



**YUBA COUNTY  
OFFICE OF  
EDUCATION**

**ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2021**



**YUBA COUNTY OFFICE OF EDUCATION**

**OF YUBA COUNTY**

**MARYSVILLE, CALIFORNIA**

**JUNE 30, 2021**

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**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Eva Teagarden	President (Area 5)	December 2022
Marjorie Renicker	Vice President (Area 1)	December 2022
John Nicoletti	Trustee (Area 2)	December 2024
Carlton Ashlock	Trustee (Area 3)	December 2024
Desiree Hastey	Trustee (Area 4)	December 2024

**ADMINISTRATION**

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Francisco Reveles, Ed.D.	County Superintendent
Aaron Thornsberry	Chief Business Official

**ORGANIZATION**

The Yuba County Office of Education (COE) was established in 1852. The COE coordinates the educational programs among school districts within Yuba County. The COE also provides professional and financial assistance to school districts and has general responsibilities to support and monitor all schools in the county. The activities of the COE are governed by five trustees comprising the Yuba County Board of Education. Each trustee is elected by the residents of an area approximating the county supervisory districts.

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Yuba County Office of Education  
Marysville, California

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yuba 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 Yuba 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.

### **Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the Education Audit Appeals Panel. 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.

RT DENNIS  
ACCOUNTANCY

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yuba 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.

## **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 comparisons, pension schedules, and OPEB schedule on pages 5 through 18 and 67 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Yuba County Office of Education's basic financial statements. The following schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements:

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") requires:

- ❖ Schedule of Expenditures of Federal Awards

*2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires:

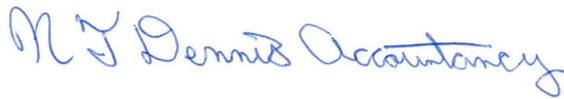
- ❖ LEA Organization Structure
- ❖ Schedule of Instructional Time
- ❖ Schedule of Financial Trends and Analysis
- ❖ Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
- ❖ Schedule of Charter Schools

The above listed schedules are 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 above listed schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Combining Statements of Non-Major Governmental Funds has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of Yuba 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 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 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 Yuba County Office of Education's internal control over financial reporting and compliance.



January 28, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

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

### FINANCIAL HIGHLIGHTS

- ▶ Total net position of both governmental and business-type activities decreased about 5%. There was a slight increase in asset-type and liability-type balances.
- ▶ During the year, the Yuba County Office of Education's total revenues were \$39.9 million and expenses were \$40.3 million.
- ▶ The net cost of the Yuba County Office of Education's governmental activities programs increased to \$10.5 million, due to costs increasing a bit more than the program revenue in 2020/21.
- ▶ The County School Services Fund (general fund) reported an increase in fund balance this year of almost \$0.8 million mostly increased from Local Control Funding Formula and from local sources..

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the COE:

**Figure A-1  
 Required Components of Yuba County Office of Education’s Annual Financial Report**

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the COE’s *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the COE government, reporting the COE’s operations in *more detail* than the government-wide statements.

The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.

*Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*.

*Fiduciary fund* statements provide information about the financial relationships—the warrant pass-through fund—in which the COE acts solely as a *custodian* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the COE’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

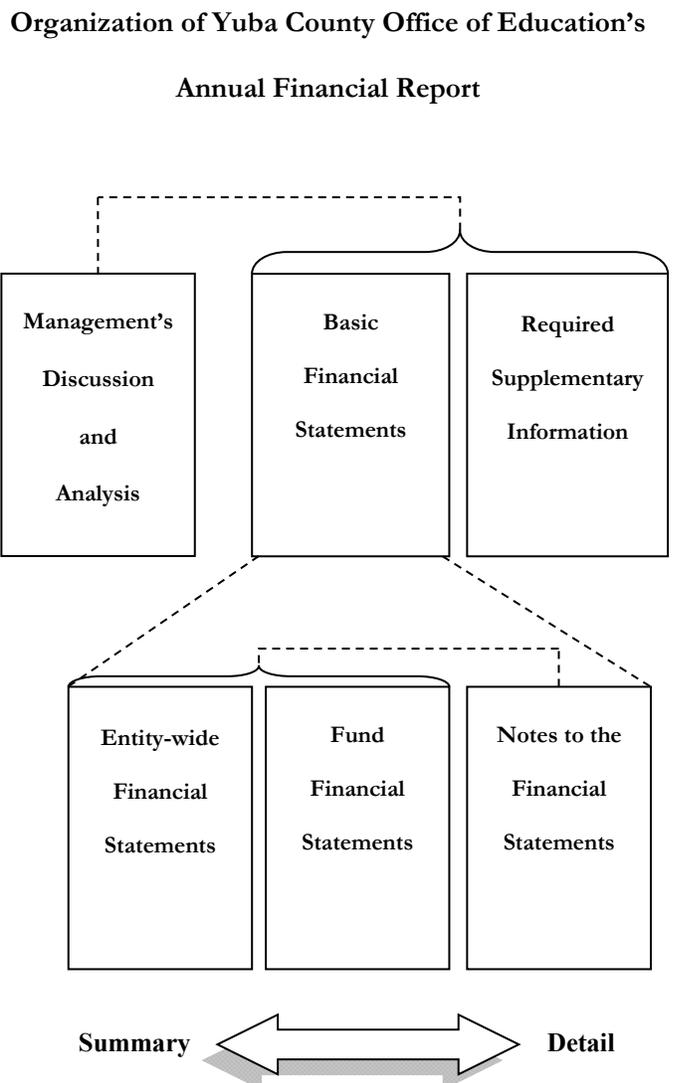


Figure A-2 summarizes the major features of the COE’s financial statements, including the portion of the COE’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

### Entity-wide Statements

The entity-wide statements report information about the COE as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the COE'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 entity-wide statements report the COE's *net position* and how they have changed. Net position—the difference between the COE's assets and liabilities—are one way to measure the COE's financial health or *position*.

- ❖ Over time, increases or decreases in the COE's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ❖ To assess the overall health of the COE, you need to consider additional nonfinancial factors such as changes in the COE's property tax base and the condition of school buildings and other facilities. In the entity-wide financial statements, the COE's activities are divided into two categories:
  - *Governmental activities*—Most of the COE's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
  - *Business-type activities*—The COE charges fees to help it cover the costs of certain services it provides. The COE's adult education programs and food services are included here.

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

**Figure A-2**  
**Major Features of Yuba County Office of Education’s Entity-wide and Fund Financial Statements**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire COE government (except fiduciary funds) and the COE’s component units	The activities of the COE that are not proprietary or fiduciary	Activities the COE operates similar to private businesses: child care, and self-insurance	Instances in which the COE is the custodian for someone else’s resources, such as the warrant pass-through
Required financial statements	<ul style="list-style-type: none"> <li>➤ Statement of net position</li> <li>➤ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of net position</li> <li>Statement of revenues, expenses, and changes in net position</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of fiduciary net position</li> <li>Statement of revenues, expenses, and changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the COE’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Fund Financial Statements**

The fund financial statements provide more detailed information about the COE’s *funds*, focusing on its most significant or “major” funds—not the COE as a whole. Funds are accounting devices the COE uses to keep track of specific sources of funding and spending on particular programs:

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

## YUBA COUNTY OFFICE OF EDUCATION

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2021

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The COE has three kinds of funds:

- ❖ *Governmental funds*—Most of the COE's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at yearend that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the COE's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- ❖ *Proprietary funds*—Services for which the COE charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the entity-wide statements.
  - In fact, the COE's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - We use *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for the COE's other programs and activities. The COE currently has one internal service fund—the OPEB Self-Insurance fund.
- ❖ *Fiduciary funds*—The COE is the trustee, or *fiduciary*, for assets that belong to others, such as the warrant pass-through. The COE is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the entity-wide financial statements because the COE cannot use these assets to finance its operations.

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

Due to the various pension liabilities the COE reported a total deficit unrestricted net position of \$8.9 million. (See Table 1.)

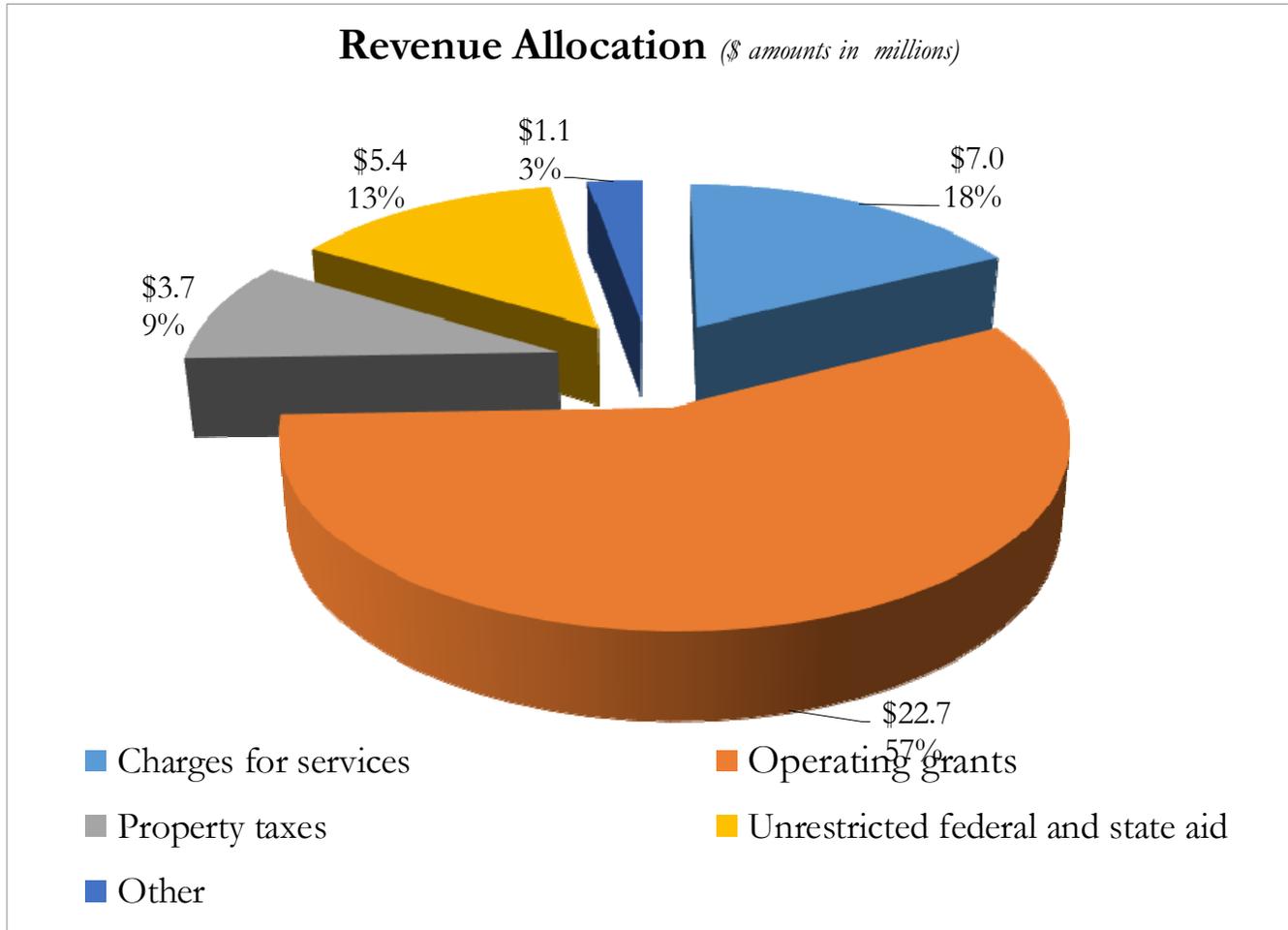
Table 1 - Net Position

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
(\$ Amounts in millions)	2021	2020	2021	2020	2021	2020		
<b>ASSETS</b>								
Current assets	\$ 22.4	\$ 18.8	\$ -	\$ -	\$ 22.4	\$ 18.8	\$ 3.6	19%
Capital assets, net	12.6	12.7	1.2	1.3	13.8	14.0	(0.2)	-1%
<b>Total Assets</b>	<b>35.0</b>	<b>31.5</b>	<b>1.2</b>	<b>1.3</b>	<b>36.2</b>	<b>32.8</b>	<b>3.4</b>	<b>10%</b>
<b>DEFERRED</b>								
<b>OUTFLOWS OF</b>								
<b>RESOURCES</b>	5.2	5.3	-	-	5.2	5.3	(0.1)	-2%
<b>LIABILITIES</b>								
Current liabilities	9.2	6.7	-	-	9.2	6.7	2.5	37%
Non-current liabilities	26.2	24.8	-	-	26.2	24.8	1.4	6%
<b>Total Liabilities</b>	<b>35.4</b>	<b>31.5</b>	<b>-</b>	<b>-</b>	<b>35.4</b>	<b>31.5</b>	<b>3.9</b>	<b>12%</b>
<b>DEFERRED INFLOW</b>								
<b>OF RESOURCES</b>	0.5	0.7	-	-	0.5	0.7	(0.2)	-29%
<b>NET POSITION</b>								
Net investment in capital assets	11.8	11.4	1.2	1.3	13.0	12.7	0.3	2%
Restricted	1.5	1.0	-	-	1.5	1.0	0.5	50%
Unrestricted - (Deficit)	(9.0)	(7.8)	-	-	(9.0)	(7.8)	(1.2)	15%
<b>Total Net Position</b>	<b>\$ 4.3</b>	<b>\$ 4.6</b>	<b>\$ 1.2</b>	<b>\$ 1.3</b>	<b>\$ 5.5</b>	<b>\$ 5.9</b>	<b>\$ (0.4)</b>	<b>-7%</b>

