



**YUBA COUNTY
OFFICE OF
EDUCATION**

**ANNUAL
FINANCIAL REPORT**

JUNE 30, 2022

YUBA COUNTY OFFICE OF EDUCATION

OF YUBA COUNTY

MARYSVILLE, CALIFORNIA

JUNE 30, 2022

GOVERNING BOARD

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

ADMINISTRATION

Francisco Reveles, Ed.D.	County Superintendent
Aaron Thornsberry, CPA (Inactive)	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

Opinions

We have audited 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, 2022, 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.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yuba County Office of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.³

Responsibilities of Management for the Financial Statements

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

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

RT DENNIS
ACCOUNTANCY

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ❖ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yuba County Office of Education's internal control. Accordingly, no such opinion is expressed.⁵
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ❖ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yuba County Office of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other postemployment schedules on pages 5–17 and 67–72, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) requires a Schedule of Expenditures of Federal Awards (“SEFA”).

2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires:

- ❖ LEA Organization Structure
- ❖ Schedule of ADA
- ❖ 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 mentioned schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report

Management is responsible for the other information in the Annual Financial Report. The other information comprises the Combining Statements of Non-Major Governmental Funds but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 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.¹¹ The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 31, 2023

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, 2022. 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 increased about 59%. There was a significant decrease in net pension liabilities and better operating performance.
- ▶ During the year, the Yuba County Office of Education’s total revenues were \$44.4 million and expenses were \$41.2 million.
- ▶ The net cost of the Yuba County Office of Education’s governmental activities programs decreased to \$6.3 million, due to program revenue increasing a bit more than the program revenue in 2021/22.
- ▶ The County School Services Fund (general fund) reported an increase in fund balance this year of almost \$1.0 million mostly increased from other state revenues 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.

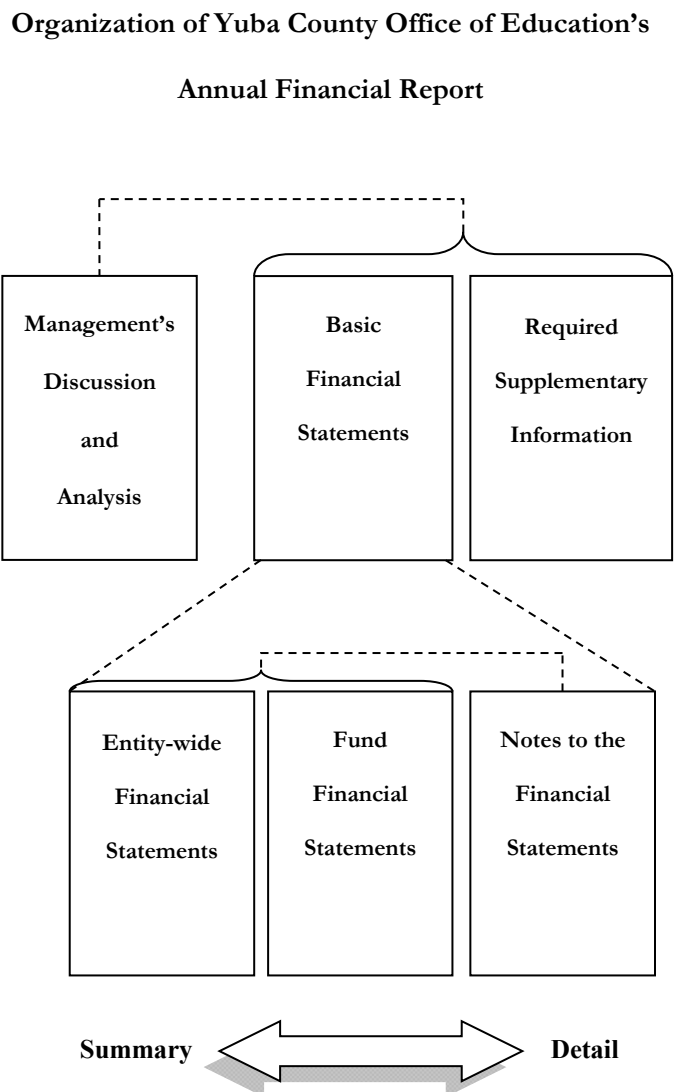


Figure A-2 summarizes the major features of the COE’s financial statements, including the portion of the COE’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each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

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"> ➤ Statement of net position ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ➤ Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows 	<ul style="list-style-type: none"> ➤ Statement of fiduciary net position Statement of revenues, expenses, and changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, 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

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.

