>	<b>75,138,261</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	133,034
Deferred inflows related to OPEB	488,546
<b>Total Deferred Inflows of Resources</b>	<b>621,580</b>
 <b>NET POSITION</b>	
Restricted	85,859,174
<b>Total Net Position</b>	<b>\$ 85,859,174</b>

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

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

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	<b>Private-Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Participant fees	\$ 109,460,165
Investment earnings	1,437,843
<b>Total Additions</b>	<u>110,898,008</u>
<b>DEDUCTIONS</b>	
Claims paid, net of recoveries	53,536,362
Insurance premiums	36,945,751
Administrative expenses	10,898,238
Construction projects	2,401,430
<b>Total Deductions</b>	<u>103,781,781</u>
<b>CHANGE IN NET POSITION</b>	7,116,227
<b>Net Position - Beginning</b>	<u>78,742,947</u>
<b>Net Position - Ending</b>	<u>\$ 85,859,174</u>

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

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

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

**A. Financial Reporting Entity**

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

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

**B. Component Units**

Component units are legally separate organizations for which the County Office of Education is financially accountable. Component units may also include organizations that are fiscally dependent on the County Office of Education in that the County Office of Education approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the County Office of Education is not financially accountable but the nature and significance of the organization's relationship with the County Office of Education is such that exclusion would cause the County Office of Education's financial statements to be misleading or incomplete. The County Office of Education has no such component units.

**C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the County Office of Education). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

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

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

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

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

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

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

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

**Major Governmental Funds**

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

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

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of County School Service Fund moneys for capital outlay purposes (*Education Code Section 42840*).

**Non-Major Governmental Funds**

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

**Student Activity Fund:** This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

**Special Revenue Funds (continued)**

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

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the County Office of Education's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a local education agency may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the County Office of Education (*Education Code Sections 17582 and 17583*).

**Forest Reserve Fund:** This fund exists to account separately for federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code Section 2300; Government Code Section 29484*).

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

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the County Office of Education and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

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

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

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

**Proprietary Funds**

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

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

**Fiduciary Funds**

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

**Private-Purpose Trust Fund:** The private purpose trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of employee benefit plans and County Office administered joint powers agreements.

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

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

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

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

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

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

**Government-Wide, Proprietary, and Fiduciary Financial Statements (continued)**

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

**Governmental Funds**

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

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

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

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

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

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the County Office of Education prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County Office of Education has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

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

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

**Expenses/Expenditures**

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

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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



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

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

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

**Capital Assets (continued)**

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20-50 Years
Site Improvements	10-25 Years
Equipment	5-15 Years

**Interfund Balances**

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

**Compensated Absences**

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

**Accrued Liabilities and Long-Term Obligations**

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

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

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

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

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

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

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

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

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

**Premiums and Discounts**

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

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the County Office of Education will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**Fund Balance**

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

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

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

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

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

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

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

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

**F. Interfund Activity**

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

**G. Estimates**

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

**H. Property Tax**

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

**I. Budgetary Data**

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

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

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

**J. New Accounting Pronouncements**

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The County Office of Education has implemented this Statement as of June 30, 2021.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The County Office of Education has not yet determined the impact on the financial statements.

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

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The County Office of Education has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

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

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

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Fund
Investment in county treasury	\$ 275,134,753	\$ 20,005,381	\$ 295,140,134	\$ 156,021,260
Cash on hand and in banks	251,596	-	251,596	750,000
Cash in revolving fund	26,900	-	26,900	-
<b>Total</b>	<b>\$ 275,413,249</b>	<b>\$ 20,005,381</b>	<b>\$ 295,418,630</b>	<b>\$ 156,771,260</b>

**B. Policies and Practices**

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

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

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

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

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment with the County Treasury with a fair value of approximately \$453,045,354 and an amortized book value of \$451,161,394. The average weighted maturity for this pool is 613 days.

**E. Credit Risk**

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

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

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

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the County Office of Education's bank balance of \$250,000 was exposed to custodial credit risk.

**G. Fair Value**

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

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

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

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

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

The County Office of Education's fair value measurements at June 30, 2021 were as follows:

	<u><b>Uncategorized</b></u>
Investment in county treasury	<u>\$ 453,045,354</u>
<b>Total</b>	<u><b>\$ 453,045,354</b></u>



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

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	\$ 7,374,264	\$ 63,830,543	\$ -	\$ 858,290	\$ -	\$ 72,063,097	\$ -
State Government							
Apportionment	19,967,397	58,665,267	-	-	-	78,632,664	-
Categorical aid	10,007,706	115,786	-	1,137,757	-	11,261,249	-
Lottery	121,382	-	-	-	-	121,382	-
Local Government							
Other local sources	12,671,473	-	57,031	57,792	37,340	12,823,636	265,877
Local Sources							
Fees and contracts	-	-	-	-	-	-	3,582,363
<b>Total</b>	<b>\$ 50,142,222</b>	<b>\$ 122,611,596</b>	<b>\$ 57,031</b>	<b>\$ 2,053,839</b>	<b>\$ 37,340</b>	<b>\$ 174,902,028</b>	<b>\$ 3,848,240</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,877,796	\$ -	\$ -	\$ 3,877,796
Construction in progress	596,264	245,708	-	841,972
Total Capital Assets not Being Depreciated	4,474,060	245,708	-	4,719,768
Capital assets being depreciated				
Land improvements	2,127,699	-	-	2,127,699
Buildings & improvements	54,121,198	260,586	-	54,381,784
Furniture & equipment	59,773,629	1,058,970	757,955	60,074,644
Total Capital Assets Being Depreciated	116,022,526	1,319,556	757,955	116,584,127
Less Accumulated Depreciation				
Land improvements	1,179,087	101,852	-	1,280,939
Buildings & improvements	18,253,243	1,371,497	-	19,624,740
Furniture & equipment	25,594,796	3,417,659	752,731	28,259,724
Total Accumulated Depreciation	45,027,126	4,891,008	752,731	49,165,403
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 75,469,460</b>	<b>\$ (3,325,744)</b>	<b>\$ 5,224</b>	<b>\$ 72,138,492</b>

Depreciation for the year ended June 30, 2021 was charged to functions as follows:

Instruction	\$ 22,954
Instructional supervision and administration	59,551
Instructional library, media, and technology	110,308
School site administration	1,892
Food services	2,803
Centralized data processing	2,245,252
All other general administration	132,269
Plant services	98,581
Unallocated	2,217,398
<b>Total</b>	<b>\$ 4,891,008</b>

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

**NOTE 5 – INTERFUND TRANSACTIONS**

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

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

<b>Due To Other Funds</b>	<b>Due From Other Funds</b>				<b>Total</b>
	<b>County School Service Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Fund</b>	
County School Service Fund	\$ -	\$ 15,486,168	\$ 775,000	\$ 2,419,770	\$ 18,680,938
Special Education Pass-Through Fund	75,983	-	-	-	75,983
Non-Major Governmental Funds	1,614,524	-	-	-	1,614,524
<b>Total</b>	<b>\$ 1,690,507</b>	<b>\$ 15,486,168</b>	<b>\$ 775,000</b>	<b>\$ 2,419,770</b>	<b>\$ 20,371,445</b>

Due from the County School Service Fund to the Deferred Maintenance Fund for routine restricted maintenance.	\$ 775,000
Due from the County School Service Fund to the Special Reserve Fund for Capital Outlay Projects to cover capital projects.	15,486,168
Due from the County School Service Fund to the Internal Service Fund for OPEB expenditures.	2,419,770
Due from the Special Education Pass-Through Fund to the County School Service Fund for expense reimbursements.	75,983
Due from the Child Development Fund to the County School Service Fund for indirect costs and OPEB expenditures.	1,614,524
<b>Total</b>	<b>\$ 20,371,445</b>