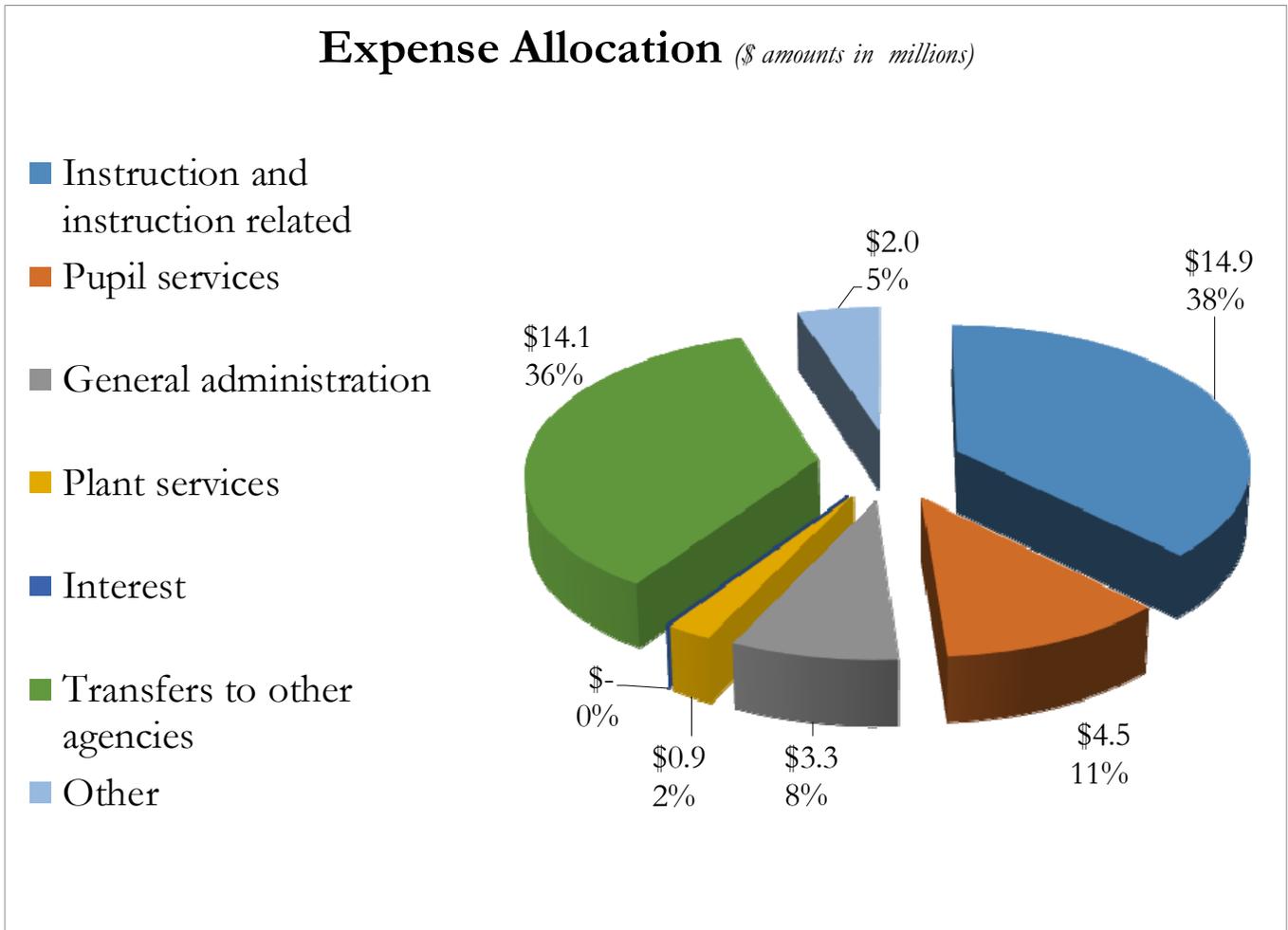
All of the components of net position are either restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position showed a \$8.9 million deficit at the end of this year. This deficit does not mean that the COE does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments that are greater than currently available resources. Specifically, the COE did not include in past annual budgets the full amounts needed to finance future liabilities arising mainly from the various pension liabilities, as well as, the total booking of depreciation. The COE will include these amounts in future years’ budgets as they come due.

**Changes in Net Position**

The COE’s total governmental revenues increased by about eleven percent to \$39.9 million. (See Table 2.) Over half of the revenue comes from operating grants, and thirteen cents of every dollar raised comes unrestricted state and federal aid (mostly LCFE state aid). (See Revenue Allocation.) Another eighteen percent comes from fees charged for services, and most of the rest is other state and local sources.



The total cost of all governmental programs and services increased to \$40.1 million, (or six percent). The COE's expenses cover a range of services, with the two largest parts being related to instruction (and related) and transfers to other agencies. (See Expense Allocation.)



YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table 2 - Changes in Net Position

(\$ Amounts in millions)	Governmental Activities		Business-Type Activities		Total		\$ Change	% Change
	2021	2020	2021	2020	2021	2020		
<b>REVENUES</b>								
Program revenues								
Charges for services	\$ 7.0	\$ 5.1	\$ -	\$ -	\$ 7.0	\$ 5.1	\$ 1.9	37%
Operating grants	22.7	18.7	-	-	22.7	18.7	4.0	21%
Capital grants and contributions	-	1.8	-	-	-	1.8	(1.8)	-100%
General revenues								
Property taxes	3.7	3.4	-	-	3.7	3.4	0.3	9%
Unrestricted federal and state aid	5.4	5.4	-	-	5.4	5.4	-	0%
Other	1.1	1.4	-	-	1.1	1.4	(0.3)	-21%
<b>Total Revenues</b>	<b>39.9</b>	<b>35.8</b>	<b>-</b>	<b>-</b>	<b>39.9</b>	<b>35.8</b>	<b>4.1</b>	<b>11%</b>
<b>EXPENSES</b>								
Instruction and instruction related	14.9	15.1	-	-	14.9	15.1	(0.2)	-1%
Pupil services	4.5	3.7	-	-	4.5	3.7	0.8	22%
General administration	3.3	3.1	-	-	3.3	3.1	0.2	6%
Plant services	0.9	1.0	-	-	0.9	1.0	(0.1)	-10%
Interest	-	0.1	-	-	-	0.1	(0.1)	-100%
Transfers to other agencies	14.1	10.6	-	-	14.1	10.6	3.5	33%
Depreciation	0.5	0.5	-	-	0.5	0.5	-	0%
Other	2.0	1.8	0.1	0.1	2.1	1.9	0.2	11%
<b>Total Expenses</b>	<b>40.2</b>	<b>35.9</b>	<b>0.1</b>	<b>0.1</b>	<b>40.3</b>	<b>36.0</b>	<b>4.3</b>	<b>12%</b>
Transfers & special items	-	-	-	0.1	-	0.1	(0.1)	-100%
<b>Excess/(Deficiency)</b>	<b>\$ (0.3)</b>	<b>\$ (0.1)</b>	<b>\$ (0.1)</b>	<b>\$ -</b>	<b>\$ (0.4)</b>	<b>\$ (0.1)</b>	<b>\$ (0.3)</b>	<b>300%</b>

**Governmental Activities**

Revenues for the COE’s governmental activities increased, and total expenses also increased. Revenues increased due to increased Local Control Funding Formula from the State. In addition, revenues from leases and rentals, interagency services and special education services to districts increased. Expenses increased from \$35.9 Million to \$40.2 Million mostly because transfers of special education funding to the local education agencies (LEAs) increased. A major change was made to the SELPA revenue and expense allocation model in 2020-21. Before 2020-21 YCOE would hold back a portion of the special education revenues to pay for the program expenses. Beginning in 2020-21 all special education revenues generated from the member agencies are passed through to the agencies. Likewise, revenues charged for the special education services to the LEAs increased to reimburse YCOE for the special education costs.

**Business-type Activities**

Little change in activity in 2020-21. YCOE is only renting out the Plumas Lake buildings. The special item reflects pension allocation down because of the staffing change.

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

Table 3 presents the cost of each of the COE’s four largest programs—instruction and instruction related, student services, plant services, and all others—as well as each program’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the COE by each of these functions.

- The cost of all *governmental* activities this year was \$40.2 million.
- Some of the cost was paid by:
  - Those who directly benefited from the programs (\$7.0 million),
  - Other governments that subsidized certain programs with grants and contributions (\$22.7 million).
- The COE paid for the \$10.5 million “public benefit” portion with \$3.7 million in taxes, \$5.4 from unrestricted state aid, and the rest from other revenues such as interest, interagency revenue, and miscellaneous (\$1.0 million).

**Table 3 - Net Cost of Governmental Activities**

<i>(\$ Amounts in millions)</i>	Total Cost of Services		Net Cost of Services		<b>\$ Change</b>	<b>% Change</b>
	2021	2020	2021	2020		
Instruction	\$ 10.9	\$ 11.1	\$ 3.2	\$ 2.3	\$ 0.9	39%
Instruction related	3.9	4.1	1.5	2.4	(0.9)	-38%
Student services	4.5	3.7	0.7	0.9	(0.2)	-22%
Community services	1.7	1.5	0.1	0.1	-	0%
Transfers between agencies	14.1	10.6	1.3	0.6	0.7	117%
Other	5.1	4.9	3.7	4.0	(0.3)	-8%
<b>Total</b>	<b>\$ 40.2</b>	<b>\$ 35.9</b>	<b>\$ 10.5</b>	<b>\$ 10.3</b>	<b>\$ 0.2</b>	<b>2%</b>

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

FINANCIAL ANALYSIS OF THE COE'S FUNDS

Fund Financial Statement

As the COE completed the year, its funds reported a *combined* fund balance of almost \$9.9 million, increased over last year. Included in this year's total change in fund balance, is An increase of \$0.9 million in the COE's general fund. The primary reasons for the fund's increase is from the increase in LCFF revenue and categorical revenues outpacing the increase in expenses for the year.

Table 4 - Funds' Performance

(\$ Amounts in millions)	Governmental Funds			
	2021	2020	\$ Change	% Change
<b>REVENUES</b>				
LCFF	\$ 8.9	\$ 8.6	\$ 0.3	3%
Categorical	21.1	19.5	1.6	8%
Local	9.7	8.3	1.4	17%
<b>Total Revenues</b>	<b>39.7</b>	<b>36.4</b>	<b>3.3</b>	<b>9%</b>
<b>EXPENDITURES</b>				
Certificated	5.7	6.5	(0.8)	-12%
Classified	6.5	5.9	0.6	10%
Benefits	5.6	5.7	(0.1)	-2%
Books and supplies	1.1	0.8	0.3	38%
Services and other operating	5.0	5.1	(0.1)	-2%
Capital outlay	0.4	1.4	(1.0)	-71%
Other outgo	14.5	11.0	3.5	32%
<b>Total Expenditures</b>	<b>38.8</b>	<b>36.4</b>	<b>2.4</b>	<b>7%</b>
<b>NET CHANGE IN</b>				
<b>FUND BALANCE</b>	<b>\$ 0.9</b>	<b>\$ -</b>	<b>\$ 1.0</b>	<b>n/a</b>

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

County School Services Fund Budgetary Highlights

Over the course of the year, the School Board revised the COE budget several times. These budget amendments fall into three categories:

- ❖ Amendments and supplemental appropriations approved in December (1<sup>st</sup> Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2020).
- ❖ Changes made in the 2<sup>nd</sup> Interim to account for the midyear hiring and other changes.
- ❖ Increases in appropriations to prevent budget overruns.

**Table 5 - County School Services Fund and Budget Performance**

	Activity			Budget		
	2021	2020	% Difference	Original Budget	Final Budget	% Difference
<i>(\$ Amounts in millions)</i>						
<b>REVENUES</b>						
LCFF	\$ 6.1	\$ 5.8	5%	\$ 5.7	\$ 5.7	7%
Categorical	6.2	6.3	-2%	3.8	5.0	24%
Local	9.4	7.6	24%	9.8	10.3	-9%
<b>Total Revenues</b>	21.7	19.7	10%	19.3	21.0	3%
<b>EXPENDITURES</b>						
Certificated	4.6	5.2	-12%	4.7	4.7	-2%
Classified	5.7	5.1	12%	5.5	5.8	-2%
Benefits	4.7	4.7	0%	4.3	4.4	7%
Supplies and services	4.7	4.1	15%	3.9	5.4	-13%
Other	0.3	0.5	-40%	0.1	0.3	0%
<b>Total Expenditures</b>	20.0	19.6	2%	18.5	20.6	-3%
<b>Net financing activities</b>	(0.9)	(0.2)	350%	(0.6)	(0.6)	50%
<b>NET CHANGE IN FUND BALANCE</b>						
	\$ 0.8	\$ (0.1)	-900%	\$ 0.2	\$ (0.2)	-500%

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The COE restated capital assets as mentioned previously.

At June 30, 2021, the COE had invested a total \$21.6 million in a broad range of capital assets, including construction in progress, buildings, building improvements, and equipment. (See Table 6.) There was a net decrease (including additions and deductions) of \$0.1 million over last year.

Table 6 - COE's Capital Assets

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
<i>(\$ Amounts in millions)</i>	2021	2020	2021	2020	2021	2020		
<b>CAPITAL ASSETS</b>								
Land and const. in progress	\$ 0.8	\$ 1.8	\$ -	\$ -	\$ 0.8	\$ 1.8	\$ (1.0)	-56%
Buildings and equipment	19.1	17.7	1.6	1.6	20.7	19.3	1.4	7%
Accumulated depreciation	(7.3)	(6.8)	(0.4)	(0.3)	(7.7)	(7.1)	(0.6)	8%
<b>Total Capital Assets</b>	<b>\$ 12.6</b>	<b>\$ 12.7</b>	<b>\$ 1.2</b>	<b>\$ 1.3</b>	<b>\$ 13.8</b>	<b>\$ 14.0</b>	<b>\$ (0.2)</b>	<b>-1%</b>

Long-Term Liabilities

Most activity on long-term liabilities is the pension liability. The COE also paid-down the lease purchase and adjusted the OPEB.