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2022

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.

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).

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, 2022

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 \$7.3 million. (See Table 1.)

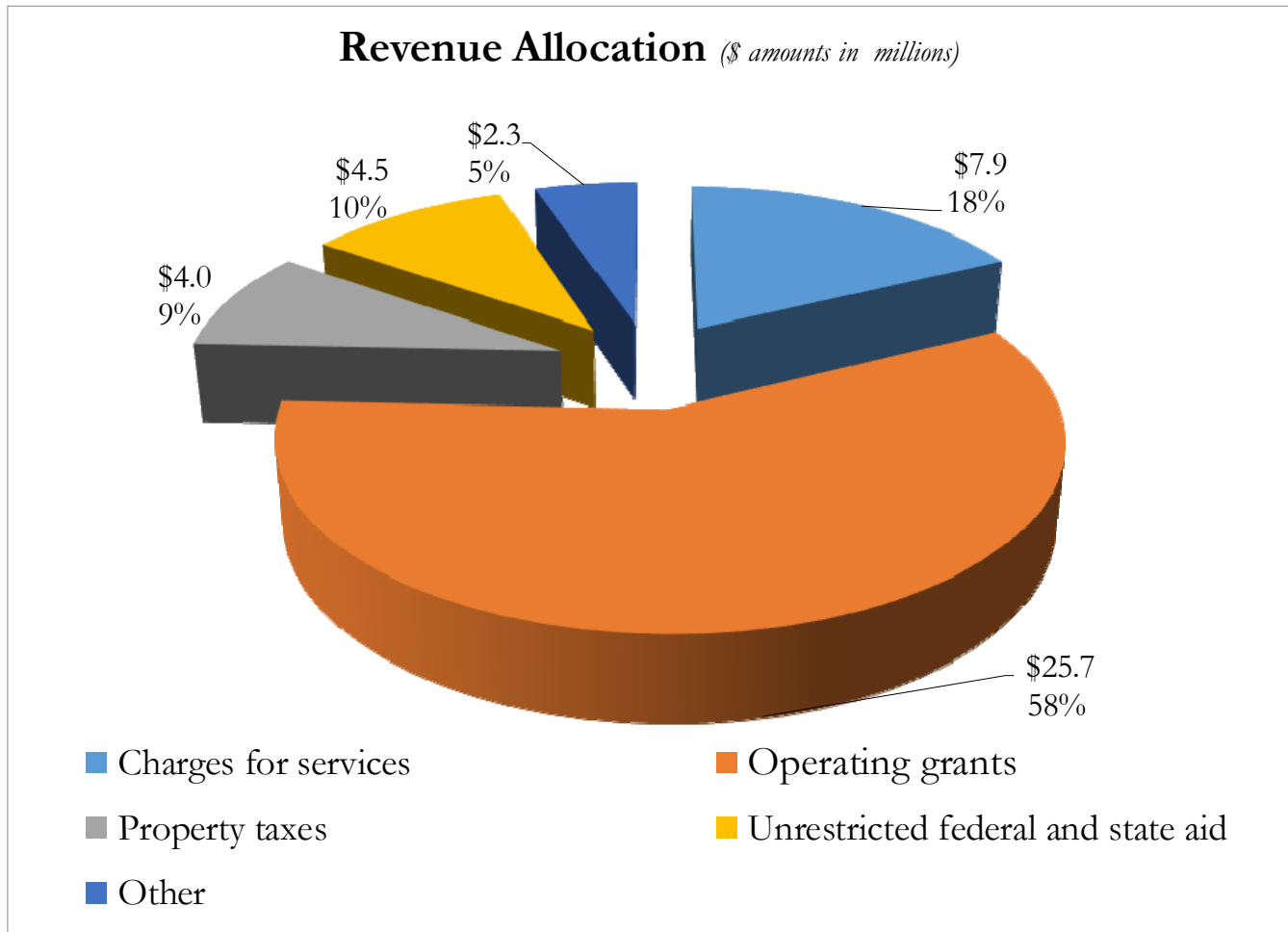
Table 1 - Net Position

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
(\$ Amounts in millions)	2022	2021	2022	2021	2022	2021		
ASSETS								
Current assets	\$ 26.2	\$ 22.5	\$ -	\$ -	\$ 26.2	\$ 22.5	\$ 3.7	16%
Capital assets, net	12.1	12.6	1.2	1.2	13.3	13.8	(0.5)	-4%
Total Assets	38.3	35.1	1.2	1.2	39.5	36.3	3.2	9%
DEFERRED								
OUTFLOWS OF								
RESOURCES	3.8	5.2	-	-	3.8	5.2	(1.4)	-27%
LIABILITIES								
Current liabilities	10.6	9.2	-	-	10.6	9.2	1.4	15%