**B. Operating Transfers**

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

<b>Interfund Transfers Out</b>	<b>Interfund Transfers In</b>				<b>Total</b>
	<b>County School Service Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>		
County School Service Fund	\$ -	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000
Non-Major Governmental Funds	250,025	-	-	-	250,025
<b>Total</b>	<b>\$ 250,025</b>	<b>\$ 15,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,250,025</b>

Transfer from the County School Service Fund to the Special Reserve Fund for Capital Outlay Projects for Comstock building upgrades and various site building improvements.	\$ 15,000,000
Transfer from the Building Fund to the County School Service Fund for interest to clear out fund.	25
Transfer from the Capital Facilities Fund to the County School Facilities Fund for redevelopment transfer.	250,000
<b>Total</b>	<b>\$ 15,250,025</b>

**NOTE 6 – ACCRUED LIABILITIES**

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

	<b>County School Service Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Payroll	\$ 895,286	\$ -	\$ -	\$ -	\$ 895,286	\$ -
Construction	-	-	-	-	-	-
Vendors payable	25,170,990	-	11,760	658,403	25,841,153	2,021,374
Unmatured interest	-	-	-	-	-	-
Other liabilities	22,256,101	135,900,412	-	-	158,156,513	143,163
<b>Total</b>	<b>\$ 48,322,377</b>	<b>\$ 135,900,412</b>	<b>\$ 11,760</b>	<b>\$ 658,403</b>	<b>\$ 184,892,952</b>	<b>\$ 2,164,537</b>

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

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**NOTE 7 – UNEARNED REVENUE**

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

	<b>County School Service Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 968,364	\$ 68,995	\$ 1,037,359
State categorical sources	2,085,636	140,080	2,225,716
Local sources	2,556,817	-	2,556,817
<b>Total</b>	<b>\$ 5,610,817</b>	<b>\$ 209,075</b>	<b>\$ 5,819,892</b>

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
Capital leases	\$ 365,451	\$ -	\$ 365,451	\$ -	\$ -
Early retirement incentive	1,414,426	-	1,414,426	-	-
Compensated absences	4,092,896	750,126	-	4,843,022	-
Net pension liability	165,538,962	18,667,195	-	184,206,157	-
<b>Total</b>	<b>\$ 171,411,735</b>	<b>\$ 19,417,321</b>	<b>\$ 1,779,877</b>	<b>\$ 189,049,179</b>	<b>\$ -</b>
	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Private Purpose Trusts</b>					
Compensated absences	\$ 279,305	\$ 28,138	\$ -	\$ 307,443	\$ -
Net pension liability	4,511,239	806,994	-	5,318,233	-
<b>Total</b>	<b>\$ 4,790,544</b>	<b>\$ 835,132</b>	<b>\$ -</b>	<b>\$ 5,625,676</b>	<b>\$ -</b>

- Payments for capital lease obligations were made in the County School Service Fund.
- Payments for early retirement incentive program were made in the County School Service Fund.
- Payments for compensated absences are typically liquidated in the County School Service Fund and the Non-Major Governmental Funds and Private Purpose Trust Funds.

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

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

**A. Capital Leases**

The County Office of Education entered into various capital leases, primarily for computer equipment. The lease agreements required annual payments and included purchase options. Final principal payments were made in 2021.

**B. Early Retirement Incentive**

During the 2017-18 fiscal year the County Office of Education offered a retirement incentive to eligible employees. The incentive called for lump sum payments to retirement accounts for employees who took advantage of the offer varying from \$13,455 to \$79,690 based on position, salary, and service years. The payments were made over a three-year period. There is no outstanding balance as of June 30, 2021.

**C. Compensated Absences**

Total unpaid employee compensated absences in governmental activities as of June 30, 2021 amounted to \$4,843,022. This amount is included as part of long-term liabilities in the government-wide financial statements. Total unpaid employee compensated absences in the private purpose trust funds as of June 30, 2021 amounted to \$307,443. This amount is included as part of long-term liabilities in the private purpose trust financial statements.

**D. Net Pension Liability**

The County Office of Education's beginning net pension liability in governmental activities was \$165,538,962 and increased by \$18,667,195 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$184,206,157. The County Office of Education's beginning net pension liability in the private purpose trust funds was \$4,511,239 and increased by \$806,994 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$5,318,233. See Note 11 for additional information regarding the net pension liability.

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

**NOTE 9 – FUND BALANCES**

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

	<b>County School Service Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable				
Revolving cash	\$ 26,900	\$ -	\$ -	\$ 26,900
Prepaid expenditures	1,770,519	-	-	1,770,519
Total non-spendable	1,797,419	-	-	1,797,419
Restricted				
Educational programs	30,168,441	-	194,766	30,363,207
Associated student body	-	-	6,752	6,752
Capital projects	-	48,354,048	24,292,137	72,646,185
Total restricted	30,168,441	48,354,048	24,493,655	103,016,144
Committed				
Deferred maintenance	-	-	10,717,322	10,717,322
Total committed	-	-	10,717,322	10,717,322
Assigned				
Income driven accounts	56,251,870	-	-	56,251,870
Education business system reserves	1,160,979	-	-	1,160,979
Enrollment reserves	4,500,000	-	-	4,500,000
Equipment reserves	1,680,000	-	-	1,680,000
OPEB reserves	4,000,000	-	-	4,000,000
Pension reserve	7,000,000	-	-	7,000,000
Vacation accrual	4,843,021	-	-	4,843,021
Lottery	238,098	-	-	238,098
Reserve for postemployment	201,936	-	-	201,936
Total assigned	79,875,904	-	-	79,875,904
Unassigned	63,509,053	-	-	63,509,053
<b>Total Fund Balance</b>	<b>\$ 175,350,817</b>	<b>\$ 48,354,048</b>	<b>\$ 35,210,977</b>	<b>\$ 258,915,842</b>

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

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

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The San Diego County Office of Education's (SDCOE) defined benefit OPEB plan, San Diego County Office of Education Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit OPEB plan administered by the County Office of Education through CalPERS CERBT Trust Fund. Authority to establish and amend the benefit terms and financing requirements lies with the County Office's board of directors. The County Office of Education is a participant in the California Employer's Retiree Benefit Trust (CERBT), an agent multiple employers defined benefit post-employment healthcare plan administered by CalPERS.

**B. OPEB Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the County Office of Education. The California Public Employees Retirement System (CalPERS) administers the San Diego County Office of Education Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for employee groups as follows:

**C. Benefits Provided**

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

	<b><u>Certificated</u></b>	<b><u>Classified, Management &amp; Other Employees</u></b>
Benefit types provided	Medical, Dental & Vision	Medical, Dental, Vision & Life Insurance
Duration of Benefits	To age 65	To age 65
Required Service	10 years	10 years
Minimum Age	55	55
Dependent Coverage	Self-paid	Self-paid
County Office of Education Contribution %	100% of retiree only medical premium	100% of retiree only medical premium
County Office of Education Cap	Active Cap	Active Cap

**D. Contributions**

For fiscal year 2020-21, the County Office of Education contributed \$3,598,923 to the Plan, \$1,967,413 of which was used for current premiums.