Table 7 - COE's Long Term Liabilities

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
<i>(\$ Amounts in millions)</i>	2021	2020	2021	2020	2021	2020		
Net pension liability	\$ 23.1	\$ 20.9	\$ 0.0	\$ 0.0	\$ 23.1	\$ 20.9	\$ 2.2	11%
Net OPEB	2.5	2.9	-	-	2.5	2.9	(0.4)	-14%
Compensated absences	0.2	0.2	-	-	0.2	0.2	-	0%
Capital leases	0.1	0.1	-	-	0.1	0.1	-	0%
Lease/purchase agreement	0.8	1.1	-	-	0.8	1.1	(0.3)	-27%
Less current portion	(0.4)	(0.4)	-	-	(0.4)	(0.4)	-	0%
<b>Total Long-term Liabilities</b>	<b>\$ 26.3</b>	<b>\$ 24.8</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 26.3</b>	<b>\$ 24.8</b>	<b>\$ 1.5</b>	<b>6%</b>

## YUBA COUNTY OFFICE OF EDUCATION

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2021

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

At the time of 2021-22 budget development, the COE was aware of several circumstances that could affect its future financial health.

- Large one-time increases in federal and state grants, that will likely not be sustainable.
- Aging facilities
- Increasing cost of employee retirement
- Waiting on state facility bond allocation.
- Transfer of special education programs to Districts.

These indicators were taken into account when adopting the general fund budget for 2021-22. Amounts available for appropriation in the general fund budget are \$22.5 million, an increase of 15 percent over the final 2021 budget of \$19.6 million.

Budgeted expenditures are expected to increase in relation to revenue. An increase in wages for step & column adjustments at 4.25%, PERS and STRS increases, was reached with the certificated and classified unions in 2021. The COE will increase program services from large increases of one -time grants received in 2020-21 and 2021-22.

#### CONTACTING THE COE'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the COE's finances and to demonstrate the COE's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact Aaron Thornsberry, Chief Business Official, 935 14th Street, Marysville, CA 95901 (530) 749-4900.

YUBA COUNTY OFFICE OF EDUCATION

STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Business-Type		Total
	Activities	Activities	
	<i>(\$ Amounts in thousands)</i>		
<b>ASSETS</b>			
Deposits and investments	\$ 7,114	\$ 8	\$ 7,122
Accrued receivables	15,296	-	15,296
Note receivable	74	-	74
Capital assets, not depreciable	776	-	776
Capital assets, depreciable, net	11,813	1,232	13,045
<b>Total Assets</b>	<b>35,073</b>	<b>1,240</b>	<b>36,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,209</b>	<b>-</b>	<b>5,209</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 40,282</b>	<b>\$ 1,240</b>	<b>\$ 41,522</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 8,503	\$ 2	\$ 8,505
Unearned revenue	327	-	327
Long-term obligations, current portion	409	-	409
Long-term obligations, non-current	26,185	4	26,189
<b>Total Liabilities</b>	<b>35,424</b>	<b>6</b>	<b>35,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>540</b>	<b>-</b>	<b>540</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,773	1,232	13,005
Restricted for			
Educational programs	1,542	-	1,542
Unrestricted - (Deficit)	(8,997)	2	(8,995)
<b>Total Net Position</b>	<b>4,318</b>	<b>1,234</b>	<b>5,552</b>
<b>TOTAL LIABILITIES, INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 40,282</b>	<b>\$ 1,240</b>	<b>\$ 41,522</b>

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
Instruction	\$ 10,922	\$ 2,112	\$ 5,613
Instruction-related services			
Instructional supervision and administration	3,099	414	1,737
School site administration	843	89	197
Pupil services			
Home-to-school transportation	2	0	1
Food services	14	2	4
All other pupil services	4,505	1,105	2,754
General administration			
Centralized data processing	864	-	191
All other general administration	2,468	227	595
Plant services	900	101	206
Ancillary services	1	-	-
Community services	1,664	262	1,326
Enterprise activities	280	-	-
Interest on long-term debt	43	-	-
Transfer to other agencies	14,085	2,670	10,115
Depreciation (unallocated)	504	-	-
<b>Total Governmental Activities</b>	<b>40,194</b>	<b>6,982</b>	<b>22,739</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Enterprise activities	104	-	0
<b>Total Entity</b>	<b>\$ 40,298</b>	<b>\$ 6,982</b>	<b>\$ 22,739</b>
General revenues			
Taxes and subventions			
Property taxes, levied for general purposes			
Federal and state aid not restricted for specific purposes			
Interest and investment earnings			
Interagency revenues			
Miscellaneous			
<b>Subtotal, General Revenue</b>			
<b>Excess (Deficiency) of Revenues Over Expenses Before Transfers</b>			
Internal transfers			
<b>CHANGE IN NET POSITION</b>			
<b>Net Position - Beginning (Restated)</b>			
<b>Net Position - Ending</b>			

The accompanying notes are an integral part of these financial statements

**Net (Expenses), Revenues, and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (3,197)		
(948)		
(557)		
(1)		
(8)		
(646)		
(673)		
(1,646)		
(593)		
(1)		
(76)		
(280)		
(43)		
(1,300)		
(504)		
<u>(10,473)</u>		
	\$ (104)	
<u>(10,473)</u>	<u>(104)</u>	<u>\$ (10,576)</u>
3,707	-	3,707
5,433	-	5,433
95	-	95
130	-	130
780	49	828
<u>10,145</u>	<u>49</u>	<u>10,193</u>
(328)	(55)	(383)
(24)	24	-
(352)	(31)	(383)
<u>4,670</u>	<u>1,265</u>	<u>5,935</u>
<u>\$ 4,318</u>	<u>\$ 1,234</u>	<u>\$ 5,552</u>

YUBA COUNTY OFFICE OF EDUCATION

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021

	County School Services Fund	Charter School Special Revenue Fund	Special Education Pass- Through Fund
<b>ASSETS</b>			
Deposits and investments	\$ 1,162,499	\$ 1,401,804	\$ 252,462
Accrued receivables	6,075,821	661,494	5,454,033
Due from other funds	1,400,768	90,520	1,460,491
<b>Total Assets</b>	<b>\$ 8,639,088</b>	<b>\$ 2,153,818</b>	<b>\$ 7,166,986</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 1,100,686	\$ 469,881	\$ 6,863,363
Due to other funds	2,476,882	232,880	-
Unearned revenue	147,128	90,000	-
<b>Total Liabilities</b>	<b>3,724,696</b>	<b>792,761</b>	<b>6,863,363</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>FUND BALANCES</b>			
Non-spendable	3,001	-	-
Spendable			
Restricted	1,103,192	220,802	210,000
Committed	-	-	-
Assigned	1,581,095	1,140,255	93,623
Unassigned	2,227,104	-	-
<b>Total Fund Balances</b>	<b>4,914,392</b>	<b>1,361,057</b>	<b>303,623</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,639,088</b>	<b>\$ 2,153,818</b>	<b>\$ 7,166,986</b>

The accompanying notes are an integral part of these financial statements

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County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,725,234	\$ 5,541,999
2,252,558	849,772	15,293,678
480,000	445,871	3,877,650
<u>\$ 2,732,558</u>	<u>\$ 4,020,877</u>	<u>\$ 24,713,327</u>
\$ 131	\$ 63,551	\$ 8,497,612
630,628	537,260	3,877,650
-	89,448	326,576
<u>630,759</u>	<u>690,259</u>	<u>12,701,838</u>
2,077,935	-	2,077,935
-	-	3,001
-	8,479	1,542,473
-	2,068,501	2,068,501
23,864	1,253,638	4,092,475
-	-	2,227,104
<u>23,864</u>	<u>3,330,618</u>	<u>9,933,554</u>
<u>\$ 2,732,558</u>	<u>\$ 4,020,877</u>	<u>\$ 24,713,327</u>

YUBA COUNTY OFFICE OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2021

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*(\$ Amounts in thousands)*

**Total Fund Balance - Governmental Funds** \$ 9,934

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	\$ 19,901	
	Accumulated depreciation	(7,312)	12,589

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(5)

Deferred recognition of earned but unavailable revenues:

In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred in governmental funds, but are recognized in the government-wide statements, is:

2,152

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, Continued  
 JUNE 30, 2021

(\$ Amounts in thousands)

Long-term obligations:

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:

	Net pension liability	\$ 23,107	
	Net OPEB obligation, Cal STRS	59	
	Compensated absences	159	
	Capital leases payable	60	
	Lease purchase bonds payable	756	
	Deferred loss on debt refunding	(20)	(24,121)

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	5,189	
	Deferred inflows of resources	(540)	

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 and liabilities of internal service funds are reported with governmental activities in the statement of net position. net position for internal service funds are:

(880)

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>4,318</b>
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YUBA COUNTY OFFICE OF EDUCATION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2021

	County School Services Fund	Charter School Special Revenue Fund	Special Education Pass- Through Fund
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources	\$ 6,076,065	\$ 2,752,041	\$ -
Federal sources	3,652,284	63,446	3,421,656
Other State sources	2,582,743	441,446	9,864,400
Other local sources	9,394,420	8,148	3,856
<b>Total Revenues</b>	<b>21,705,512</b>	<b>3,265,081</b>	<b>13,289,912</b>
<b>EXPENDITURES</b>			
Current			
Instruction	8,617,705	1,740,405	-
Instruction-related services			
Instructional supervision and administration	2,611,310	324,875	-
School site administration	492,857	296,366	-
Pupil services			
Home-to-school transportation	1,500	-	-
Food services	6,157	7,266	-
All other pupil services	3,944,301	218,741	-
General administration			
Centralized data processing	780,529	-	-
All other general administration	2,041,659	83,105	-
Plant services	629,298	143,559	-
Ancillary services	900	-	-
Community services	240,843	-	-
Enterprise activities	265,823	-	-
Transfers to other agencies	334,283	4,505	13,286,056
Facilities acquisition and construction	-	-	-
Debt service			
Interest and other	4,944	-	-
Principal	53,594	-	-
<b>Total Expenditures</b>	<b>20,025,703</b>	<b>2,818,822</b>	<b>13,286,056</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>1,679,809</b>	<b>446,259</b>	<b>3,856</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	5,862	-	-
Transfers Out	(889,000)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(883,138)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>796,671</b>	<b>446,259</b>	<b>3,856</b>
<b>Fund Balance - Beginning (Restated)</b>	<b>4,117,721</b>	<b>914,798</b>	<b>299,767</b>
<b>Fund Balance - Ending</b>	<b>\$ 4,914,392</b>	<b>\$ 1,361,057</b>	<b>\$ 303,623</b>

The accompanying notes are an integral part of these financial statements

County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 60,000	\$ 8,888,106
-	391,355	7,528,741
-	677,187	13,565,776
(2,125)	411,615	9,815,914
(2,125)	1,540,157	39,798,537
-	-	10,358,110
-	-	2,936,185
-	-	789,223
-	-	1,500
-	-	13,423
-	-	4,163,042
-	-	780,529
-	65,345	2,190,109
-	55,994	828,851
-	-	900
-	1,347,818	1,588,661
-	-	265,823
426,880	33,216	14,084,940
384,557	-	384,557
-	29,107	34,051
-	359,493	413,087
811,437	1,890,973	38,832,991
(813,562)	(350,816)	965,546
480,000	385,000	870,862
-	(5,862)	(894,862)
480,000	379,138	(24,000)
(333,562)	28,322	941,546
357,426	3,302,296	8,992,008
\$ 23,864	\$ 3,330,618	\$ 9,933,554

**YUBA COUNTY OFFICE OF EDUCATION**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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*(\$ Amounts in thousands)*

**Net Change in Fund Balances - Governmental Funds** \$ 942

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:

	441	
Expenditures for capital outlay:		
Depreciation expense:	(504)	(63)

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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: 414

Gain or loss from 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 loss is:

(3)

Earned but unavailable revenues:

In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period.

In the governmental-wide statements, revenue is recognized when earned, regardless of availability.