Non-current liabilities	16.2	26.2	-	-	16.2	26.2	(10.0)	-38%
Total Liabilities	26.8	35.4	-	-	26.8	35.4	(8.6)	-24%
DEFERRED INFLOW								
OF RESOURCES	7.6	0.5	-	-	7.6	0.5	7.1	1420%
NET POSITION								
Net investment in capital assets	11.7	11.8	1.2	1.2	12.9	13.0	(0.1)	-1%
Restricted	3.3	1.5	-	-	3.3	1.5	1.8	120%
Unrestricted - (Deficit)	(7.3)	(8.9)	-	-	(7.3)	(8.9)	1.6	-18%
Total Net Position	\$ 7.7	\$ 4.4	\$ 1.2	\$ 1.2	\$ 8.9	\$ 5.6	\$ 3.3	59%

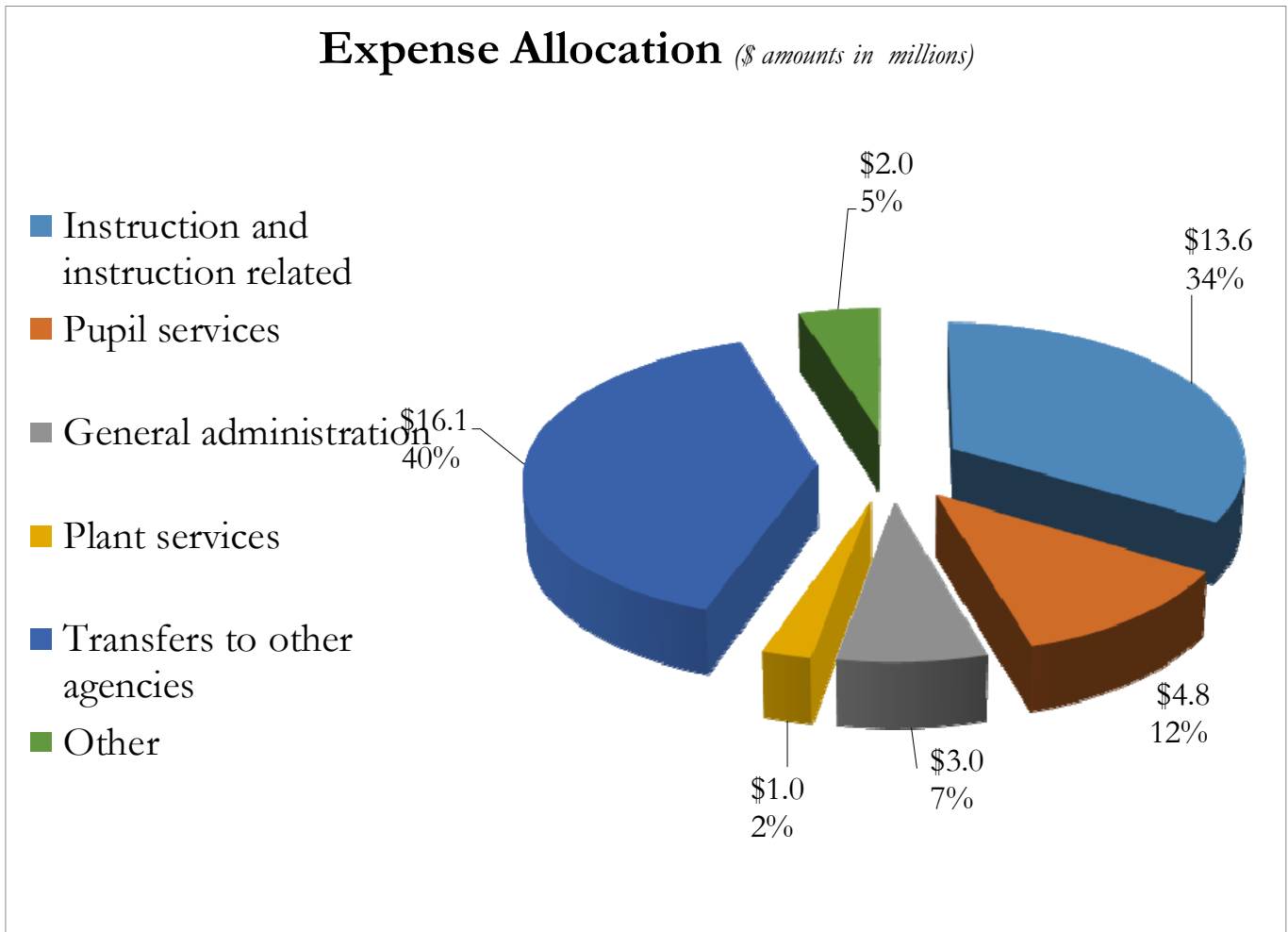
All of the components of net position are either restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position show a \$7.3 million deficit at the end of this year. This deficit does not 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 \$44.4 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 \$41.1 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, 2022