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

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**E. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	121
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>932</u>
<b>Total number of participants**</b>	<b><u>1,053</u></b>

\*Information not provided

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

**F. Net OPEB Liability (Asset)**

The components of the net OPEB liability (asset) of the County Office of Education at June 30, 2021, were as follows:

Total OPEB liability	\$ 19,366,983
Plan fiduciary net position	<u>37,921,635</u>
<b>County Office of Education's net OPEB asset</b>	<b><u>\$(18,554,652)</u></b>

Plan fiduciary net position as a percentage of total OPEB liability (asset)	195.81%
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**G. Investments**

**Investment Policy**

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

The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Generally, equities are intended to help build the value of the Plans portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

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

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Investments (continued)**

**Concentrations**

The Plan held the following investments of the Plan's fiduciary net position:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Assumed Gross Return</b>
All Equities	59%	7.5450
Fixed Income	25%	4.2500
Treasury Inflation-Protected Securities (TIPS)	5%	3.0000
Real Estate Investment Trusts	8%	7.2500
Commodities	3%	7.5450

The Plan holds investments explicitly in the CERBT Strategy 1 portfolio which represents an amount greater than 5% of the Plan's fiduciary net position.

**Rate of Return**

For the year ended, June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 6.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**H. Actuarial Assumptions and Other Inputs**

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

**Economic assumptions:**

Inflation	2.50%
Payroll increases	2.75%
Investment rate of return	6.75%
Healthcare cost trend rates	4.00%

**Non-economic assumptions:**

*Mortality:*

SOA Public-2010 General Mortality Table with Generational Scale MP-2018 for employees in the CalPERS pension system.

SOA Public-2010 Teachers Mortality Table with Generational Scale MP-2018 for employees in the CalSTRS pension system.

*Retirement rates:*

Certificated	Most Recent CalSTRS Retirement Rates Table
Classified	Most Recent CalPERS Retirement Rates for School Employees Table

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

The discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher.



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

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**I. Changes in Net OPEB Liability (Asset)**

	<b>Governmental Activities</b>	<b>Private Purpose Trust Funds</b>	<b>Total</b>
	<b>June 30, 2021</b>	<b>June 30, 2021</b>	<b>June 30, 2021</b>
<b>Total OPEB Liability</b>			
Service Cost	\$ 1,369,615	\$ 72,378	\$ 1,441,993
Interest on total OPEB liability	1,855,118	67,931	1,923,049
Difference between expected and actual experience	(2,772,384)	(101,520)	(2,873,904)
Changes of assumptions	(6,628,013)	(242,707)	(6,870,720)
Benefits payments	(1,897,914)	(69,499)	(1,967,413)
Net change in total OPEB liability	(8,073,579)	(273,417)	(8,346,995)
Total OPEB liability - beginning	26,881,112	832,866	27,713,978
Total OPEB liability - ending (a)	<u>\$ 18,807,533</u>	<u>\$ 559,449</u>	<u>\$ 19,366,983</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	3,471,792	\$ 127,131	\$ 3,598,923
Net investment income	7,560,625	276,858	7,837,483
Benefit payments	(1,897,914)	(69,499)	(1,967,413)
Administrative expenses	(26,776)	(981)	(27,757)
Net change in plan fiduciary net position	9,107,726	333,510	9,441,236
Plan fiduciary net position - beginning	27,621,383	859,016	28,480,399
Plan fiduciary net position - ending (b)	<u>\$ 36,729,109</u>	<u>\$ 1,192,526</u>	<u>\$ 37,921,635</u>
County Office of Education's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (17,921,575)</u>	<u>\$ (633,077)</u>	<u>\$ (18,554,652)</u>
Plan fiduciary net position as a percentage of the total OPEB liability			195.8%
Covered-employee payroll			\$ 99,867,350
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll			-18.6%

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

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

	<b>1% Decrease (5.75%)</b>	<b>Valuation Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net OPEB liability (asset) - Governmental Activities	\$ (19,567,723)	\$ (17,921,575)	\$ (15,973,951)
Net OPEB liability (asset) - Private Purpose Trusts	(716,539)	(633,077)	(584,940)
Total Net OPEB liability (asset)	<u>\$ (20,284,262)</u>	<u>\$ (18,554,652)</u>	<u>\$ (16,558,891)</u>

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

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

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

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

	1% Decrease (5.50% decreasing to 3.50%)	Valuation Trend Rate (6.50% decreasing to 4.50%)	1% Increase (7.50% decreasing to 5.50%)
Net OPEB liability (asset) - Governmental Activities	\$ (16,612,465)	\$ (17,921,575)	\$ (19,088,926)
Net OPEB liability (asset) - Private Purpose Trusts	(608,322)	(633,077)	(699,006)
Total Net OPEB liability (asset)	<u>\$ (17,220,787)</u>	<u>\$ (18,554,652)</u>	<u>\$ (19,787,932)</u>

**L. OPEB Expense (expense offset) and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the San Diego County Office of Education recognized OPEB expense (expense offset) of \$(738,055) between governmental activities and private purpose trusts. At June 30, 2021, the San Diego County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Private Purpose Trusts	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 498,343	\$ 4,524,179	\$ 38,131	\$ 159,527
Differences between expected and actual experience	-	3,522,884	-	124,220
Changes in assumptions	351,285	6,035,578	26,878	204,799
<b>Total</b>	<u>\$ 849,628</u>	<u>\$ 14,082,641</u>	<u>\$ 65,009</u>	<u>\$ 488,546</u>

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

	Governmental Activities		Private Purpose Trusts	
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 261,529	\$ 2,282,271	\$ 21,669	\$ 82,020
2023	261,527	2,230,600	21,669	80,164
2024	234,291	2,230,600	19,412	80,164
2025	92,281	2,230,599	2,259	80,164
2026	-	862,989	-	31,014
Thereafter	-	4,245,582	-	135,020
<b>Total</b>	<u>\$ 849,628</u>	<u>\$ 14,082,641</u>	<u>\$ 65,009</u>	<u>\$ 488,546</u>

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

**NOTE 11 – PENSION PLANS**

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

	<b>Governmental Activities</b>			
	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 85,336,730	\$ 19,761,525	\$ 4,447,276	\$ 13,187,409
PERS Pension	98,869,427	18,893,248	8,910,289	20,980,611
<b>Total</b>	<b>\$ 184,206,157</b>	<b>\$ 38,654,773</b>	<b>\$ 13,357,565</b>	<b>\$ 34,168,020</b>

	<b>Private Purpose Trusts</b>			
	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
PERS Pension	\$ 5,318,233	\$ 297,429	\$ 133,034	\$ 1,930,830
<b>Total</b>	<b>\$ 5,318,233</b>	<b>\$ 297,429</b>	<b>\$ 133,034</b>	<b>\$ 1,930,830</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

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

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

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**NOTE 11 – PENSION PLANS (continued)**

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

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$8,076,284 for the year ended June 30, 2021.

**On-Behalf Payments**

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,978,865 to CalSTRS.

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

At June 30, 2021, the County Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office of Education. The amount recognized by the County Office of Education as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County Office of Education were as follows:

County Office of Education's proportionate share of the net pension liability	\$ 85,336,730
State's proportionate share of the net pension liability associated with the County Office of Education	43,990,739
<b>Total</b>	<u>\$ 129,327,469</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the County Office of Education's proportion was 0.088 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2019.