The amount of earned but unavailable revenues relating to the current period, less revenues that

became available in the current period but related to a prior period, is:

(1)

Unmatured interest on long-term debt:

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

the prior period, was:

3

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES,  
Continued  
FOR THE YEAR ENDED JUNE 30, 2021

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*(\$ Amounts in thousands)*

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:

(2)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the

statement of activities, pension costs are recognized on the accrual basis. This year, the difference

between accrual-basis pension costs and actual employer contributions was:

(2,126)

Cal STRS Postemployment benefits other than pensions ("OPEB"):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the

statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference

between OPEB costs and actual employer contributions was:

(3)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is

recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the

government-wide statements, the premium or discount, plus any deferred gain or loss from debt

refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or

discount, or deferred gain or loss from debt refunding, for the period is:

(12)

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:

499

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**Change in net position of Governmental Activities**

**\$ (352)**

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The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

PROPRIETARY FUNDS  
 STATEMENTS OF NET POSITION  
 JUNE 30, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Other</u>	<u>Self-Insurance</u>
<b>ASSETS</b>		
Current assets		
Deposits and investments	\$ 7,607	\$ 1,571,508
Accrued receivables	-	2,564
Total current assets	7,607	1,574,072
Non-current assets, depreciable	1,232,000	-
<b>TOTAL ASSETS</b>	<b>\$ 1,239,607</b>	<b>\$ 1,574,072</b>
<b>LIABILITIES</b>		
Current liabilities, accrued liabilities	\$ 1,674	\$ -
Non-current liabilities	4,000	2,453,000
<b>Total Liabilities</b>	<b>5,674</b>	<b>2,453,000</b>
<b>NET POSITION</b>		
Invested in capital assets	1,232,000	-
Unrestricted - (Deficit)	1,933	(878,928)
<b>Total Net Position</b>	<b>1,233,933</b>	<b>(878,928)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,239,607</b>	<b>\$ 1,574,072</b>

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

**PROPRIETARY FUNDS  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Other</b>	<b>Self-Insurance</b>
<b>OPERATING REVENUE</b>		
Fee revenue	\$ 48,000	\$ 166,970
<b>OPERATING EXPENSE</b>		
Classified salaries	4,190	-
Benefits	3,992	-
Supplies and materials	199	-
Professional services	63,283	(320,128)
Depreciation	33,000	-
<b>Total operating expenses</b>	<b>103,759</b>	<b>(320,128)</b>
<b>OPERATING GAIN/(LOSS)</b>	<b>(55,759)</b>	<b>487,098</b>
<b>NON-OPERATING REVENUES</b>		
Interest income	-	12,519
State sources	332	-
Transfers in	24,000	-
<b>Total non-operating revenues</b>	<b>24,332</b>	<b>12,519</b>
<b>CHANGE IN NET POSITION</b>	<b>(31,427)</b>	<b>499,617</b>
<b>Net Position - Beginning</b>	<b>1,265,360</b>	<b>(1,378,545)</b>
<b>Net Position (Deficit) - Ending</b>	<b>\$ 1,233,933</b>	<b>\$ (878,928)</b>

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

PROPRIETARY FUNDS  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Other</u>	<u>Self-Insurance</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers/assessments	\$ 52,000	\$ 167,647
Cash payments for insurance	-	(65,847)
Cash payments to employees for services	(5,277)	-
Cash payments to suppliers for goods and services	(63,843)	-
Net cash provided/(used) by operating activities	(17,120)	101,800
<b>Cash flows from non-capital financing activities</b>		
Grant receipts	332	-
Interfund transfers in	24,000	-
Net cash provided by non-capital financing activities	24,332	-
<b>Cash flows from investing activities</b>		
Interest received	-	18,047
NET INCREASE/(DECREASE) IN CASH	7,212	119,847
<b>CASH</b>		
Beginning of year	395	1,451,661
End of year	\$ 7,607	\$ 1,571,508
<b>Reconciliation of operating loss to cash used in operating activities</b>		
Operating loss	\$ (55,759)	\$ 487,098
Adjustments to reconcile operating income to net cash provided by operating activities:		
Cash flows reported in other categories:		
Depreciation expense	33,000	-
Increase in accounts receivable	4,000	-
Increase in due from other funds	-	677
Decrease in accounts payable	(361)	(5,975)
Increase in net OPEB	-	(380,000)
Increase in pension	2,000	-
Net cash provided/(used) by operating activities	\$ (17,120)	\$ 101,800

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021

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	<u>Warrant/Pass- through Fund</u>
<b>ASSETS</b>	
Deposits and investments	\$ 4,899,166
Accrued receivables	84,951
<hr/>	
<b>Total Assets</b>	4,984,117
<hr/>	
<b>NET POSITION</b>	
Restricted for other governments	\$ 4,984,117
<hr/>	

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2021

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	<u>Warrant/Pass- through Fund</u>
<b>ADDITIONS</b>	
Funds collected for others	\$ 17,872,294
<b>DELETIONS</b>	
Investment losses	19,868
Funds distributed to others	17,671,434
<b>Total Deletions</b>	<u>17,691,302</u>
<b>CHANGE IN NET POSITION</b>	180,992
<b>Net Position - Beginning</b>	<u>4,803,125</u>
<b>Net Position - Ending</b>	<u>\$ 4,984,117</u>

The accompanying notes are an integral part of these financial statements

# YUBA COUNTY OFFICE OF EDUCATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

#### **1 - A. Financial Reporting Entity**

The Yuba County Office of Education (“COE”), also known as a Local Educational Agency (“LEA”), is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member County Board of Education (Board) elected by registered voters of the COE, which comprises an area in Yuba County. The COE was established in 1852 and serves students in pre K – 12 curriculum, ages 3 – 22.

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 COE consists of all funds, departments, and agencies that are not legally separate from the COE. For Yuba County Office of Education, this includes general operations and student related activities of the COE.

#### **1 - B. Component Unit**

Component units are legally separate organizations for which the COE is financially accountable. Component units may also include organizations that are fiscally dependent on the COE, in that the COE 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 COE is not financially accountable but the nature and significance of the organization's relationship with the COE is such that exclusion would cause the COE's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the COE. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the COE's operations because the governing board of the component units is essentially the same as the governing board of the COE and because their purpose is to finance the construction of facilities to be used for the direct benefit of the COE.

The Yuba County Board of Education Financing Corporation (the “Corporation”) financial activity is presented in the financial statements as the Debt Service Fund. The Certificates of Participation issued by the Corporation are included as long-term liabilities in the entity-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

#### **1 - C. Other Related Entities**

**Joint Powers Authority (JPA).** The COE is associated with three JPAs. These organizations do not meet the criteria for inclusion as a component unit of the COE. Additional information is presented in Note 13 to the financial statements. These organizations are:

- ❖ Tri-County Schools Insurance Group(TCSIG)
- ❖ Schools Excess Liabilities Fund (SELF)

**1 - D. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the COE) and its component units. 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 COE'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 COE.

**Fund Financial Statements.** The fund financial statements provide information about the COE's funds, including its 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 LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

*Fiduciary funds* are used to account for assets held by the LEA in a trustee or custodial capacity for others that cannot be used to support the LEA's own programs.

**Major Governmental Funds**

**County School Services Fund.** The general fund for a county office of education is called the County School Service Fund (*Education Code* §1600). This is the chief operating fund for all LEAs. It is used to account for the ordinary operations of an LEA. All transactions except those accounted for in another fund are accounted for in this fund.

**Charter Schools Special Revenue Fund.** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

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

## YUBA COUNTY OFFICE OF EDUCATION

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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**County School Facilities Fund.** This fund is established pursuant to *Education Code* §17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account 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* §17070.10 et seq.).

#### **Non-Major Governmental Funds**

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

**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 an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code* §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* §8328).

**Deferred Maintenance Fund.** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* §17582).

**Forest Reserve Fund (county offices).** 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* §2300; *Government Code* §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).

**Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* §42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49. Other authorized resources that may be deposited to the Special Reserve Fund for Capital Outlay Projects (Fund 40) are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code* §17462) and rentals and leases of real property specifically authorized for deposit to the fund by the governing board (*Education Code* §41003).

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

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

## YUBA COUNTY OFFICE OF EDUCATION

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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#### Proprietary Funds

**Enterprise Funds.** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. An enterprise fund is accounted for on the accrual basis. Capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.

**Other Enterprise Fund.** The COE accounts for child development preschool program using an enterprise fund, because it is financed through collection of fees for the services provided. The fund reports expenditures and revenues related to the child development center activities outside of the normal operation of the COE.

**Internal Service Funds.** Internal service funds are created principally to render services to other organizational units of the LEA 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 an LEA. 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* §17566).

#### Fiduciary Funds

**Trust and Custodial Funds.** Trust and Custodial funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

**Warrant/Pass-Through Fund.** This fund exists primarily to account separately for amounts collected from districts and their employees for federal taxes, state taxes, transfers to credit unions, and other contributions. It is also used to account for those receipts for transfer to agencies for which the LEA is acting simply as a "cash conduit."

#### **1 - E. Basis of Accounting**

**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 should be reported as restricted when constraints placed on net position 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 result from special revenue funds and the restrictions on their net position use.

# YUBA COUNTY OFFICE OF EDUCATION

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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**Governmental Funds.** Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The COE considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the COE receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Eliminating Internal Activity.** Transactions between funds that would be treated as revenues, expenditures, or expenses if they involve entities external to the COE are accounted for as revenues, expenditures, or expenses in the funds. At year-end, outstanding balances between funds are reported in the fund financial statements. Amounts reported in the funds as Due to or Due from Other Funds are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

The COE eliminates its internal service activity in the statement of activities. This is accomplished by eliminating the revenues and expenses of the internal service funds against each other, and then distributing the residual amount among the various functions based upon the volume of activity they had during the year with each internal service fund. Any inter-fund services provided and used were not eliminated in the functional areas in which they were incurred.

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

**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.

### **1 - F. Assets, Liabilities, and Net Position**

**Fair Value.** The COE categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Acquisition Value.** The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2021

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**Deposits and Investments.** The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool’s investments are reported at fair value at June 30, 2021, based on market process. The individual funds’ portions of the pool’s fair value are presented as “Cash in County.” Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The COE considers these balances to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. The COE considers the deposits and investments in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Capital Assets.** Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The COE maintains a capitalization threshold of \$30,000. The COE does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50
Site Improvements	20
Equipment	5 – 20
Equipment	5 – 20
Vehicles	8

**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 the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**Pensions.** For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the CA State Teachers Retirement System (“STRS”) and CA Public Employee Retirement System Pension Plan (“PERS”) and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by STRS and PERS. 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.

**Accrued Liabilities and Long-Term Obligations.** All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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.

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

## YUBA COUNTY OFFICE OF EDUCATION

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2021

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

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

*Nonspendable* – The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the revolving account or principal of a permanent endowment).

*Restricted* – The portion of fund balance representing resources subject to legally enforceable constraints externally imposed either by resource providers (e.g., grantors or creditors) or by law through constitutional provisions or enabling legislation.

*Committed* – The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the LEA through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

*Assigned* – The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the LEA's highest level of decision-making authority or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued. The constraints may be modified or removed by a process less formal than is required to remove constraints that give rise to committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

*Unassigned* – In the general fund, residual fund balance in excess of amounts reported in the nonspendable, restricted, committed, or assigned fund balance classifications and net of Reserve for Economic Uncertainties. In all governmental funds including the general fund, the excess of nonspendable, restricted, and committed fund balance over total fund balance (deficits). Assigned amounts must be reduced or eliminated if a deficit exists.

The COE 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.

**Net Position.** Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt 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 COE has related debt outstanding as of June 30, 2021. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the COE or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The COE first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The entity-wide financial statements report \$1.542 million of restricted net position.

**1 - G. Revenue, Expenditures/Expenses**

**Revenues – Exchange and Non-Exchange Transactions.** The LCFF and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the LCFF is made and the COE's actual tax receipts, as reported by the county auditor, is subtracted the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded.

The COE recognizes property tax revenues actually received as reported on California Department of Education (“CDE”)’s Principal Apportionment Data Collection Software, used by county offices of education and county auditors to report school district and county taxes. The COE makes no accrual for property taxes receivable as of June 30.

The COE receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The COE also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

**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 COE prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the COE has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

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

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

**Operating Revenues and Expenses.** Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund’s principal services.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2021

1 - H. New Accounting Pronouncement

For the year ended June 30, 2021, the COE implemented Governmental Accounting Standards Board (GASB”) Statements Nos. 84: *Fiduciary Activities* and 95: *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates Statement 84 by one year. As a result of implementing the two statements, the COE restated the County School Services Fund.

**NOTE 2- DEPOSITS AND INVESTMENTS**

2 - A. Summary of Deposits and Investments

	Governmental Activities	Business-Type Activities	Fiduciary Fund	Total
Deposits in financial institutions	\$ 17,257	\$ -	\$ -	\$ 17,257
Cash in County	7,096,250	7,607	4,899,166	12,003,023
<b>Total</b>	<b>\$ 7,113,507</b>	<b>\$ 7,607</b>	<b>\$ 4,899,166</b>	<b>\$ 12,020,280</b>

2 - B. Policies and Practices

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

**Investment in County Treasury** – The COE is considered to be an involuntary participant in an external investment pool as the COE is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the COE's investment in the pool is reported in the accounting financial statements at amounts based upon the COE'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.

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**2 - C. General Authorizations**

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

<b>INVESTMENT TYPE</b>	<b>MAXIMUM MATURITY</b>	<b>MAXIMUM SPECIFIED % OF PORTFOLIO</b>	<b>MINIMUM QUALITY REQUIREMENTS</b>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass—Through Securities	5 years	20%	"AA" rating category or its equivalent or better R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

**2 - 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 COE manages its exposure to interest rate risk by investing in the county pool. See "Specific Identification" for various maturities of the COE's investments.

**2 - 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 underlying investments owned by the COE are listed in "Specific Identification."

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**2 - F. Specific Identification**

Information about the sensitivity of the fair values of the COE's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the COE's investments by maturity:

<b>Investment Type:</b>	<b>S &amp; P Rating</b>	<b>Maturity (Days)</b>	<b>Reported Value</b>	<b>Level</b>	<b>Fair Value</b>
Cash in county	A - AAA	342	\$ 12,003,023	2	\$ 11,993,755

**Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the COE's deposits may not be returned to it. The COE does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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 COE's bank balance of \$14,256 was insured.

**NOTE 3 – ACCRUED RECEIVABLES/NOTE RECEIVABLE**

**3 - A. Accrued Receivables**

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

	<b>County School Services Fund</b>	<b>Charter School Special Revenue Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>County School Facilities Fund</b>	<b>Non-Major Govt. Funds</b>	<b>Self-Insurance</b>	<b>Total Govt. Activities</b>	<b>Warrant / Pass-through Fund</b>
Federal Government								
Categorical aid	\$ 424,806	\$ 63,446	\$ 3,421,656	\$ -	\$ -	\$ -	\$ 3,909,908	\$ -
State Government								
Categorical aid	232,208	19,572	547,327	-	505,915	-	1,305,022	-
LCFF/Deferral	3,072,648	540,502	1,484,585	-	-	-	5,097,735	-
School bond facilities	-	-	-	2,253,574	-	-	2,253,574	-
Other Government								
Special education	1,475,093	36,477	-	-	-	-	1,511,570	-
Other	849,484	-	-	-	280,853	-	1,130,337	-
Interest	3,234	1,497	465	(1,016)	4,465	2,564	11,209	3,937
Other Local Sources	18,348	-	-	-	58,539	-	76,887	81,014
<b>Total</b>	<b>\$ 6,075,821</b>	<b>\$ 661,494</b>	<b>\$ 5,454,033</b>	<b>\$ 2,252,558</b>	<b>\$ 849,772</b>	<b>\$ 2,564</b>	<b>\$15,296,242</b>	<b>\$ 84,951</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

3 - B. Note Receivable

On February 22, 2016, the COE sold a parcel of land and a building for \$106,320, where \$91,200 is to be received in monthly installments of \$577, plus interest at a rate of 4.5% per annum. The payments are to conclude on February 22, 2026 at which point the balance is to be paid off, which is scheduled to be \$55,671. As of June 30, 2021, the non-current balance was \$74,000 recorded in note receivable in the entity-wide statement of net position.