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

Table 2 - Changes in Net Position

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
(\$ Amounts in millions)	2022	2021	2022	2021	2022	2021		
REVENUES								
Program revenues								
Charges for services	\$ 7.9	\$ 7.0	\$ -	\$ -	\$ 7.9	\$ 7.0	\$ 0.9	13%
Operating grants	25.7	22.7	-	-	25.7	22.7	3.0	13%
Capital grants and contributions	-	-	-	-	-	-	-	n/a
General revenues								
Property taxes	4.0	3.7	-	-	4.0	3.7	0.3	8%
Unrestricted federal and state aid	4.5	5.4	-	-	4.5	5.4	(0.9)	-17%
Other	2.3	1.1	0.0	-	2.3	1.1	1.2	113%
Total Revenues	44.4	39.9	0.0	-	44.4	39.9	4.5	11%
EXPENSES								
Instruction and instruction related	13.6	14.9	-	-	13.6	14.9	(1.3)	-9%
Pupil services	4.8	4.5	-	-	4.8	4.5	0.3	7%
General administration	3.0	3.3	-	-	3.0	3.3	(0.3)	-9%
Plant services	1.0	0.9	-	-	1.0	0.9	0.1	11%
Transfers to other agencies	16.1	14.1	-	-	16.1	14.1	2.0	14%
Depreciation	0.6	0.5	-	-	0.6	0.5	0.1	20%
Other	2.0	1.9	0.1	0.1	2.1	2.0	0.1	5%
Total Expenses	41.1	40.1	0.1	0.1	41.2	40.2	1.0	2%
Excess/(Deficiency)	\$ 3.3	\$ (0.2)	\$ (0.1)	\$ (0.1)	\$ 3.2	\$ (0.3)	\$ 3.5	-1180%

Governmental Activities. Revenues for the COE’s governmental activities increased, and total expenses also increased. Revenues increased due to increased Local Control Funding Formula and other grants from the State. In addition, revenues from leases and rentals, interagency services and special education services to districts increased. Expenses increased from \$40.2 Million to \$41.2 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. In 2021-22 funding from the state for special education increased which is mostly transferred to the other agencies that are LEAs in the Yuba County SELPA. 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 2021-22. YCOE is only renting out the Plumas Lake buildings.

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2022

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 \$41.1 million.
- Some of the cost was paid by:
 - Those who directly benefited from the programs (\$7.9 million),
 - Other governments that subsidized certain programs with grants and contributions (\$25.7 million).
 - State government that subsidized capital programs (\$1.1 million).
- The COE paid for the \$6.3 million “public benefit” portion with \$4.0 million in taxes, \$4.5 from unrestricted state aid, and the rest from other revenues such as interest, interagency revenue, and miscellaneous (\$1.1 million).