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

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**NOTE 11 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2021, the County Office of Education recognized pension expense of \$13,187,409. In addition, the County Office of Education recognized pension expense and revenue of \$1,375,434 for support provided by the State. At June 30, 2021, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,027,109	\$ -
Differences between expected and actual experience	150,581	2,406,642
Changes in assumptions	8,321,540	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,186,011	2,040,634
County Office of Education contributions subsequent to the measurement date	8,076,284	-
<b>Total</b>	<u>\$ 19,761,525</u>	<u>\$ 4,447,276</u>

The \$8,076,284 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 1,709,073	\$ 1,284,008
2023	3,608,432	996,598
2024	4,256,807	846,017
2025	1,509,375	848,659
2026	300,777	353,115
2027	300,777	118,879
<b>Total</b>	<u>\$ 11,685,241</u>	<u>\$ 4,447,276</u>

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

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

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

\*20-year geometric average

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

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**NOTE 11 – PENSION PLANS (continued)**

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 128,931,913	\$ 85,336,730	\$ 49,342,769

**Pension Plan Fiduciary Net Position**

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

**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

**Benefits Provided**

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

**Contributions**

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

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the governmental activities were \$11,006,141 for the year ended June 30, 2021. Contributions to the plan from the private purpose trusts were \$244,630 for the year ended June 30, 2021.

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

At June 30, 2021, the governmental activities County Office of Education reported a liability of \$98,869,427 and the private purpose trusts reported \$5,318,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the County Office of Education's proportion for the governmental activities and private purpose trusts was 100 percent, which did not change from its proportion measured as of June 30, 2019.



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

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**NOTE 11 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2021, the County Office of Education governmental activities and private purpose trusts recognized pension expense of \$20,980,611. At June 30, 2021, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,336,717	\$ -
Differences between expected and actual experience	5,930,023	-
Changes in assumptions	-	1,499,203
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	33,488	7,544,120
County Office of Education contributions subsequent to the measurement date	10,890,449	-
<b>Total</b>	<u>\$ 19,190,677</u>	<u>\$ 9,043,323</u>

The \$10,890,449 reported as deferred outflows of resources related to pensions resulting from County Office of Education governmental activities and private purpose trusts contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 2,995,827	\$ 4,066,646
2023	2,319,775	2,602,548
2024	1,817,762	2,316,815
2025	1,166,864	57,314
<b>Total</b>	<u>\$ 8,300,228</u>	<u>\$ 9,043,323</u>

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

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.375%
Salary Increases	Varies by Entry Age and Service

CalPERS uses the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 156,402,759	\$ 104,187,660	\$ 61,094,774

**Pension Plan Fiduciary Net Position**

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

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

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2021.

**B. Litigation**

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2021.

**C. Construction Commitments**

As of June 30, 2021, the County Office of Education had no commitments with respect to unfinished capital projects.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The County Office participates in the San Diego Schools Risk Management Joint Powers Authority. The relationship between the County Office and the JPA is such that the JPA is not a component unit of the County Office. The JPA arranges for and provides for various types of insurances for its members as requested. The JPA is governed by a board consisting of a representative from each of its members. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. Financial information can be obtained from the JPA directly.

The County Office entered into a Joint Powers Agreement (JPA) with Grossmont Union High School District for the purpose of obtaining lease revenue bonds for the construction of a joint use facility. The JPA entity formed is called the San Diego County Educational Facilities Authority No. 1. The County Office has a 50% interest in the assets and liabilities of the JPA. On June 15, 1995 the JPA issued three series of lease revenue bonds in the amount of \$4,620,000 with interest rates ranging from 5.375% to 6.500%. In November 2003, the JPA issued new lease revenue bonds in the amount of \$4,155,000 for the purpose of advance refunding \$3,890,000 of the JPA's outstanding 1995 lease revenue bonds and to pay \$125,000 principal of the 1995 lease revenue bonds that matured on August 15, 2004. The new bonds mature from August 15, 2004 to August 15, 2018 with interest rates ranging from 2.0% to 4.25%. The lease revenue bonds have been paid in full. The County Office's interest in the JPA is recorded as Investment in JPA on the Statement of Net Position.

In January 2004, the County Office entered into a Joint Exercise of Powers Agreement with the San Marcos Unified School District. This agreement created and established the San Diego County Educational Facilities Authority No. 2 for the purpose of constructing, owning and operating the North County Regional Education Center (NCREC) on behalf of the County Office and the San Marcos Unified School District. In February 2005, the County Office issued \$10,875,000 of Certificates of Participation (COPs) to provide funds to finance a portion of the construction costs of the NCREC. These COPs have been fully repaid.

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

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**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES (continued)**

In July 2010, the County Office entered into a Joint Powers Agreement (JPA) with Carlsbad Unified School District, Ramona Unified School District, Coronado Unified School District, Santee School District, San Pasqual Union Elementary School District, Poway Unified School District, Borrego Springs Unified School District, Bonsall School District, Valley Center-Pauma Unified School District and Lakeside Union School District. The JPA entity formed is called the San Diego County Energy Authority. The purpose of the agreement is to develop county-wide energy strategies, services and projects which may reduce local energy use borrowing and utility costs, promote the greater use of existing and new energy products, services and/or projects to provide significant public benefits. The financial activities of the JPA are reflected as a fund within the private purpose trust funds. Additional financial information can be obtained from the JPA.

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

**NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to pensions was \$38,654,773 and total deferred inflows related to pensions was \$13,357,565 in the governmental activities. At June 30, 2021, total deferred outflows related to pensions was \$297,429 and total deferred inflows related to pensions was \$133,034 in the private purpose trust funds.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$849,628 and total deferred inflows related to other postemployment benefits was \$14,082,641 in the governmental activities. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$65,009 and total deferred inflows related to other postemployment benefits was \$488,546 in the private purpose trust funds.

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

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**NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE**

The amounts previously reported at June 30, 2020 as the ending net position for Governmental Activities and the ending fund balance for the Student Activity Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts, it has been determined that the District's ASB accounts are not fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement. The June 30, 2020, ending balances have been restated as follows:

	<b>Governmental Activities</b>
Net Position - Beginning, as Previously Reported	\$ 174,551,598
Restatement	652
Net Position - Beginning, as Restated	<u>\$ 174,552,250</u>

	<b>Student Activity Fund</b>
Fund Balance - Beginning, as Previously Reported	\$ -
Restatement	652
Fund Balance - Beginning, as Restated	<u>\$ 652</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SAN DIEGO COUNTY OFFICE OF EDUCATION  
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 125,175,383	\$ 129,998,278	\$ 129,666,821	\$ (331,457)
Federal sources	25,451,790	36,506,857	30,130,996	(6,375,861)
Other state sources	68,857,239	75,161,661	71,323,726	(3,837,935)
Other local sources	68,529,222	70,463,731	53,494,986	(16,968,745)
Total Revenues	288,013,634	312,130,527	284,616,529	(27,513,998)
EXPENDITURES				
Certificated salaries	51,569,340	57,052,839	50,933,295	6,119,544
Classified salaries	55,341,952	57,314,141	52,356,329	4,957,812
Employee benefits	57,563,909	58,803,733	50,116,289	8,687,444
Books and supplies	4,733,706	9,288,665	6,669,472	2,619,193
Services and other operating expenditures	108,930,075	124,032,469	78,137,355	45,895,114
Capital outlay	1,369,450	4,956,563	1,325,998	3,630,565
Other outgo				
Excluding transfers of indirect costs	13,364,114	12,765,102	16,886,613	(4,121,511)
Transfers of indirect costs	(342,463)	(363,838)	(362,306)	(1,532)
Total Expenditures	292,530,083	323,849,674	256,063,045	67,786,629
Excess (Deficiency) of Revenues				
Over Expenditures	(4,516,449)	(11,719,147)	28,553,484	40,272,631
Other Financing Sources (Uses)				
Transfers in	267,222	267,222	267,763	541
Other sources	5,000	5,000	-	(5,000)
Transfers out	-	-	(15,000,000)	(15,000,000)
Net Financing Sources (Uses)	272,222	272,222	(14,732,237)	(15,004,459)
NET CHANGE IN FUND BALANCE	(4,244,227)	(11,446,925)	13,821,247	25,268,172
Fund Balance - Beginning	161,327,634	161,327,633	161,327,633	-
Fund Balance - Ending	\$ 157,083,407	\$ 149,880,708	\$ 175,148,880	\$ 25,268,172

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

- Revenues for Medi-Cal Billing Option and Medi-Cal Administrative Activities are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- The amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.