**NOTE 4 – CAPITAL ASSETS**

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

<i>(\$ Amounts in thousands)</i>	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 770			\$ 770
Construction in progress	1,019	385	1,398	6
<b>Non-Depreciable Capital Assets</b>	<b>\$ 1,789</b>	<b>\$ 385</b>	<b>\$ 1,398</b>	<b>\$ 776</b>
Capital assets being depreciated				
Land improvements	\$ 628	\$ 1,395	\$ -	\$ 2,023
Buildings & improvements	16,261	-	-	16,261
Furniture & equipment	784	56	-	840
Total Capital Assets Being Depreciated	17,673	1,451	-	19,124
Less Accumulated Depreciation				
Land improvements	204	37	-	241
Buildings & improvements	6,096	385	-	6,481
Furniture & equipment	507	82	-	589
Total Accumulated Depreciation	6,807	504	-	7,311
<b>Depreciable Capital Assets, net</b>	<b>\$ 10,866</b>	<b>\$ 947</b>	<b>\$ -</b>	<b>\$ 11,813</b>
<b>Total Capital Assets, net</b>	<b>\$ 12,655</b>	<b>\$ 1,332</b>	<b>\$ 1,398</b>	<b>\$ 12,589</b>

<i>(\$ Amounts in thousands)</i>	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Buildings & improvements	\$ 1,664	\$ -	\$ -	\$ 1,664
Less Accumulated Depreciation				
Buildings & improvements	399	33	-	432
<b>Depreciable Capital Assets, net</b>	<b>\$ 1,265</b>	<b>\$ (33)</b>	<b>\$ -</b>	<b>\$ 1,232</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Due To Other Funds	Due From Other Funds					Total
	County School Services Fund	Charter School Fund	Special Education Pass-Through	County School Facilities Fund	Non-Major Govt. Funds	
County School Services Fund	\$ -	\$ 90,520	\$ 1,460,491	\$ 480,000	\$ 445,871	\$ 2,476,882
Charter Schools						
Special Revenue Fund	232,880	-	-	-	-	232,880
County School Facilities Fund	630,628	-	-	-	-	630,628
Non-Major Funds	537,260	-	-	-	-	537,260
<b>Total Due From Other Funds</b>	<b>\$1,400,768</b>	<b>\$ 90,520</b>	<b>\$1,460,491</b>	<b>\$ 480,000</b>	<b>\$ 445,871</b>	<b>\$3,877,650</b>

The County School Services Fund owes the Charter School Fund for EPA reimb & SELPA Transfer	\$ 90,520
The County School Services Fund owes the Special Education Pass-through Fund for AB602 Revenue	1,460,491
The County School Services Fund owes the Child Development Fund for indirect & copier costs	871
The County School Services Fund owes the Deferred Maintenance Fund for deferred maintenance	60,000
The County School Services Fund owes County Schools Facilities Fund for construction costs	480,000
The County School Services Fund owes the Debt Service Fund for lease-purchase payment	385,000
The Charter School Fund owes the County School Services Fund for admin, program indirect and sal	232,880
The Child Development Fund owes the County School Services Fund for indirect cost and facilities in	43,440
The Child Development Fund owes County School Services Fund for negative cash payback	487,958
The County Schools Facilitais Fund owes County School Services Fund for negative cash payback	630,628
The Forest Reserve Fund owes the County School Services Fund for forest revenue	5,862
<b>Total</b>	<b>\$3,877,650</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

5 - B. Operating Transfers

Transfer To Other Funds	Interfund Transfers In				Total
	County School Services Fund	County School Facilities Fund	Non-Major Govt. Funds	Other Enterprise Fund	
County School Services Fund	\$ -	\$ 480,000	\$ 385,000	\$ 24,000	\$ 889,000
Non-Major Funds	5,862	-	-	-	5,862
<b>Total Interfund Transfers Out</b>	<b>\$ 5,862</b>	<b>\$ 480,000</b>	<b>\$ 385,000</b>	<b>\$ 24,000</b>	<b>\$ 894,862</b>

The County School Services Fund transferred construction costs to the County School Facilities Fund, which will be transferred back once the state distributes the funding	\$ 480,000
The County School Services Fund transferred to the Debt Service Fund for the lease-purchase payment in the amount of	385,000
The County School Services Fund transferred to the Other Enterprise Fund for program support in the amount of	24,000
The Forest Reserve Fund transferred to the County School Services Fund federal timber yield funds in the amount of	5,862
<b>Total</b>	<b>\$ 894,862</b>

**NOTE 6- ACCRUED LIABILITIES**

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

	County School Services Fund	Charter School Fund	Special Education Pass-Through Fund	County School Facilities Fund	Non-Major Govt. Funds	District-Wide	Total Govt. Activities	Other Enterprise Fund
Payroll and related	\$ 399,807	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 400,107	\$ -
Current compensated absence balance	25,310	3,909	-	-	2,026	-	31,245	-
LCFF overpayment	162,151	250,255	-	-	-	-	412,406	-
EPA (deferral)	-	193,803	-	-	-	-	193,803	-
Vendors payable	426,469	19,980	-	131	28,009	-	474,589	1,674
Due to districts, charters, and pass-throughs	84,330	1,934	6,863,363	-	33,216	-	6,982,843	-
Interest payable	-	-	-	-	-	5,000	5,000	-
Other liabilities	2,619	-	-	-	-	-	2,619	-
<b>Total</b>	<b>\$1,100,686</b>	<b>\$ 469,881</b>	<b>\$6,863,363</b>	<b>\$ 131</b>	<b>\$ 63,551</b>	<b>\$ 5,000</b>	<b>\$8,502,612</b>	<b>\$ 1,674</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**NOTE 7 – UNEARNED REVENUE**

The COE periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The unearned revenue totals at June 30, 2021, consist of the following:

	County School Services Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 56,331	\$ -	\$ -	\$ 56,331
State categorical sources	44,135	90,000	-	134,135
Local deferrals	46,662	-	89,448	136,110
<b>Total</b>	<b>\$ 147,128</b>	<b>\$ 90,000</b>	<b>\$ 89,448</b>	<b>\$ 326,576</b>

**NOTE 8 – LONG-TERM OBLIGATIONS**

**8 - A. Long-Term Obligations Summary**

	Balance			Balance	Balance Due
(\$ Amounts in thousands)	July 01, 2020	Additions	Deductions	June 30, 2021	In One Year
<b>Governmental Activities</b>					
Lease-purchase agreement	\$ 1,116	\$ -	\$ 360	\$ 756	\$ 374
Net pension liabilities ("NPL")					
Cal STRS	8,764	1,731	-	10,495	-
Cal PERS	12,162	450	-	12,612	-
<b>Total NPL</b>	<b>20,926</b>	<b>2,181</b>	<b>-</b>	<b>23,107</b>	<b>-</b>
Compensated absences	157	2	-	159	-
Net OPEB obligations	2,889	3	380	2,512	-
Capital leases	114	-	54	60	35
<b>Total</b>	<b>\$ 25,202</b>	<b>\$ 2,186</b>	<b>\$ 794</b>	<b>\$ 26,594</b>	<b>\$ 409</b>
<b>Business-Type Activities</b>					
Net pension liabilities ("NPL")					
Cal PERS	\$ 3	\$ 1	\$ -	\$ 4	\$ -

**8 - B. Lease-Purchase Agreement (COP Advanced Refunding)**

On August 1, 2014, the COE entered into a lease-purchase agreement in the amount of \$3,100,000 with an average coupon interest rate of 2.835% to advance refund COPs bonds with an interest rate of between 2.0% and 4.5%. The COPs mature on April 1, 2023, and are callable on August 1, 2014. The lease-purchase agreement was issued at par and, after paying issuance costs of \$47,455, the net proceeds were \$3,052,545. The net proceeds from the issuance of the lease-purchase agreement were used to call the COPs on August, 1, 2014.

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
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As a result of the advance refunding, the COE reduced its total debt service requirements by \$196,640, however, resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$100,000.

The annual requirements to amortize the lease-purchase agreement outstanding as of June 30, 2021, are as follows (*\$ amounts in thousands*):

<u>Year Ending June 30,</u>	<u>Payments</u>
2022	\$ 393
2023	390
Total payments	783
Less amount representing interest	(27)
Present value of payments	\$ 756

**8 - C. Pension Liabilities**

The COE's pension activities between the COE and the retirement systems for the year ended June 30, 2021, resulted in a total net pension obligation for the COE of \$23,107,000 for governmental activities and \$4,000 in business-type activities. See Note 10 for additional information regarding the pension plans and activities.

**8 - D. Other Post-Employment Benefits ("OPEB")**

The COE is responsible for two OPEB plans, one the COE offered and one due to GASB No. 75, offered by Cal STRS. For the year ended June 30, 2021, this resulted in the COE plan obligation of \$2,453,000 and the Cal STRS plan obligation of \$59,000. See Note 11 for additional information regarding the pension plans and activities.

**8 - E. Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the COE at June 30, 2021, amounted to \$159,000 in governmental activities. The short-term portion is listed in accrued liabilities, see Note 6.

**8 - F. Capital Leases**

The COE leases cars with a historical cost and accumulated depreciation of \$326,000 and \$238,000, respectively, under capital lease arrangements. Future minimum lease payments at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Payments</u>
2022	\$ 59
2023	38
2024	20
2025	6
2026	1
Total payments	124
Less amount representing interest	(64)
Present value of payments	\$ 60

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
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**NOTE 9 – FUND BALANCES**

Fund balances are composed of the following elements:

	County School Services Fund	Charter School Fund	Special Education Pass- Through Fund	County School Facilities Fund	Non-Major Govt. Funds	Total Govt. Funds
Non-spendable						
Reserve for revolving cash	\$ 3,001	\$ -	\$ -	\$ -	\$ -	\$ 3,001
Spendable						
Restricted						
Educational programs						
Federal	346,836	-	-	-	53	346,889
State	474,850	220,802	210,000	-	-	905,652
Local	281,506	-	-	-	8,426	289,932
<b>Total Restricted</b>	<b>1,103,192</b>	<b>220,802</b>	<b>210,000</b>	<b>-</b>	<b>8,479</b>	<b>1,542,473</b>
Committed						
Deferred maintenance	-	-	-	-	2,014,348	2,014,348
Facility contribution	-	-	-	-	54,153	54,153
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,068,501</b>	<b>2,068,501</b>
Assigned						
Debt service payment	-	-	-	-	650,000	650,000
Maintenance and repair	-	-	-	-	247,063	247,063
Communication and security	-	-	-	-	170,000	170,000
Construction	-	-	-	23,864	-	23,864
Technology	156,000	-	-	-	-	156,000
Lottery	200,415	150,927	-	-	-	351,342
Program designation	1,224,680	989,328	93,623	-	-	2,307,631
Child development	-	-	-	-	186,575	186,575
<b>Total Assigned</b>	<b>1,581,095</b>	<b>1,140,255</b>	<b>93,623</b>	<b>23,864</b>	<b>1,253,638</b>	<b>4,092,475</b>
Unassigned	2,227,104	-	-	-	-	2,227,104
<b>Total</b>	<b>\$ 4,914,392</b>	<b>\$ 1,361,057</b>	<b>\$ 303,623</b>	<b>\$ 23,864</b>	<b>\$ 3,330,618</b>	<b>\$ 9,933,554</b>

The COE 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 COE’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than one month payroll of general fund operating expenditures and 5 percent of County School Services Fund expenditures and other financing uses.

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS**

**10 - A. California State Teachers’ Retirement System (“CalSTRS”)**

**Plan Description.** CalSTRS administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan, and a fund used to account for ancillary activities associated with various deferred compensation plans and programs:

- ❖ State Teachers’ Retirement Plan (“STRP”)
- ❖ CalSTRS Pension 2
  - 403(b) plan
  - 457(b) plan
- ❖ Medicare Premium Payment (“MPP”) Program
- ❖ Teachers’ Deferred Compensation Fund (“TDCF”)

CalSTRS provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers’ Retirement Law (California *Education Code* § 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

The STRP is a multiple employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit (“DB”) Program, Defined Benefit Supplement (“DBS”) Program, Cash Balance Benefit (“CBB”) Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

**Benefits Provided.** The STRP DB Program has two benefit formulas:

- ❖ 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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

The 2% refers to the percentage of your final compensation that you’ll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate. In addition, 2% at 62 members aren’t eligible for benefit enhancements, the Reduced Benefit Election or the CalSTRS Replacement Benefits Program.