Table 3 - Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services		\$ Change	% Change
	2022	2021	2022	2021		
<i>(\$ Amounts in millions)</i>						
Instruction	\$ 9.6	\$ 10.9	\$ 0.2	\$ 3.2	\$ (3.0)	-94%
Instruction related	4.0	3.9	1.4	1.5	(0.1)	-7%
Student services	4.8	4.5	0.0	0.7	(0.7)	-93%
Community services	1.5	1.7	0.1	0.1	-	0%
Transfers between agencies	16.1	14.1	1.2	1.3	(0.1)	-8%
Other	5.1	5.0	3.4	3.7	(0.3)	-8%
Total	\$ 41.1	\$ 40.1	\$ 6.3	\$ 10.5	\$ (4.2)	-40%

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2022

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 \$12.3 million, increased over last year. Included in this year’s total change in fund balance, is An increase of \$2.3 million in the COE’s general fund. The primary reasons for the fund’s increase is from the increase in categorical local revenues outpacing the increase in expenses for the year.

Table 4 - Funds' Performance

(\$ Amounts in millions)	Governmental Funds			
	2022	2021	\$ Change	% Change
REVENUES				
LCFF	\$ 8.4	\$ 8.9	\$ (0.5)	-6%
Categorical	24.8	21.1	3.7	18%
Local	11.5	9.8	1.7	17%
Total Revenues	44.7	39.8	4.9	12%
EXPENDITURES				
Certificated	5.8	5.7	0.1	2%
Classified	7.2	6.5	0.7	11%
Benefits	5.8	5.6	0.2	4%
Books and supplies	1.0	1.1	(0.1)	-9%
Services and other operating	6.0	5.0	1.0	20%
Capital outlay	0.1	0.4	(0.3)	-75%
Other outgo	16.5	14.5	2.0	14%
Total Expenditures	42.4	38.8	3.6	9%
NET CHANGE IN FUND BALANCE				
	\$ 2.3	\$ 1.0	\$ 1.3	-130%

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2022

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 (1st Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2021).
- ❖ Changes made in the 2nd 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		
	2022	2021	% Difference	Original Budget	Final Budget	% Difference
<i>(\$ Amounts in millions)</i>						
REVENUES						
LCFF	\$ 6.1	\$ 6.1	0%	\$ 6.1	\$ 5.9	3%
Categorical	7.0	6.2	13%	4.2	6.8	3%
Local	10.9	9.4	16%	10.5	10.6	3%
Total Revenues	24.0	21.7	11%	20.8	23.3	3%
EXPENDITURES						
Certificated	4.6	4.6	0%	4.9	4.8	-4%
Classified	6.4	5.7	12%	6.5	6.6	-3%
Benefits	4.9	4.7	4%	4.9	4.7	4%
Supplies and services	5.7	4.7	21%	4.3	6.1	-7%
Other	1.0	0.4	150%	0.2	0.1	900%
Total Expenditures	22.6	20.1	12%	20.8	22.3	1%
Net financing activities	(0.4)	(0.9)	-56%	(0.4)	(0.6)	-33%
NET CHANGE IN FUND BALANCE						
	\$ 1.0	\$ 0.7	43%	\$ (0.4)	\$ 0.4	150%

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The COE restated capital assets as mentioned previously.

At June 30, 2022, the COE had invested a total \$19.8 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, deductions, and depreciation) of \$0.7 million over last year.