**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

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	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final to Actual</b>
<b>REVENUES</b>				
Federal sources	\$ 61,632,149	\$ 65,494,150	\$ 59,876,973	\$ (5,617,177)
Other state sources	158,760,574	158,766,057	188,924,529	30,158,472
<b>Total Revenues</b>	<b>220,392,723</b>	<b>224,260,207</b>	<b>248,801,502</b>	<b>24,541,295</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	220,392,723	224,260,207	248,801,502	(24,541,295)
<b>Total Expenditures</b>	<b>220,392,723</b>	<b>224,260,207</b>	<b>248,801,502</b>	<b>(24,541,295)</b>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.088%	0.083%	0.081%	0.081%	0.080%	0.081%	0.087%
County Office of Education's proportionate share of the net pension liability	\$ 85,336,730	\$ 74,772,371	\$ 74,079,796	\$ 74,632,484	\$ 64,731,851	\$ 54,601,404	\$ 50,873,537
State's proportionate share of the net pension liability associated with the County Office of Education	43,990,739	40,793,649	42,571,321	44,319,309	37,029,841	29,072,485	30,975,609
<b>Total</b>	<u>\$ 129,327,469</u>	<u>\$ 115,566,020</u>	<u>\$ 116,651,117</u>	<u>\$ 118,951,793</u>	<u>\$ 101,761,692</u>	<u>\$ 83,673,889</u>	<u>\$ 81,849,146</u>
County Office of Education's covered payroll	\$ 48,612,889	\$ 44,994,244	\$ 42,806,915	\$ 42,669,340	\$ 39,763,365	\$ 37,478,973	\$ 38,575,721
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	175.5%	166.2%	173.1%	174.9%	162.8%	145.7%	131.9%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 8,076,284	\$ 8,430,424	\$ 7,325,063	\$ 6,176,908	\$ 5,367,803	\$ 4,266,609	\$ 3,328,133
Contributions in relation to the contractually required contribution*	(8,076,284)	(8,430,424)	(7,325,063)	(6,176,908)	(5,367,803)	(4,266,609)	(3,328,133)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 49,742,692	\$ 48,612,889	\$ 44,994,244	\$ 42,806,015	\$ 42,669,340	\$ 39,763,365	\$ 37,478,973
Contributions as a percentage of covered payroll	16.24%	17.34%	16.28%	14.43%	12.58%	10.73%	8.88%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – CALPERS  
SDCOE MISCELLANEOUS PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Total Pension Liability</b>							
Service Cost	\$ 8,511,167	\$ 7,774,319	\$ 8,838,390	\$ 8,361,462	\$ 6,924,369	\$ 6,205,483	\$ 6,537,055
Interest	25,995,188	24,731,182	23,010,619	22,030,396	20,840,038	19,446,404	18,550,327
Difference between expected and actual experience	2,123,399	8,418,942	5,579,002	811,007	3,305,561	(3,511,467)	-
Changes of assumptions	-	-	(8,995,216)	18,886,739	-	(4,884,842)	-
Benefits payments	(17,453,774)	(17,184,100)	(14,160,082)	(12,849,287)	(12,114,878)	(10,083,980)	(9,239,275)
Net change in total pension liability	19,175,980	23,740,343	14,272,713	37,240,317	18,955,090	7,171,598	15,848,107
Total pension liability - beginning	365,916,963	342,176,620	327,903,907	290,663,590	271,708,500	264,536,902	248,688,795
Total pension liability - ending (a)	<u>\$ 385,092,943</u>	<u>\$ 365,916,963</u>	<u>\$ 342,176,620</u>	<u>\$ 327,903,907</u>	<u>\$ 290,663,590</u>	<u>\$ 271,708,500</u>	<u>\$ 264,536,902</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 11,250,771	\$ 9,691,266	\$ 8,705,450	\$ 8,707,555	\$ 7,591,289	\$ 6,237,980	\$ 5,640,252
Contributions - employee	3,706,179	3,368,707	3,375,277	3,340,738	3,189,961	2,825,329	2,592,242
Net investment income	13,367,857	16,820,753	20,671,600	24,163,836	1,197,862	4,873,114	31,860,716
Benefit payments	(17,453,774)	(17,184,100)	(14,160,082)	(12,849,287)	(12,114,878)	(10,083,980)	(9,239,275)
Miscellaneous income (expense)	-	595	(374,604)	-	-	-	-
Administrative expenses	(381,219)	(184,045)	(711,975)	(320,910)	(132,630)	(244,919)	-
Net change in plan fiduciary net position	10,489,814	12,513,176	17,505,666	23,041,932	(268,396)	3,607,524	30,853,935
Plan fiduciary net position - beginning	270,415,469	257,902,293	240,396,627	217,354,695	217,623,091	214,015,567	183,161,632
Plan fiduciary net position - ending (b)	<u>\$ 280,905,283</u>	<u>\$ 270,415,469</u>	<u>\$ 257,902,293</u>	<u>\$ 240,396,627</u>	<u>\$ 217,354,695</u>	<u>\$ 217,623,091</u>	<u>\$ 214,015,567</u>
County Office of Education's net pension liability - ending (a) - (b)	<u>\$ 104,187,660</u>	<u>\$ 95,501,494</u>	<u>\$ 84,274,327</u>	<u>\$ 87,507,280</u>	<u>\$ 73,308,895</u>	<u>\$ 54,085,409</u>	<u>\$ 50,521,335</u>
Plan fiduciary net position as a percentage of the total pension liability	72.9%	73.9%	75.4%	73.3%	74.8%	80.1%	80.9%
Covered-employee payroll	\$ 50,124,658	\$ 45,485,132	\$ 50,888,933	\$ 47,246,635	\$ 43,064,675	\$ 39,069,966	\$ 39,048,179
County Office of Education's net pension liability (asset) as a percentage of covered-employee payroll	207.9%	210.0%	165.6%	185.2%	170.2%	138.4%	129.4%

See accompanying notes to required supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS – CALPERS  
SDCOE MISCELLANEOUS PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 11,250,771	\$ 9,691,266	\$ 9,759,569	\$ 8,705,450	\$ 8,707,555	\$ 7,591,289	\$ 6,237,980
Contributions in relation to the contractually required contribution*	(11,250,771)	(9,691,266)	(9,759,569)	(8,705,450)	(8,707,555)	(7,591,289)	(6,237,980)
Contribution deficiency (excess)	<u>                    </u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 50,124,658	\$ 45,485,132	\$ 55,168,979	\$ 50,888,993	\$ 47,245,239	\$ 43,064,675	\$ 39,069,966
Contributions as a percentage of covered payroll	22.45%	21.31%	17.69%	17.11%	18.43%	17.63%	15.97%