**Member’s Contribution Rates:**

Effective Date	2% at 60 Members	2 % at 62 Members
July 1, 2016	10.25%	10.205%

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**Employer’s Contribution Rates:**

Effective date	Pre-AB 1469 rate	Increase per funding plan	SB 90 and AB 84 impact <sup>1</sup>	Total
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	<sup>2</sup>	(2.180%)	<sup>2</sup>
July 1, 2022 – June 30, 2046	8.250%	<sup>2</sup>	N/A	<sup>2</sup>
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046–47		

<sup>1</sup> Pursuant to SB 90 and AB 84, the fiscal year 2018–19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019–20, 2020–21 and 2021–22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

<sup>2</sup> The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

**State’s Contribution Rates:**

Effective date	Base rate	AB 1469 increase for 1990 benefit structure	SBMA funding <sup>1</sup>	Total
July 1, 2020	2.017%	5.811%	2.500%	10.328% <sup>2</sup>
July 1, 2021 – June 30, 2046	2.017%	<sup>4</sup>	2.500%	<sup>4</sup>
July 1, 2046	2.017%	<sup>5</sup>	2.500%	<sup>5</sup>

<sup>1</sup> The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code §22954.

<sup>2</sup> This rate does not include the impacts of supplemental state contributions pursuant to SB 90.

<sup>3</sup> In May 2020, the board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board’s rate setting authority of state contributions for fiscal year 2020–21, thereby negating the board’s rate increase of 0.5%.

<sup>4</sup> The board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.

<sup>5</sup> From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

Contributions to the pension plan from the COE was \$834,979 for the year ended June 30, 2021.

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

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020.

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

At June 30, 2021, the COE reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the COE. The amount recognized by the COE 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 COE were as follows:

<i>(\$ Amounts in thousands)</i>	
District's proportionate share of the net pension liability	\$ 10,495
State's proportionate share of the net pension liability associated with the District	3,570
<b>Total</b>	<b>\$ 14,065</b>

At June 30, 2021, the COE's proportion was as follows:

	<b>Jun. 30, 2020</b>	<b>Jun. 30, 2019</b>	<b>Difference</b>
Net Pension Liability Allocation Basis	0.0001083	0.0000970	0.0000113

For the year ended June 30, 2021, the COE recognized pension expense of \$1,326,000 and revenue of \$521,000 for support provided by the State. At June 30, 2021, the COE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>(\$ Amounts in thousands)</i>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 277
Changes of assumptions	1,024	-
Net difference between projected and actual earnings on pension plan investments	249	-
Changes in proportion and differences between District contributions and proportionate share of contributions	951	-
District contributions subsequent to the measurement date	835	-
<b>Total</b>	<b>\$ 3,059</b>	<b>\$ 277</b>

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

<b>Year Ending June 30,</b>	<i>(\$ Amounts in thousands)</i>	
2022	\$ 1,082	\$ 78
2023	516	57
2024	657	39
2025	398	45
2026	244	43
2027 - 2028	162	15
<b>Total</b>	<b>\$ 3,059</b>	<b>\$ 277</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**Actuarial Assumptions and Discount Rate Information**

**Actuarial Assumptions.** The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2020, include:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 – June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return <sup>3</sup>	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2% simple for DB (annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases as disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs 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 Rate of Return<sup>1</sup></b>
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

<sup>1</sup> 20-years average

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**Sensitivity of the COE’s proportionate share of the net pension liability to changes in the discount rate.** Presented below is the net pension liability of employer using the current discount rate of 7.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
<i>(\$ Amounts in thousands)</i>			
District's proportionate share of the net pension liability	\$ 15,858	\$ 10,495	\$ 6,069

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report. The components of the net pension liability (NPL) of the STRP for participating employers and the state (nonemployer contributing entity), are as follows *(\$ in millions)*:

Total Pension Liability	\$343,893
Less: STRP Fiduciary Net Position	246,984
NPL of Employers and the State of California	\$ 96,909
STRP Fiduciary Net Position as a % of the Total Pension Liability	71.8%

**10 - B. Public Employees’ Retirement System (“CalPERS”)**

**Plan Description.** The Schools Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF B) is administered by the California Public Employees’ Retirement System (CalPERS or the System). Plan membership consists of nonteaching and noncertified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. The Plan excludes school safety members who participate either in the agent multiple-employer defined benefit pension plan or the public agency cost-sharing multiple-employer defined benefit pension plan administered by CalPERS, depending on the number of active members.

The Plan was established to provide retirement, death and disability benefits to nonteaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.pdf>.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**Benefits Provided.** The Service Retirement benefit is a monthly allowance equal to the product of benefit factor, years of service, and final compensation.

- ❖ The *benefit factor* for classic members comes from the 2% at 55 benefit factor table. PEPRA members hired on or after January 1, 2013 are subject to the 2% at 62 benefit factor table.
- ❖ The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer’s contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer’s contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at the rate of 0.004 years of service for each day of sick leave.
- ❖ The *final compensation* is the monthly average of the member’s highest 12 consecutive months’ full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). For new PEPRA members hired after January 1, 2013 final compensation is based on the monthly average of the member’s highest 36 consecutive months’ full-time equivalent monthly pay. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base.
- ❖ The employees in this plan may or may not be covered by Social Security. For employees with service prior to January 1, 2001 covered by Social Security, the final compensation is offset by \$133.33 (or by one-third if, the final compensation is less than \$400). For PEPRA members, the final compensation is not offset.

**Contributions.** CalPERS required employer contributions to be 20.700% of payroll. The report also reported an employee contribution rate of 7.0% for classic and PEPRA. Contributions to the pension plan from the COE was \$1,283,190 for the year ended June 30, 2021.

For the year ended June 30, 2020, the State of California appropriated and contributed funds to the Plan in the amount of \$904,000,000. This contribution is not considered a special funding situation and the amount of this contribution associated with each participating employer are reported in the Schedule of Employer Allocations. The total amount contributed by the State of California was on behalf of the employers determined based on a pro-rata share of the total required contributions.

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

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 an actuarial valuation as of that date. The employer allocation percentages presented in the CalPERS *Schedule of Employer Allocations and Collective Pension Amounts* and applied to amounts presented in the Schedule of Collective Pension Amounts by Employer are based on the ratio of each employer’s contribution to the Plan’s total employer contributions during the measurement period July 1, 2019 through June 30, 2020.

At June 30, 2021, the COE reported a liability of \$12,616,000 for its proportionate share of the net pension liability. At June 30, 2021, the COE’s proportion was as follows:

	<u>Jun. 30, 2020</u>	<u>Jun. 30, 2019</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0004112	0.0004174	-0.0000062

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

For the year ended June 30, 2021, the COE recognized pension expense of \$2,918,000. At June 30, 2021, the COE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>(\$ Amounts in thousands)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 626	\$ -
Changes of assumptions	46	-
Net difference between projected and actual earnings on pension plan investment	-	263
Changes in proportion and differences between District contributions and proportionate share of contributions	175	-
District contributions subsequent to the measurement date	1,283	-
<b>Total</b>	<b>\$ 2,130</b>	<b>\$ 263</b>

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

<b>Year Ending June 30,</b>	<i>(\$ Amounts in thousands)</i>	
2022	\$ 1,817	\$ (98)
2023	277	88
2024	36	152
2025	0	121
<b>Total</b>	<b>\$ 2,130</b>	<b>\$ 263</b>

**Actuarial Methods, Assumptions, and Discount Rate Information**

**Actuarial Methods and Assumptions.** The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**Long-term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

<b>Asset Class<sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92%)

<sup>1</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation rate of 2.00% used for this period.

<sup>3</sup> An expected inflation rate of 2.92% used for this period.

**Discount Rate.** The discount rate used to measure the total pension liability for PERF B was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the COE's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the collective net pension liability calculated using a discount rate of 7.15%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
<i>(\$ Amounts in thousands)</i>	<b>(6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>(8.15%)</b>
District's proportionate share of the net pension liability	\$ 18,141	\$ 12,616	\$ 8,035

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPEPRS Comprehensive Annual Financial Report.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report. The components of the employers’ collective net pension liability related to the Plan as of June 30, 2020 (*\$ in millions*):

Total pension liability	\$102,290
Less:	
Plan fiduciary net position	71,607
<b>Net Pension Liability of Employers</b>	<b>\$ 30,683</b>
Fiduciary Net Position as a % of the Total Pension Liability	70.0%

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN AND OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**11 - A. Cal STRS**

**Plan Description.** CalSTRS administers a postemployment benefit plan Medicare Premium Payment (“MPP”) Program. The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (“OPEB”) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (“THBF”).

**Benefits Provided.** The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

**Contributions.** The MPP Program is funded on a pay-as-you go basis from a portion of monthly contributions, by Districts in the retirement system. In accordance with California *Education Code* §25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total contributions directed to the MPP Program for year 2019-20 was \$27.7 million. The MPP Program contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the California State Treasurer.

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

The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020.

At June 30, 2021, the COE reported a liability of \$59,000 for its proportionate share of the net OPEB liability. The COE’s proportion was as follows:

	<u>Jun. 30, 2020</u>	<u>Jun. 30, 2019</u>	<u>Difference</u>
Net OPEB Liability Allocation Basis	0.0001641	0.0001500	0.0000142

For the year ended June 30, 2021, the COE recognized pension expense of \$3,000.

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**Actuarial Methods, Assumptions, and Discount Rate Information**

**Actuarial Methods and Assumptions.** The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total OPEB liability as of June 30, 2020, include:

Valuation Date	June 30, 2019
Experience Study	July 1, 2014 – June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Costs Trend Rate <sup>1</sup>	4.5%
Medicare Part B Premium Costs Trend Rate <sup>1</sup>	5.4%

<sup>1</sup> The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

**Discount Rate.** The MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

**Medicare costs trend rate.** The June 30, 2019, valuation uses the 2020 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year, as shown in the following table:

Years <sup>1</sup>	Assumed Annual Increase	
	Part A	Part B
2019 – 2028	4.3%	5.5%
2029 – 2038	5.0%	5.1%
2039 – 2048	4.9%	4.5%
2019 & Later	4.3%	4.4%

<sup>1</sup> Trend rates indicate medical inflation in the specific year and, therefore, affect the premiums for the following years. For example, the projected 2020 premium is the 2019 premium increased by the assumed 2019 trend rate.

The Part A trend is approximately equivalent to assuming a fixed 4.5% increase each year. The Part B trend is approximately equivalent to assuming a fixed 5.4% increase each year.

**Sensitivity of the COE’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rates.**

Presented below is the net OPEB liability of employers using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
District's proportionate share of the net pension liability	\$ 66	\$ 59	\$ 52

*(Amounts in thousands)*

**YUBA COUNTY OFFICE OF EDUCATION**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2021**

**Sensitivity of the COE’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Cost Trend Rates.** Presented below is the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1% lower and 1% higher than the current rate:

	Current Health		
	1% Decrease (3.5%)	Trend Rate (4.5%)	1% Increase (5.5%)
<i>(Amounts in thousands)</i>			
District's proportionate share of the net pension liability	\$ 52	\$ 59	\$ 66

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report, but there are effectively NO assets in the trust, as noted below. The components of the net OPEB liability of the MPP Program for participating employers as of June 30, 2020, are as follows (*\$ in millions*):

Total OPEB liability	\$421
Less: MPP Program fiduciary net position	(3)
<b>Net OPEB liability of employers</b>	<b>\$424</b>
MPP Program fiduciary net position as a % of the total OPEB liability	(0.71%)

**11 - B. COE’s OPEB**

**Plan Description.** The plan is a single-employer defined benefit healthcare plan administered by the Yuba County Office of Education. The Plan offers the following benefits by bargaining unit:

**Benefits Provided**

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical, dental and vision	Medical, dental, and vision	Medical, dental, and vision
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No	No	No
COE Contribution %	100%	100%	100%
COE Cap	Lowest premium for retiree only coverage	Lowest premium for retiree only medical coverage	Lowest premium for retiree only medical coverage

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

**Employees Covered by Benefit Terms.** At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	162
<b>Total</b>	<b>170</b>

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2021

**Total OPEB Liability.** The COE’s total OPEB liability of \$2.833,000 was measured, as of June 30, 2018 and rolled forward to June 30, 2020.

**Measurement Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	2.79%
Discount Rate:	3.8%
Medical trend	4%

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality, retirement, service requirements, turnover and costs for coverage were based on the CalSTRS and CalPERS Schools assumptions.

**Changes in the Total OPEB Liability**

*(\$ amounts in thousands)*

<b>Balance at July 01, 2020</b>	\$	2,833
<b>Changes for the year:</b>		
Service cost		295
Interest		110
Changes in assumptions or other inputs		(601)
Benefit payments		(184)
<b>Net changes</b>		<b>(380)</b>
<b>Balances at June 30, 2021</b>	<b>\$</b>	<b>2,453</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the net OPEB liability of the COE, as well as what the COE’s net OPEB liability would be if it were calculated using the following rates:

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<i>(\$ Amounts in thousands)</i>	<b>(2.8%)</b>	<b>(3.8%)</b>	<b>(4.8%)</b>
District's proportionate share of the net OPEB liability	\$ 2,402	\$ 2,453	\$ 2,505

	<b>Current Health</b>		
	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
<i>(\$ Amounts in thousands)</i>	<b>(3%)</b>	<b>(4%)</b>	<b>(5%)</b>
District's proportionate share of the net OPEB liability	\$ 2,502	\$ 2,453	\$ 2,400

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**  
 For the year ended June 30, 2021, the COE recognized an OPEB expense of (\$380,000).

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2021

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**12 - A. Grants**

The COE 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 General 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 COE at June 30, 2021.

**12 - B. Litigation**

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

**12 - C. Operating Leases**

As of June 30, 2021, the COE has various operating lease for the use of copy machines. The annual lease payments of \$18,552 in 2022 and \$2,685 in 2023.

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

The COE is a member of two joint powers authorities (JPAs). Tri-County Schools Insurance Group (TCSIG) provides liability and property insurance, and Schools Excess Liabilities Fund (SELF) for excess liability and property insurance. The relationship is such that the JPAs are not component units of the COE for financial reporting purposes.

These entities 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 entities and the COE are included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2021, the COE made payments of \$409,228 to TCSIG, respectively. SELF is paid through TCSIG.