Table 6 - COE's Capital Assets

	Governmental		Business-Type		Total		\$ Change	% Change
	Activities		Activities					
<i>(\$ Amounts in millions)</i>	2022	2021	2022	2021	2022	2021		
CAPITAL ASSETS								
Land and const. in progress	\$ 0.8	\$ 0.8	\$ -	\$ -	\$ 0.8	\$ 0.8	\$ -	0%
Buildings and equipment	19.0	19.1	1.7	1.6	20.7	20.7	-	0%
Accumulated depreciation	(7.7)	(7.3)	(0.5)	(0.4)	(8.2)	(7.7)	(0.5)	6%
Total Capital Assets	\$ 12.1	\$ 12.6	\$ 1.2	\$ 1.2	\$ 13.3	\$ 13.8	\$ (0.5)	-4%

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>	2022	2021	2022	2021	2022	2021		
Net pension liability	\$ 13.0	\$ 23.1	\$ -	\$ 0.0	\$ 13.0	\$ 23.1	\$ (10.1)	-44%
Net OPEB	2.8	2.5	-	-	2.8	2.5	0.3	12%
Compensated absences	0.2	0.2	-	-	0.2	0.2	-	0%
Leases payable	-	0.1	-	-	-	0.1	(0.1)	-100%
Lease/purchase agreement	0.4	0.8	-	-	0.4	0.8	(0.4)	-50%
Less current portion	(0.2)	(0.4)	-	-	(0.2)	(0.4)	0.2	-50%
Total Long-term Liabilities	\$ 16.2	\$ 26.3	\$ -	\$ 0.0	\$ 16.2	\$ 26.3	\$ (10.1)	-38%

YUBA COUNTY OFFICE OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time of 2022-23 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.
- Rising pension costs

These indicators were taken into account when adopting the general fund budget for 2022-23. Amounts available for appropriation in the general fund budget are \$22.6 million, an increase of 12 percent over the final 2021 budget of \$20.1 million.

Budgeted expenditures are expected to increase in relation to revenue. An increase in wages for step & column adjustments averaging 9.5% was reached with the certificated union and ranging from 6.5% to 12% for the classified union in 2022. In addition PERS and STRS retirement contributions are required from the two pension funds. The COE will increase program services from large increases of one-time grants received in 2020-21 through 2022-23.

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.

BASIC FINANCIAL STATEMENTS

YUBA COUNTY OFFICE OF EDUCATION

STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Business-Type		Total
	Activities	Activities	
	<i>(\$ Amounts in thousands)</i>		
ASSETS			
Deposits and investments	\$ 11,829	\$ -	\$ 11,829
Accrued receivables	14,318	-	14,318
Note receivable	70	-	70
Capital assets, not depreciable	776	-	776
Capital assets, depreciable, net	11,284	1,198	12,482
Total Assets	38,269	1,206	39,475
DEFERRED OUTFLOWS OF RESOURCES	3,752	-	3,752
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 42,021	\$ 1,206	\$ 43,227
LIABILITIES			
Accrued liabilities	\$ 9,404	\$ 2	\$ 9,406
Unearned revenue	980	-	980
Long-term obligations, current portion	209	-	209
Long-term obligations, non-current	16,167	-	16,167
Total Liabilities	26,760	2	26,762
DEFERRED INFLOWS OF RESOURCES	7,560	-	7,560
NET POSITION			
Net investment in capital assets	11,653	1,198	12,851
Restricted for			
Capital projects	1,233	-	1,233
Educational programs	2,110	-	2,110
Unrestricted - (Deficit)	(7,295)	6	(7,289)
Total Net Position	7,701	1,204	8,905
TOTAL LIABILITIES, INFLOWS OF RESOURCES, AND NET POSITION	\$ 42,021	\$ 1,206	\$ 43,227

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, 2022

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants
(\$ Amounts in thousands)				
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 9,622	\$ 2,169	\$ 6,189	\$ 1,071
Instruction-related services				
Instructional supervision and administration	3,321	450	1,837	-
School site administration	638	78	180	-
Pupil services				
Food services	12	1	1	-
All other pupil services	4,786	735	4,012	-
General administration				
Centralized data processing	585	-	-	-
All other general administration	2,387	220	952	-
Plant services	971	164	343	-
Ancillary services	3	-	-	-
Community services	1,522	485	935	-
Enterprise activities	447	-	-	-
Interest on long-term debt	33	-	-	-
Transfer to other agencies	16,106	3,627	11,295	-
Depreciation (unallocated)	570	-	-	-
Total Governmental Activities	41,003	7,929	25,744	1,071
BUSINESS-TYPE ACTIVITIES				
Enterprise activities	87	-	-	-
Total Entity	\$ 41,090	\$ 7,929	\$ 25,744	\$ 1,071
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				
Subtotal, General Revenue				
Excess (Deficiency) of Revenues Over Expenses				
Before Transfers				
Internal transfers				
CHANGE IN NET POSITION				
Net Position - Beginning				
Net Position - Ending				