\*Amounts do not include on-behalf contributions

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
SDCOE RETIREE HEALTHCARE PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 1,441,992	\$ 1,399,992	\$ 1,272,937	\$ 1,232,869	\$ 1,152,214
Interest on total OPEB liability	1,923,049	1,876,054	1,871,578	1,809,539	1,734,577
Difference between expected and actual experience	(2,873,904)	-	(1,814,509)	-	-
Changes of assumptions	(6,870,720)	-	661,788	-	-
Benefits payments	<u>(1,967,413)</u>	<u>(1,925,691)</u>	<u>(2,184,126)</u>	<u>(2,208,296)</u>	<u>(1,584,796)</u>
Net change in total OPEB liability	(8,346,996)	1,350,355	(192,332)	834,112	1,301,995
Total OPEB liability - beginning	<u>27,713,978</u>	<u>26,363,623</u>	<u>26,555,955</u>	<u>25,721,843</u>	<u>24,419,848</u>
Total OPEB liability - ending (a)	<u>\$ 19,366,982</u>	<u>\$ 27,713,978</u>	<u>\$ 26,363,623</u>	<u>\$ 26,555,955</u>	<u>\$ 25,721,843</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 3,598,923	\$ 10,454,233	\$ 2,184,126	\$ 11,208,296	\$ 1,584,795
Net investment income	7,837,483	841,194	1,114,150	746,595	792,406
Benefit payments	(1,967,413)	(1,925,691)	(2,184,126)	(2,208,296)	(1,584,795)
Administrative expenses	<u>(27,757)</u>	<u>(22,027)</u>	<u>(8,873)</u>	<u>(6,223)</u>	<u>(4,022)</u>
Net change in plan fiduciary net position	9,441,236	9,347,709	1,105,277	9,740,372	788,384
Plan fiduciary net position - beginning	<u>28,480,399</u>	<u>19,132,690</u>	<u>18,027,413</u>	<u>8,287,041</u>	<u>7,498,657</u>
Plan fiduciary net position - ending (b)	<u>\$ 37,921,635</u>	<u>\$ 28,480,399</u>	<u>\$ 19,132,690</u>	<u>\$ 18,027,413</u>	<u>\$ 8,287,041</u>
County Office of Education's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (18,554,653)</u>	<u>\$ (766,421)</u>	<u>\$ 7,230,933</u>	<u>\$ 8,528,542</u>	<u>\$ 17,434,802</u>
Plan fiduciary net position as a percentage of the total OPEB liability	195.8%	102.8%	72.6%	67.9%	32.2%
Covered-employee payroll	\$ 99,867,350	\$ 88,699,423	\$ 90,726,000	\$ 88,940,000	\$ 88,940,000
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	-18.6%	-0.9%	8.0%	9.6%	19.6%

See accompanying notes to required supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF INVESTMENT RETURNS FOR OPEB  
SDCOE RETIREE HEALTHCARE PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

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	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	6.75%	7.00%	6.18%	7.20%	10.00%

See accompanying notes to required supplementary information.

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

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of the County Office of Education's Proportionate Share of the Net Pension Liability - CalSTRS**

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

**Schedule of County Office of Education Contributions - CalSTRS**

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

**Schedule of Changes in Net Pension Liability and Related Ratios - CalPERS**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the sources of change in the net pension liability, and the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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



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

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

**Schedule of the County Office of Education Contributions – CalPERS**

This 10-year schedule presents information on the County Office of Education's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution.

**Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios**

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

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

This 10-year schedule presents information on the County Office of Education's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution.

**Changes in Benefit Terms**

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

**Changes in Assumptions**

The interest assumption changed from 7.00% to 6.75%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems. Medical trend in future years has been updated to 4% for all years from 6.5% tiered down by 0.25% per year to 4.5% in all future years. The participation rate was changed to 100% from 95% since the previous valuation.

**Schedule of Investment Returns for OPEB**

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

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

For the year ended June 30, 2021, the County Office of Education incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
County School Service Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 12,765,102	\$ 16,886,613	\$ 4,121,511
Transfers of indirect costs	\$ (363,838)	\$ (362,306)	\$ 1,532
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 224,260,207	\$ 248,801,502	\$ 24,541,295

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## **SUPPLEMENTARY INFORMATION**

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**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>				
<i>Passed through California Department of Education:</i>				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,215,949	\$ -
Comprehensive Support and Improvement for LEAs	84.010	15438	365,495	-
Comprehensive Support and Improvement for COEs	84.010	15439	471,157	-
Title I, Part D, Local Delinquent Programs	84.010	14357	1,469,201	-
Subtotal Title I, Part A			<u>3,521,802</u>	<u>-</u>
Title I, Part C				
Title I, Part C, Migrant Education	84.011	14326	5,802,367	1,247,662
Title I, Part C, Even Start Migrant Education	84.011	10144	316,231	-
Title I, Migrant Ed Summer Program	84.011	10005	809,885	-
Subtotal Title I, Part C			<u>6,928,483</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	21,672	-
Title III, English Learner Student Program	84.365	14346	32,410	-
Title III, Technical Assistance	84.365	14967	352,996	119,000
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	111,950	-
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	8,434,936	7,349,301
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	54,996,339	54,329,984
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	3,653,181	3,594,085
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	1,940,142	1,933,315
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	497,526	-
IDEA Alternative Dispute Resolution	84.027	13007	56,278	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	19,615	19,589
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	16,149	-
Subtotal Special Education Cluster			<u>61,179,230</u>	<u>59,876,973</u>
IDEA Early Intervention Grants, Part C	84.181	23761	320,730	-
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	268,276	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	26,133	-
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	147,300	-
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	135,932	-
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	1,995	1,995
Subtotal Education Stabilization Fund Discretionary Grants			<u>311,360</u>	<u>1,995</u>
<i>Direct Programs:</i>				
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	*	24,113	-
School Climate Transformation Grant Program	84.184G	*	754,608	486,000
<b>Total U. S. Department of Education</b>			<u>82,262,566</u>	<u>69,080,931</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through California Department of Education:</i>				
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:				
Child Nutrition Cluster				
School Breakfast Program - Needy	10.553	13526	33,859	33,859
National School Lunch Program	10.555	13391	55,717	55,717
USDA Commodities	10.555	*	5,726	5,374
Subtotal Child Nutrition Cluster			<u>95,302</u>	<u>94,950</u>
Forest Reserve Funds	10.665	10044	145,657	145,657
<b>Total U. S. Department of Agriculture</b>			<u>240,959</u>	<u>240,607</u>

(Continued on next page)

**SAN DIEGO COUNTY OFFICE OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<i>Passed through San Diego County Department of Health and Human Services:</i>				
Child Care and Development Block Grant				
Child Development Quality Improvement	93.575	14092/14872	2,193,695	490,790
Child Development Local Planning	93.575	555650	66,004	-
Subtotal Child Care and Development Block Grant			<u>2,259,699</u>	<u>490,790</u>
Foster Care	93.658	525896	119,989	-
Friday Night Live	93.959	556367	322,996	-
<i>Passed through California Department of Education:</i>				
Project saFE	93.327	*	115,985	39,750
<i>Passed through SBCS Corporation:</i>				
Unaccompanied Children (UC) Program	93.UNKNOWN	*	3,184,944	-
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>6,003,613</u>	<u>530,540</u>
<b>U. S. DEPARTMENT OF THE INTERIOR:</b>				
<i>Direct Program:</i>				
Wild Life Reserve Funds	15.663	*	3,228	-
<b>Total U. S. Department of the Interior</b>			<u>3,228</u>	<u>-</u>
<b>U. S. DEPARTMENT OF THE TREASURY:</b>				
<i>Passed through California Department of Education:</i>				
<i>COVID-19 Emergency Acts Funding:</i>				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	3,176,975	-
<b>Total U. S. Department of the Treasury</b>			<u>3,176,975</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 91,687,341</u>	<u>\$ 69,852,078</u>

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

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

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<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
N/A	N/A	N/A

N/A – Not applicable for county offices of education.