**NOTE 14 – RESTATEMENT**

Due to the implementation of GASB Statement Nos. 84, *Fiduciary Activities* and 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the prior period adjustments of net position consist of the following:

	<u>General Fund</u>
Fund Balance, June 30, 2020	\$ 4,110,326
Increase in:	
Cash in banks	7,395
Restated Fund Balance	<u>\$ 4,117,721</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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YUBA COUNTY OFFICE OF EDUCATION

COUNTY SCHOOL SERVICES FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 2,446,832	\$ 2,446,832	\$ 2,429,529	\$ (17,303)
Local sources	3,302,786	3,302,786	3,706,536	403,750
Transfers	(60,000)	(60,000)	(60,000)	-
Federal sources	2,719,218	3,746,986	3,652,284	(94,702)
Other State sources	1,059,569	1,212,157	2,582,743	1,370,586
Other local sources	9,795,373	10,289,054	9,394,420	(894,634)
<b>Total Revenues</b>	<b>19,263,778</b>	<b>20,937,815</b>	<b>21,705,512</b>	<b>767,697</b>
<b>EXPENDITURES</b>				
Certificated salaries	4,699,151	4,700,614	4,590,388	110,226
Classified salaries	5,545,623	5,776,462	5,715,977	60,485
Employee benefits	4,273,285	4,360,110	4,691,041	(330,931)
Books and supplies	535,213	1,064,195	973,457	90,738
Services and other operating expenditures	3,391,731	4,296,509	3,690,580	605,929
Capital outlay	-	-	56,299	(56,299)
Other outgo				
Excluding transfers of indirect costs	200,865	388,535	392,821	(4,286)
Transfers of indirect costs	(68,396)	(72,831)	(84,860)	12,029
<b>Total Expenditures</b>	<b>18,577,472</b>	<b>20,513,594</b>	<b>20,025,703</b>	<b>487,891</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	686,306	424,221	1,679,809	1,255,588
<b>Other Financing Sources (Uses):</b>				
Transfers In	5,600	5,600	5,862	262
Transfers Out	(609,000)	(609,000)	(889,000)	(280,000)
<b>Net Financing Sources (Uses)</b>	<b>(603,400)</b>	<b>(603,400)</b>	<b>(883,138)</b>	<b>(279,738)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>82,906</b>	<b>(179,179)</b>	<b>796,671</b>	<b>975,850</b>
<b>Fund Balance - Beginning</b>	<b>4,117,721</b>	<b>4,117,721</b>	<b>4,117,721</b>	
<b>Fund Balance - Ending</b>	<b>\$ 4,200,627</b>	<b>\$ 3,938,542</b>	<b>\$ 4,914,392</b>	<b>\$ 975,850</b>

YUBA COUNTY OFFICE OF EDUCATION

CHARTER SCHOOL SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variations -
	Original	Final	Actual	Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 2,774,424	\$ 2,774,424	\$ 2,752,041	\$ (22,383)
Federal sources	68,417	61,800	63,446	1,646
Other State sources	204,209	210,825	441,446	230,621
Other local sources	16,000	16,000	8,148	(7,852)
<b>Total Revenues</b>	<b>3,063,050</b>	<b>3,063,049</b>	<b>3,265,081</b>	<b>202,032</b>
<b>EXPENDITURES</b>				
Certificated salaries	1,243,623	1,243,623	1,154,641	88,982
Classified salaries	461,554	461,554	460,455	1,099
Employee benefits	636,323	636,323	750,072	(113,749)
Books and supplies	151,816	152,755	46,581	106,174
Services and other operating expenditures	457,855	472,533	383,053	89,480
Excluding transfers of indirect costs	-	-	4,505	(4,505)
Transfers of indirect costs	4,483	4,625	19,515	(14,890)
<b>Total Expenditures</b>	<b>2,955,654</b>	<b>2,971,413</b>	<b>2,818,822</b>	<b>152,591</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>107,396</b>	<b>91,636</b>	<b>446,259</b>	<b>354,623</b>
<b>Fund Balance - Beginning</b>	<b>914,798</b>	<b>914,798</b>	<b>914,798</b>	
<b>Fund Balance - Ending</b>	<b>\$ 1,022,194</b>	<b>\$ 1,006,434</b>	<b>\$ 1,361,057</b>	<b>\$ 354,623</b>

YUBA COUNTY OFFICE OF EDUCATION

SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local Control Funding Formula ("LCFF") Sources				
Federal sources	\$ 3,356,713	\$ 3,356,713	\$ 3,421,656	\$ 64,943
Other State sources	11,470,516	11,470,516	9,864,400	(1,606,116)
Other local sources	10,000	10,000	3,856	(6,144)
<b>Total Revenues</b>	<b>14,837,229</b>	<b>14,837,229</b>	<b>13,289,912</b>	<b>(1,547,317)</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	14,827,229	14,827,229	13,286,056	1,541,173
<b>NET CHANGE IN FUND BALANCE</b>	<b>10,000</b>	<b>10,000</b>	<b>3,856</b>	<b>(6,144)</b>
<b>Fund Balance - Beginning</b>	<b>299,767</b>	<b>299,767</b>	<b>299,767</b>	
<b>Fund Balance - Ending</b>	<b>\$ 309,767</b>	<b>\$ 309,767</b>	<b>\$ 303,623</b>	<b>\$ (6,144)</b>

**YUBA COUNTY OFFICE OF EDUCATION**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

<b>Cal STRS</b>	<i>(\$ Amounts in thousands)</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
COE's proportion of the net pension liability (asset)		0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
COE's proportionate share of the net pension liability (asset)	\$	10,495	\$ 8,764	\$ 8,338	\$ 8,344	\$ 7,808	\$ 6,889	\$ 6,237
State's proportionate share of the net pension liability (asset) associated with the COE		3,570	3,094	3,036	3,099	2,832	2,383	2,391
<b>Total</b>	<b>\$</b>	<b>14,065</b>	<b>\$ 11,858</b>	<b>\$ 11,374</b>	<b>\$ 11,443</b>	<b>\$ 10,640</b>	<b>\$ 9,272</b>	<b>\$ 8,628</b>
COE's covered payroll	\$	5,778	\$ 5,206	\$ 4,881	\$ 4,729	\$ 4,781	\$ 4,697	\$ 4,699
COE's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		182%	168%	171%	176%	163%	147%	133%
Plan fiduciary net position as a percentage of the total pension liability		72%	73%	71%	65%	70%	74%	77%
<b>Cal PERS</b>	<i>(\$ Amounts in thousands)</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
COE's proportion of the net pension liability (asset)		0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
COE's proportionate share of the net pension liability (asset)	\$	12,616	\$ 12,165	\$ 10,568	\$ 9,382	\$ 7,524	\$ 5,512	\$ 4,157
COE's covered payroll	\$	5,968	\$ 5,761	\$ 5,227	\$ 5,006	\$ 4,546	\$ 4,144	\$ 3,863
COE's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		211%	211%	202%	187%	166%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability		70%	70%	71%	72%	74%	79%	83%

**The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year**

**YUBA COUNTY OFFICE OF EDUCATION**

**SCHEDULE OF CONTRIBUTIONS**

<b>Cal STRS</b>	<i>(\$ Amounts in thousands)</i>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Contractually required contribution	\$ 835	\$ 988	\$ 848	\$ 710	\$ 595	\$ 513	\$ 417	
Contributions in relation to the contractually required contribution	(835)	(988)	(848)	(710)	(595)	(513)	(417)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 5,170	\$ 5,778	\$ 5,206	\$ 4,916	\$ 4,729	\$ 4,781	\$ 4,697	
Contributions as a percentage of covered payroll	16%	17%	16%	14%	13%	11%	9%	
<b>Cal PERS</b>	<i>(\$ Amounts in thousands)</i>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Contractually required contribution	\$ 1,283	\$ 1,177	\$ 1,041	\$ 812	\$ 695	\$ 539	\$ 488	
Contributions in relation to the contractually required contribution	(1,283)	(1,177)	(1,041)	(812)	(695)	(539)	(488)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 6,199	\$ 5,968	\$ 5,761	\$ 5,227	\$ 5,006	\$ 4,546	\$ 4,144	
Contributions as a percentage of covered payroll	21%	20%	18%	16%	14%	12%	12%	

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITIES AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2021

**COE Plan:**

	<i>(\$ Amounts in thousands)</i>			
	2021	2020	2019	2018
<b>Changes for the year:</b>				
Service cost	\$ 295	\$ 286	\$ 277	\$ 268
Interest	110	103	67	86
Changes in assumptions or other inputs	(601)	-	-	-
Benefit payments	(184)	(244)	(86)	(111)
<b>Net Changes in Total OPEB Liability</b>	<b>(380)</b>	<b>145</b>	<b>258</b>	<b>243</b>
<b>Total OPEB Liability - Beginning</b>	<b>2,833</b>	<b>2,688</b>	<b>2,430</b>	<b>2,187</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 2,453</b>	<b>\$ 2,833</b>	<b>\$ 2,688</b>	<b>\$ 2,430</b>
<b>Covered Payroll</b>	<b>\$11,369</b>	<b>\$ 11,455</b>	<b>\$ 11,455</b>	<b>\$ 11,455</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>22%</b>	<b>25%</b>	<b>23%</b>	<b>21%</b>
<b>District Has No Assets Accumulated in a Trust to Pay Related Benefits</b>				

**CalSTRS OPEB Plan:**

	<i>(\$ Amounts in thousands)</i>			
	2021	2020	2019	2018
District's Proportion of the collective net OPEB liability	\$ 59	\$ 56	\$ 55	\$ 61
District's proportionate share of the collective net OPEB liability	0.016%	0.014%	0.014%	0.014%

The District makes no contributions to the plan. Rather, CalSTRS siphons benefit payments from all the school districts' regular pension contributions.

Covered Payroll <sup>1</sup>	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered payroll	0.000%	0.000%	0.000%	0.000%

<sup>1</sup> Defined as the payroll on which contributions to a pension plan are based, but for CalSTRS OPEB there are no contributions based on payroll

**District Has No Material Assets Accumulated in a Trust to Pay Related Benefits**

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

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**SUPPLEMENTARY INFORMATION**

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YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Exp.	Exp. to Sub-recipients
U. S. DEPARTMENT OF EDUCATION:				
Passed through California Department of Education (CDE):				
Every Student Succeeds Act ("ESSA"):				
Title I, Part D, Local Delinquent Programs	84.010	14357	\$ 114,752	\$ -
Title I, School Improvement (CSI) Funding for LEAs	84.010	15438	172,544	-
Title I, School Improvement (CSI) Funding for LEAs	84.010	15439	31,824	-
Title I, Subtotal			319,120	-
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	26,349	-
Title III, Limited English Proficient (LEP)	84.365	14346	33,961	-
Education for Homeless Children and Youth	84.196	14332	46,820	-
Special Education: IDEA [1]:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,214,427	3,135,961
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	94,406	94,406
Mental Health Allocation Plan, Part B, Sec 611	84.027	15197	194,956	190,289
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000	1,000
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	18,386	-
Supporting Inclusive Practices	84.027	13693	27,190	-
Special Education: IDEA, Subtotal [1]			3,550,365	3,421,656
Coronavirus Aid, Relief, and Economic Security ("CARES") Act:				
Learning Loss Mitigation	84.425C	15517	125,526	-
Elementary and Secondary School Emergency Relief Fund II	84.425	15547	83,095	-
Total CARES			208,621	-
Early Intervention Grants	84.181	23761	63,140	-
<b>Total U. S. Department of Education</b>			<b>4,248,376</b>	<b>3,421,656</b>
U. S. DEPARTMENT OF THE TREASURY				
Passed through CDE:				
Coronavirus Relief Fund ("CRF"): Learning Loss Mitigation [1]	21.019	25516	699,794	-
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through CDE:				
Forest Reserve	10.665	10044	38,929	33,216

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Exp.	Exp. to Sub-recipients
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through CDE:				
Child Development:				
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	279,152	
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	73,274	-
Child Development, Subtotal			352,426	-
Medi-Cal:				
Billing Option	93.778	10013	240,479	-
Administrative Activities ("MAA")	93.778	10060	28,327	-
Medi-Cal, Subtotal			268,806	-
<b>Total U. S. Department of Health &amp; Human Services</b>			621,232	-
U. S. DEPARTMENT OF JUSTICE				
Passed through the California Board of State and Community Corrections:				
Juvenile Justice and Delinquency Prevention	16.540	*	269,930	-
U. S. DEPARTMENT OF LABOR				
Passed through North Central Counties Consotium:				
Workforce Innovation and Opportuntiy Act (WIOA) Cluster:				
Adult Programs	17.258	*	582,726	-
Youth Activities	17.259	*	347,380	-
Dislocated Workers	17.278	*	679,749	-
WIOA, Subtotal			1,609,855	-
<b>Total U. S. Department of Labor</b>			1,609,855	-
<b>Total Federal Expenditures</b>			\$7,488,116	\$3,454,872

[1] - Major Program  
 \* - No PCS Number

**YUBA COUNTY OFFICE OF EDUCATION**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2021**

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Yuba County Office of Education, not applicable.