The accompanying notes are an integral part of these financial statements

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

Governmental Activities	Business-Type Activities	Total
\$ (193)		
(1,034)		
(380)		
(10)		
(39)		
(585)		
(1,215)		
(464)		
(3)		
(102)		
(447)		
(33)		
(1,184)		
(570)		
<u>(6,259)</u>		
	\$ (87)	
<u>(6,259)</u>	<u>(87)</u>	<u>\$ (6,346)</u>
4,039	-	4,039
4,536	-	4,536
51	-	51
139	-	139
885	48	933
<u>9,650</u>	<u>48</u>	<u>9,698</u>
3,391	(39)	3,352
(9)	9	-
3,382	(30)	3,352
4,319	1,234	5,553
<u>\$ 7,701</u>	<u>\$ 1,204</u>	<u>\$ 8,905</u>

YUBA COUNTY OFFICE OF EDUCATION

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	County School Services Fund	Charter School Special Revenue Fund	Special Education Pass- Through Fund
ASSETS			
Deposits and investments	\$ 4,776,733	\$ 1,961,863	\$ 329,009
Accrued receivables	3,566,707	206,472	6,292,470
Due from other funds	577,073	36,497	-
Total Assets	\$ 8,920,513	\$ 2,204,832	\$ 6,621,479
LIABILITIES			
Accrued liabilities	\$ 2,017,492	\$ 432,866	\$ 6,245,213
Due to other funds	493,433	233,420	69,023
Unearned revenue	517,302	103,772	-
Total Liabilities	3,028,227	770,058	6,314,236
DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCES			
Non-spendable	3,001	-	-
Spendable			
Restricted	1,551,702	345,010	210,000
Committed	-	-	-
Assigned	1,605,174	1,089,764	97,243
Unassigned	2,732,409	-	-
Total Fund Balances	5,892,286	1,434,774	307,243
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,920,513	\$ 2,204,832	\$ 6,621,479

The accompanying notes are an integral part of these financial statements

County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 257,012	\$ 2,788,010	\$ 10,112,627
3,542,759	706,167	14,314,575
15,481	446,314	1,075,365
<u>\$ 3,815,252</u>	<u>\$ 3,940,491</u>	<u>\$ 25,502,567</u>
\$ 443,658	\$ 262,205	\$ 9,401,434
-	287,795	1,083,671
352,315	6,773	980,162
<u>795,973</u>	<u>556,773</u>	<u>11,465,267</u>
1,786,278	-	1,786,278
-	-	3,001
1,233,001	2,815	3,342,528
-	2,130,998	2,130,998
-	1,249,905	4,042,086
-	-	2,732,409
<u>1,233,001</u>	<u>3,383,718</u>	<u>12,251,022</u>
<u>\$ 3,815,252</u>	<u>\$ 3,940,491</u>	<u>\$ 25,502,567</u>

YUBA COUNTY OFFICE OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022

(\$ Amounts in thousands)

Total Fund Balance - Governmental Funds \$ 12,251

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	\$ 19,807	
	Accumulated depreciation	(7,747)	12,060

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 unmatrued interest owing at the end of the period was:

(3)

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:

1,857

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, 2022

(\$ 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	\$ 12,990	
	Net OPEB obligation, Cal STRS	56	
	Compensated absences	152	
	Capital leases payable	25	
	Lease purchase bonds payable	382	
	Deferred loss on debt refunding	(9)	(13,596)

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	3,743	
	Deferred inflows of resources	(7,560)	

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:

(1,051)

Total Net Position - Governmental Activities	\$	7,701
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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, 2022