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

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 341,364,213	\$ 284,884,292	\$ 272,388,240	\$ 264,010,879
Expenditures And Other Financing Uses	342,342,101	271,063,045	258,962,705	261,766,631
Net change in Fund Balance	\$ (977,888)	\$ 13,821,247	\$ 13,425,535	\$ 2,244,248
Ending Fund Balance	\$ 174,170,992	\$ 175,148,880	\$ 161,327,633	\$ 147,902,098
Available Reserves*	\$ 61,239,447	\$ 63,509,053	\$ 62,403,347	\$ 54,220,245
Available Reserves As A Percentage Of Outgo	17.89%	23.43%	24.10%	20.71%
Long-term Liabilities	\$ 189,049,179	\$ 189,049,179	\$ 171,411,735	\$ 167,650,880
Average Daily Attendance At P-2***	930	1,146	1,146	1,499

The County School Service Fund ending fund balance has increased by \$27,246,782 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$977,888. For a County Office of Education this size, the State recommends available reserves of at least 2% of County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have increased by \$21,398,299 over the past two years.

Average daily attendance has decreased by 353 ADA over the past two years. A further decrease of 216 in ADA is anticipated during the 2021-22 fiscal year.

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

\*\*Actual amounts reported in this schedule are for the County School Service Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

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

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	<b>General Fund</b>	<b>Special Reserve Fund for Postemployment Benefits</b>
June 30, 2021, annual financial and budget report fund balance	\$ 175,148,880	\$ 201,937
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	201,937	(201,937)
Net adjustments and reclassifications	201,937	(201,937)
June 30, 2021, audited financial statement fund balance	<u>\$ 175,350,817</u>	<u>\$ -</u>

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2021**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0405	Literacy First Charter School	Active	No
2016	Classical Academy Vista	Active	No
2023	Dual Language Immersion North County	Active	No
2024	JCS Manzanita	Active	No
1883	Scholarship Prep Charter School-Oceanside	Active	No
1946	Dimensions Collaborative School	Active	No
1947	Community Montessori	Active	No
0680	Iftin Charter	Active	No
1989	Pacific Springs Charter	Active	No



**SAN DIEGO COUNTY OFFICE OF EDUCATION  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Forest Reserve Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>ASSETS</b>								
Cash and investments	\$ 6,752	\$ 522,756	\$ -	\$ 9,935,006	\$ 145,657	\$ 24,220,399	\$ 33,570	\$ 34,864,140
Accounts receivable	-	1,998,144	-	17,316	211	38,110	58	2,053,839
Due from other funds	-	-	-	775,000	-	-	-	775,000
<b>Total Assets</b>	<b>\$ 6,752</b>	<b>\$ 2,520,900</b>	<b>\$ -</b>	<b>\$ 10,727,322</b>	<b>\$ 145,868</b>	<b>\$ 24,258,509</b>	<b>\$ 33,628</b>	<b>\$ 37,692,979</b>
<b>LIABILITIES</b>								
Accrued liabilities	\$ -	\$ 502,746	\$ -	\$ 10,000	\$ 145,657	\$ -	\$ -	\$ 658,403
Due to other funds	-	1,614,524	-	-	-	-	-	1,614,524
Unearned revenue	-	209,075	-	-	-	-	-	209,075
<b>Total Liabilities</b>	<b>-</b>	<b>2,326,345</b>	<b>-</b>	<b>10,000</b>	<b>145,657</b>	<b>-</b>	<b>-</b>	<b>2,482,002</b>
<b>FUND BALANCES</b>								
Restricted	6,752	194,555	-	-	211	24,258,509	33,628	24,493,655
Committed	-	-	-	10,717,322	-	-	-	10,717,322
<b>Total Fund Balances</b>	<b>6,752</b>	<b>194,555</b>	<b>-</b>	<b>10,717,322</b>	<b>211</b>	<b>24,258,509</b>	<b>33,628</b>	<b>35,210,977</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,752</b>	<b>\$ 2,520,900</b>	<b>\$ -</b>	<b>\$ 10,727,322</b>	<b>\$ 145,868</b>	<b>\$ 24,258,509</b>	<b>\$ 33,628</b>	<b>\$ 37,692,979</b>

See accompanying note to supplementary information.

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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Forest Reserve Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>									
LCFF sources	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Federal sources	-	2,224,013	5,726	-	145,233	-	-	-	2,374,972
Other state sources	-	5,408,714	-	-	-	-	-	-	5,408,714
Other local sources	6,100	8,702	-	88,049	214	25	4,663,993	319	4,767,402
<b>Total Revenues</b>	6,100	7,641,429	5,726	2,088,049	145,447	25	4,663,993	319	14,551,088
<b>EXPENDITURES</b>									
Current									
Instruction-related services									
Instructional supervision and administration	-	7,240,104	-	-	-	-	-	-	7,240,104
Pupil services									
Food services	-	-	5,726	-	-	-	-	-	5,726
General administration									
All other general administration	-	362,306	-	-	-	-	266,618	-	628,924
Plant services	-	-	-	144,314	-	-	-	-	144,314
Facilities acquisition and maintenance	-	-	-	182,582	-	-	-	-	182,582
Transfers to other agencies	-	-	-	-	145,657	-	-	-	145,657
<b>Total Expenditures</b>	-	7,602,410	5,726	326,896	145,657	-	266,618	-	8,347,307
<b>Excess (Deficiency) of Revenues</b>									
<b>Over Expenditures</b>	6,100	39,019	-	1,761,153	(210)	25	4,397,375	319	6,203,781
<b>Other Financing Sources (Uses)</b>									
Transfers out	-	-	-	-	-	(25)	(250,000)	-	(250,025)
<b>Net Financing Sources (Uses)</b>	-	-	-	-	-	(25)	(250,000)	-	(250,025)
<b>NET CHANGE IN FUND BALANCE</b>	6,100	39,019	-	1,761,153	(210)	-	4,147,375	319	5,953,756
<b>Fund Balance - Beginning, as Restated</b>	652	155,536	-	8,956,169	421	-	20,111,134	33,309	29,257,221
<b>Fund Balance - Ending</b>	\$ 6,752	\$ 194,555	\$ -	\$ 10,717,322	\$ 211	\$ -	\$ 24,258,509	\$ 33,628	\$ 35,210,977

See accompanying note to supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUSTS  
JUNE 30, 2021**