Yuba County Career Charter Preparatory Academy:

<b>Grade Level</b>	<b>Number of Instructional Days Offered</b>	<b>Form J-13A Approval</b>	<b>Total Days Offered</b>	<b>Status</b>
Grade 9	180	-	180	Complied
Grade 10	180	-	180	Complied
Grade 11	180	-	180	Complied
Grade 12	180	-	180	Complied

See accompanying note to supplementary information

**YUBA COUNTY OFFICE OF EDUCATION**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2022 (Budget)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>COUNTY SCHOOL SERVICES FUND:</b>				
Revenues	\$ 20,760,533	\$ 21,705,512	\$ 19,648,780	\$ 19,920,198
Other sources and transfers in	34,100	5,862	437,099	20,380
Total	20,794,633	21,711,374	20,085,879	19,940,578
Expenditures	20,767,198	20,025,703	19,558,780	18,811,074
Other uses and transfers out	370,000	889,000	651,000	2,840,000
Total	21,137,198	20,914,703	20,209,780	21,651,074
<b>INCREASE/(DECREASE) IN FUND BALANCE</b>				
	\$ (342,565)	\$ 796,671	\$ (123,901)	\$ (1,710,496)
<b>ENDING FUND BALANCE</b>				
	\$ 4,571,827	\$ 4,914,392	\$ 4,110,326	\$ 4,234,227
<b>AVAILABLE RESERVES <sup>1</sup></b>				
	\$ 2,190,807	\$ 2,227,104	\$ 2,291,928	\$ 2,095,037
<b>AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO</b>				
	10%	11%	11%	10%
<b>LONG-TERM DEBT</b>				
	N/A	\$ 26,594,000	\$ 25,202,000	\$ 23,298,613
<b>AVERAGE DAILY ATTENDANCE AT P-2 <sup>2</sup></b>				
	234	226	226	244

The County School Services Fund balance has increased by \$680,165 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$342,565 (seven percent). For a COE this size, the State recommends available reserves of at least three percent of County School Services Fund expenditures, transfers out, and other uses (total outgo).

The COE has incurred operating surpluses in one of the past three years and anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have increased by \$3.3 million over the past two years.

Average daily attendance has decreased by eighteen ADA over the past two years. An increase of eight ADA is anticipated during fiscal year 2021-22.

<sup>1</sup> Available reserves consist of all unassigned fund balance within the County School Services Fund

<sup>2</sup> ADA consists of Yuba COE attendance, as well as, COE funded county programs

YUBA COUNTY OFFICE OF EDUCATION

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

	County School Services Fund	Charter School Special Revenue Fund	Child Development Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Other Enterprise Fund	Self-Insurance Fund
<b>FUND BALANCE / NET POSITION</b>						
Balance, June 30, 2021, Unaudited Actuals:	\$ 4,782,900	\$ 1,364,966	\$ 197,027	\$ 142,546	\$ 5,933	\$ 768,994
Increase in:						
Cash in county	142,337	-	-	-	-	-
Cash in banks	14,256	-	-	-	-	-
Accrued receivables	209	-	-	-	-	-
Capital assets	-	-	-	-	1,232,000	-
Accrued liabilities	(25,310)	(3,909)	(2,026)	-	-	-
Deferred outflows of resources - pension	-	-	-	-	-	-
Net pension liability/OPEB	-	-	-	-	(4,000)	(1,647,922)
Decrease in:						
Cash in county	-	-	-	(142,337)	-	-
Accrued receivables	-	-	-	(209)	-	-
Audited financial statement	\$ 4,914,392	\$ 1,361,057	\$ 195,001	\$ -	\$ 1,233,933	\$ (878,928)

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2021

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<b>Charter School Number</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0092	Yuba County Career Preparatory Charter School	Active	Yes
0990	Yuba Environmental Science Charter Academy	Active	No

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

COMBINING BALANCE SHEET  
 JUNE 30, 2021

	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	Special Reserve for Capital Outlay Fund	Debt Service Fund	Non-Major Governmental Funds
<b>ASSETS</b>						
Deposits and investments	\$ -	\$ 1,951,165	\$ 39,078	\$ 54,039	\$ 680,952	\$ 2,725,234
Accrued receivables	845,311	3,183	53	114	1,111	849,772
Due from other funds	871	60,000	-	-	385,000	445,871
<b>Total Assets</b>	<b>\$ 846,182</b>	<b>\$ 2,014,348</b>	<b>\$ 39,131</b>	<b>\$ 54,153</b>	<b>\$ 1,067,063</b>	<b>\$ 4,020,877</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 30,335	\$ -	\$ 33,216	\$ -	\$ -	\$ 63,551
Due to other funds	531,398	-	5,862	-	-	537,260
Unearned revenue	89,448	-	-	-	-	89,448
<b>Total Liabilities</b>	<b>651,181</b>	<b>-</b>	<b>39,078</b>	<b>-</b>	<b>-</b>	<b>690,259</b>
<b>FUND BALANCES</b>						
Spendable						
Restricted	8,426	-	53	-	-	8,479
Committed	-	2,014,348	-	54,153	-	2,068,501
Assigned	186,575	-	-	-	1,067,063	1,253,638
<b>Total Fund Balances</b>	<b>\$ 195,001</b>	<b>2,014,348</b>	<b>\$ 53</b>	<b>\$ 54,153</b>	<b>\$ 1,067,063</b>	<b>\$ 3,330,618</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 846,182</b>	<b>\$ 2,014,348</b>	<b>\$ 39,131</b>	<b>\$ 54,153</b>	<b>\$ 1,067,063</b>	<b>\$ 4,020,877</b>

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2021

	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	Special Reserve for Capital Outlay Fund	Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>						
Transfers	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
Federal sources	352,426	-	38,929	-	-	391,355
Other State sources	677,187	-	-	-	-	677,187
Other local sources	380,906	16,437	54	7,340	6,878	411,615
<b>Total Revenues</b>	<b>1,410,519</b>	<b>76,437</b>	<b>38,983</b>	<b>7,340</b>	<b>6,878</b>	<b>1,540,157</b>
<b>EXPENDITURES</b>						
Current						
All other general administration	65,345	-	-	-	-	65,345
Plant services	-	55,994	-	-	-	55,994
Community services	1,347,818	-	-	-	-	1,347,818
Transfers to other agencies	-	-	33,216	-	-	33,216
Debt service						
Interest and other	-	-	-	-	29,107	29,107
Principal	-	-	-	-	359,493	359,493
<b>Total Expenditures</b>	<b>1,413,163</b>	<b>55,994</b>	<b>33,216</b>	<b>-</b>	<b>388,600</b>	<b>1,890,973</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>(2,644)</b>	<b>20,443</b>	<b>5,767</b>	<b>7,340</b>	<b>(381,722)</b>	<b>(350,816)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	385,000	385,000
Transfers Out	-	-	(5,862)	-	-	(5,862)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(5,862)</b>	<b>-</b>	<b>385,000</b>	<b>379,138</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,644)</b>	<b>20,443</b>	<b>(95)</b>	<b>7,340</b>	<b>3,278</b>	<b>28,322</b>
<b>Fund Balance - Beginning</b>	<b>197,645</b>	<b>1,993,905</b>	<b>148</b>	<b>46,813</b>	<b>1,063,785</b>	<b>3,302,296</b>
<b>Fund Balance - Ending</b>	<b>\$ 195,001</b>	<b>\$ 2,014,348</b>	<b>\$ 53</b>	<b>\$ 54,153</b>	<b>\$ 1,067,063</b>	<b>\$ 3,330,618</b>

See accompanying note to supplementary information

## YUBA COUNTY OFFICE OF EDUCATION

### NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2021

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#### **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the COE 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

There are no balances of loan or loan guarantee programs (“loans”) outstanding at the end of the audit period. The COE has not elected to use the 10% de minimis cost rate.

#### **Schedule of Instructional Time**

Displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with §46200) of chapter 2 of part 26 of the *Education Code*; showing by grade level:

- 1) For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional day’s provisions.
- 2) For charter schools, data that show whether the charter school complied with *Education Code* §47612 the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the instructional days provisions.
- 3) For school districts and charter schools that received a Form J-13A approval, list the actual days in the instructional days offered columns, add columns that list the credited days per the approved Form J-13A and the total days offered, adding the actual offering to the amount of days credited per the approved Form J-13A. Include a footnote stating that the school district or charter school received an approved J-13A identifying the number of days approved.

#### **Schedule of Financial Trends and Analysis**

Displaying information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: general fund financial activity, including total revenue, expenditures, and other sources and uses; general fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the general fund or special reserve fund; available reserve balances expressed as a percentage of total general fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary second principal ADA; and, when the auditee's percentage of available reserves to total general fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

## YUBA COUNTY OFFICE OF EDUCATION

### NOTES TO SUPPLEMENTARY INFORMATION, Continued JUNE 30, 2021

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

Displays the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

#### **Schedule of Charter Schools**

Listing all charter schools chartered by the school district or county office of education. For each charter school, include the charter school number and indicate whether or not the charter school is included in the school district or county office of education audit.

#### **Combining Statements – Non-Major Governmental Funds**

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

#### **Local Education Agency Organization Structure**

*LEA Organization Structure*, setting forth the following information, at a minimum:

- 1) The date on which the LEA was established, and for charter schools the date and granting authority of each charter;
- 2) The date and a general description of any change during the year audited in a school district's boundaries;
- 3) The numbers by type of schools in the LEA;
- 4) The names, titles, terms, and term expiration dates of all members of the governing board; and
- 5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

**This schedule is located in the front of the report.**

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**INDEPENDENT AUDITORS' 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***

Board of Trustees  
Yuba County Office of Education  
Marysville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yuba 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 Yuba County Office of Education's basic financial statements, and have issued our report thereon dated January 28, 2022.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered Yuba 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 Yuba County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Yuba 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be significant deficiencies.

***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether Yuba 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are audit adjustments with the amounts in the accompanying Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.

**Yuba County Office of Education's Response to Findings**

Yuba County Office of Education's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Yuba County Office of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 'RT Dennis Accountancy'.

January 28, 2022

RT DENNIS  
ACCOUNTANCY

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

Board of Trustees  
Yuba County Office of Education  
Marysville, California

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Yuba County Office of Education's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Yuba County Office of Education's major federal programs for the year ended June 30, 2021. Yuba 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 the federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Yuba 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 Yuba 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 Yuba County Office of Education's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Yuba 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 Yuba 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 Yuba 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 as a basis for designing 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 Yuba 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.

**Purpose of this Report**

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.

*RT Dennis Accountancy*

January 28, 2022

RT DENNIS  
ACCOUNTANCY

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Yuba County Office of Education  
Marysville, California

### ***REPORT ON STATE COMPLIANCE***

We have audited Yuba County Office of Education's compliance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* ("the State Audit Guide"), applicable to Yuba County Office of Education's state compliance requirements as listed on the next page for the year ended June 30, 2021.

### **Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of Yuba County Office of Education's management.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on Yuba County Office of Education's compliance based on our audit.

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 State Audit Guide, prescribed by the *California Code of Regulation*, Title 5 §19810, et seq. Those standards and require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on referred to previously occurred. An audit includes examining, on a test basis, evidence about Yuba 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. Our audit does not provide a legal determination of Yuba County Office of Education's compliance with those requirements.

### **Opinion**

In our opinion, Yuba County Office of Education complied, in all material respects, with the compliance requirements referred to previously that are applicable for the programs listed on the next page for the year ended June 30, 2021.

RT DENNIS  
ACCOUNTANCY

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance and Distance Learning	Yes
B. Teacher Certification And Misassignments	Yes
C. Kindergarten Continuance	Not Applicable
F. Instructional Time	Not Applicable <sup>1</sup>
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Not Applicable <sup>1</sup>
I. Classroom Teacher Salaries	Not Applicable <sup>1</sup>
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
O. K-3 Grade Span Adjustment	Not Applicable
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	
<b>School Districts, County Offices Of Education, And Charter Schools</b>	
T. California Clean Energy Jobs Act	Not Applicable
V. Proper Expenditure Of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Y. Independent Study Course Based	Yes
AA. Attendance	Yes
BB. Mode Of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study For Charter Schools	Yes
DD. Determination Of Funding For Nonclassroom-Based Instruction	Yes
FF. Charter School Facility Grant Program	Not Applicable

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<sup>1</sup>Not applicable to county offices of education

**Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the State Audit Guide. Accordingly, this report is not suitable for any other purpose.

*M J Dennis Accountancy*

January 28, 2022

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**YUBA 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>Yes</u>
Non-compliance material to financial statements noted?	<u>Yes</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 auditor's report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>Assistance Listing</u>	<u>Name of Federal Program of Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>
<u>84.027 &amp; 84.173</u>	<u>Special Education Cluster (IDEA)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>
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YUBA COUNTY OFFICE OF EDUCATION

FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

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30000

Internal Control

2021-001 *CASH IN COUNTY RECONCILIATION, 30000*

**CRITERIA**

In order to ensure the cash balance appropriately reported, a cash in county reconciliation should be performed monthly, within a timely period. Reconciliations are effective tools to detect mistakes, errors, or embezzlements if they are prepared timely, reviewed in detail, and approved by a second person.

**CONDITION**

The reported cash in county balances were not reconciled timely between the Yuba County Auditor-Controller reports and the COE's accounting system, Escape.

**EFFECT**

The cash balance reported by the Yuba COE could be mis-reported by either missing transactions identified by the auditor-controller or contain transactions that should have been cleared out.

**CAUSE**

Staff turnover has led to some shuffling of job assignments.

Not a repeat from the previous year

**RECOMMENDATION**

The LEA needs to prepare cash in county reconciliations within two, or so, of the close of the month to ensure any "reconciliation" items are properly accounted for in Escape and ultimately reported in the Unaudited Actuals.

**CORRECTIVE ACTION PLAN**

Over the past year, cash reconciliation duties were assigned to a position in the fiscal services department that had experienced staff turnover and individuals that were not well trained or experienced with this responsibility. The COE has now assigned the cash reconciliation duties to an employee that is skilled and experienced in this area. During audit fieldwork the reconciliation had not been completed. However, cash balances have now been reconciled at the time of this audit report issuance. Management in the fiscal department will monitor and ensure the cash reconciliation is completed timely in the future.

**YUBA COUNTY OFFICE OF EDUCATION**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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There were no Federal Award Findings or Questioned Costs noted this year.

**YUBA COUNTY OFFICE OF EDUCATION**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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There were no State Award Findings or Questioned Costs noted.

YUBA 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 in the previous year.

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