	Employee Benefits Self-Insurance Trust Fund	Workers' Compensation Self-Insurance Trust Fund	Property & Liability Self-Insurance Trust Fund	Miscellaneous Property Self-Insurance Trust Fund	Joint Facilities Authority Trust Fund	Joint Public Energy Authority Trust Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>							
Current assets							
Cash and investments	\$ 35,697,064	\$ 86,408,133	\$ 32,984,117	\$ 1,681,926	\$ -	\$ 20	\$ 156,771,260
Accounts receivable	2,975,014	711,953	158,354	2,919	-	-	3,848,240
Prepaid	-	4,000	-	-	-	-	4,000
Net OPEB asset	253,203	145,580	228,040	6,254	-	-	633,077
Total current assets	38,925,281	87,269,666	33,370,511	1,691,099	-	20	161,256,577
<b>Total Assets</b>	38,925,281	87,269,666	33,370,511	1,691,099	-	20	161,256,577
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	167,547	21,890	102,021	5,971	-	-	297,429
Deferred outflows related to OPEB	22,956	11,225	29,489	1,339	-	-	65,009
<b>Total Deferred Outflows of Resources</b>	190,503	33,115	131,510	7,310	-	-	362,438
<b>LIABILITIES</b>							
Current liabilities							
Accrued liabilities	1,751,703	199,274	209,625	3,935	-	-	2,164,537
Unearned revenue	1,780,007	-	-	-	-	-	1,780,007
Underground storage tank	-	-	70,000	-	-	-	70,000
Unpaid self-insurance							
Incurred and reported	-	17,205,528	7,813,027	-	-	-	25,018,555
Incurred but not reported	4,294,076	25,127,694	11,057,716	-	-	-	40,479,486
Total unpaid self-insurance claim liabilities	4,294,076	42,333,222	18,870,743	-	-	-	65,498,041
Total current liabilities	7,825,786	42,532,496	19,150,368	3,935	-	-	69,512,585
Non-current liabilities							
Compensated absence	122,535	94,678	87,326	2,904	-	-	307,443
Net pension liability	2,052,368	1,210,764	2,016,972	38,129	-	-	5,318,233
Total non-current liabilities	2,174,903	1,305,442	2,104,298	41,033	-	-	5,625,676
<b>Total Liabilities</b>	10,000,689	43,837,938	21,254,666	44,968	-	-	75,138,261
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	42,863	32,553	56,425	1,193	-	-	133,034
Deferred inflows related to OPEB	194,742	113,809	174,964	5,031	-	-	488,546
<b>Total Deferred Inflows of Resources</b>	237,605	146,362	231,389	6,224	-	-	621,580
<b>NET POSITION</b>							
Restricted	28,877,490	43,318,481	12,015,966	1,647,217	-	20	85,859,174
<b>Total Net Position</b>	\$ 28,877,490	\$ 43,318,481	\$ 12,015,966	\$ 1,647,217	\$ -	\$ 20	\$ 85,859,174

See accompanying note to supplementary information.

**SAN DIEGO COUNTY OFFICE OF EDUCATION  
COMBINING STATEMENT OF ACTIVITIES  
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUSTS  
JUNE 30, 2021**

	Employee Benefits Self-Insurance Trust Fund	Workers' Compensation Self-Insurance Trust Fund	Property & Liability Self-Insurance Trust Fund	Miscellaneous Property Self-Insurance Trust Fund	Joint Facilities Authority Trust Fund	Joint Public Energy Authority Trust Fund	Total Private Purpose Trust Funds
<b>OPERATING REVENUES</b>							
Investment income	\$ 325,372	\$ 744,009	\$ 351,627	\$ 16,437	\$ 398	\$ -	\$ 1,437,843
Participant fees	52,426,764	30,667,202	23,919,464	604,338	91,321	-	107,709,089
Commissions and refunds	1,751,076	-	-	-	-	-	1,751,076
<b>Total revenues</b>	<b>54,503,212</b>	<b>31,411,211</b>	<b>24,271,091</b>	<b>620,775</b>	<b>91,719</b>	<b>-</b>	<b>110,898,008</b>
<b>OPERATING EXPENSES</b>							
Self-insurance claims paid	36,784,919	8,237,025	8,084,017	430,401	-	-	53,536,362
Insurance premiums	13,990,983	11,571,180	11,363,090	20,498	-	-	36,945,751
Claims management fees	130,401	2,594,700	-	-	-	-	2,725,101
Administrative expenses	4,462,336	1,147,672	2,518,750	44,379	-	-	8,173,137
Construction projects	-	-	-	-	2,401,430	-	2,401,430
<b>Total expenses</b>	<b>55,368,639</b>	<b>23,550,577</b>	<b>21,965,857</b>	<b>495,278</b>	<b>2,401,430</b>	<b>-</b>	<b>103,781,781</b>
<b>CHANGE IN NET POSITION</b>	(865,427)	7,860,634	2,305,234	125,497	(2,309,711)	-	7,116,227
<b>Net Position - Beginning</b>	29,742,917	35,457,847	9,710,732	1,521,720	2,309,711	20	78,742,947
<b>Net Position - Ending</b>	<b>\$ 28,877,490</b>	<b>\$ 43,318,481</b>	<b>\$ 12,015,966</b>	<b>\$ 1,647,217</b>	<b>\$ -</b>	<b>\$ 20</b>	<b>\$ 85,859,174</b>

See accompanying note to supplementary information.

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

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The San Diego County Board of Education has operated under the laws of the State of California continuously since the 1800's. The Board of Education became fiscally independent of the San Diego County Board of Supervisors on July 1, 1970. There were no changes in the boundaries of the Board of Education during the current fiscal year. The Board of Education currently maintains and operates juvenile court and community schools, classes for preschool handicapped children, special education program, migrant education program, and outdoor education facilities.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Guadalupe González	President	Four Year Term Expires January 2025
Richard P. Shea	Vice President	Four Year Term Expires January 2023
Alicia Munoz	Member	Four Year Term Expires January 2023
Paulette Donnellon	Member	Four Year Term Expires January 2025
Gregg Robinson	Member	Four Year Term Expires January 2025

**COUNTY OFFICE OF EDUCATION ADMINISTRATORS**

**PAUL GOTHOLD, Ed.D**  
*Superintendent*

**MICHAEL SIMONSON**  
*Deputy Superintendent*  
*Chief Business Officer*  
*Business Services Division*

**ANDRIENNE LOREE**  
*Executive Director*  
*Internal Business Services*

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

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County Office of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 92,370,142
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	(961,927)
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(199,544)
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(30,319)
Foster Care	93.658	119,989
Friday Night Live	93.959	322,996
Child Development Local Planning	93.575	66,004
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 91,687,341</u>

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

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the County Office of Education and whether the County Office of Education complied with the provisions of *Education Code Sections* 46200 through 46208.

**Schedule of Financial Trends and Analysis**

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

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

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

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

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

**Schedule of Charter Schools**

This schedule lists all charter schools chartered by the County Office of Education and displays information for each charter school on whether or not the charter school is included in the County Office of Education audit.

**Combining Statements – Non-Major Funds**

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

**Combining Statements – Private Purpose Trust Funds**

These statements provide information on the County Office of Education's private purpose trust funds.

**Local Education Agency Organization Structure**

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

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board  
San Diego County Office of Education  
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego County Office of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the San Diego County Office of Education's basic financial statements, and have issued our report thereon dated January 3, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered San Diego County Office of Education's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego County Office of Education's internal control.

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

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

**Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

San Diego, California  
January 3, 2022

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

Governing Board  
San Diego County Office of Education  
San Diego, California

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

We have audited San Diego County Office of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Diego County Office of Education's major federal programs for the year ended June 30, 2021. San Diego County Office of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive, with the first name "Christy" being more prominent than the last name "White".

San Diego, California  
January 3, 2022

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

Governing Board  
San Diego County Office of Education  
San Diego, California

**Report on State Compliance**

We have audited San Diego County Office of Education's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of San Diego County Office of Education's state programs for the fiscal year ended June 30, 2021, as identified below.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of San Diego County Office of Education's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about San Diego County Office of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on State Compliance**

In our opinion, San Diego County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

## Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable



San Diego, California  
January 3, 2022

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

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**SAN DIEGO COUNTY OFFICE OF EDUCATION  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.027A, 84.173, 84.173A</u>	<u>Special Education Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>
<u>93.UNKNOWN</u>	<u>Unaccompanied Children (UC) Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,750,620</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>



**SAN DIEGO COUNTY OFFICE OF EDUCATION  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

***There were no financial statement findings for the year ended June 30, 2021.***

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

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

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

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

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

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

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

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

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