	County School Services Fund	Charter School Special Revenue Fund	Special Education Pass- Through Fund
REVENUES			
Local Control Funding Formula ("LCFF") Sources	\$ 6,096,854	\$ 2,251,285	\$ -
Federal sources	3,715,112	94,082	3,398,122
Other State sources	3,249,363	606,131	11,601,711
Other local sources	10,938,889	12,273	3,618
Total Revenues	24,000,218	2,963,771	15,003,451
EXPENDITURES			
Current			
Instruction	8,496,500	1,868,235	-
Instruction-related services			
Instructional supervision and administration	3,296,101	274,077	-
School site administration	315,416	362,883	-
Pupil services			
Home-to-school transportation	-	1,902	-
Food services	5,209	8,045	-
All other pupil services	4,866,396	204,609	-
General administration			
Centralized data processing	632,399	-	-
All other general administration	2,377,086	21,693	-
Plant services	856,904	142,588	-
Ancillary services	2,573	-	-
Community services	406,062	-	-
Enterprise activities	278,238	-	-
Transfers to other agencies	1,063,079	6,022	14,999,831
Facilities acquisition and construction	-	-	-
Debt service			
Interest and other	5,112	-	-
Principal	35,059	-	-
Total Expenditures	22,636,134	2,890,054	14,999,831
Excess (Deficiency) of Revenues			
Over Expenditures	1,364,084	73,717	3,620
OTHER FINANCING SOURCES (USES)			
Transfers In	7,710	-	-
Transfers Out	(393,900)	-	-
Net Financing Sources (Uses)	(386,190)	-	-
NET CHANGE IN FUND BALANCE	977,894	73,717	3,620
Fund Balance - Beginning	4,914,392	1,361,057	303,623
Fund Balance - Ending	\$ 5,892,286	\$ 1,434,774	\$ 307,243

The accompanying notes are an integral part of these financial statements

County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 60,000	\$ 8,408,139
-	116,961	7,324,277
1,366,648	626,812	17,450,665
(1,240)	543,643	11,497,183
<u>1,365,408</u>	<u>1,347,416</u>	<u>44,680,264</u>
-	-	10,364,735
-	-	3,570,178
-	-	678,299
-	-	1,902
-	-	13,254
-	-	5,071,005
-	-	632,399
-	50,806	2,449,585
-	15,665	1,015,157
-	-	2,573
-	1,175,623	1,581,685
-	-	278,238
-	36,888	16,105,820
156,271	-	156,271
-	18,815	23,927
-	373,809	408,868
<u>156,271</u>	<u>1,671,606</u>	<u>42,353,896</u>
1,209,137	(324,190)	2,326,368
-	385,000	392,710
-	(7,710)	(401,610)
<u>-</u>	<u>377,290</u>	<u>(8,900)</u>
1,209,137	53,100	2,317,468
23,864	3,330,618	9,933,554
<u>\$ 1,233,001</u>	<u>\$ 3,383,718</u>	<u>\$ 12,251,022</u>

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, 2022**

(\$ Amounts in thousands)

Net Change in Fund Balances - Governmental Funds \$ 2,317

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

Capital outlay:

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

Expenditures for capital outlay:	156	
Depreciation expense:	(570)	(414)

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-

409

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:

(296)

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:

2

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, 2022

(\$ 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:

7

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

1,653

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

Cost write-off for canceled capital projects:

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work-in-progress must be written off to expense. Costs written off for canceled projects were:

(116)

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:

(11)

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:

(172)

Change in net position of Governmental Activities

\$ 3,382

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

PROPRIETARY FUNDS
 STATEMENTS OF NET POSITION
 JUNE 30, 2022

	<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>
ASSETS		
Current assets		
Deposits and investments	\$ -	\$ 1,716,694
Accrued receivables	-	3,042
Due from other funds	8,900	-
Total current assets	8,900	1,719,736
Non-current assets, depreciable	1,198,000	-
TOTAL ASSETS	\$ 1,206,900	\$ 1,719,736
LIABILITIES		
Current liabilities, accrued liabilities	\$ 2,373	\$ -
Due to other funds	594	-
Non-current liabilities	-	2,771,000
Total Liabilities	2,967	2,771,000
NET POSITION		
Invested in capital assets	1,198,000	-
Unrestricted - (Deficit)	5,933	(1,051,264)
Total Net Position	1,203,933	(1,051,264)
TOTAL LIABILITIES AND NET POSITION	\$ 1,206,900	\$ 1,719,736

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, 2022**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
	Other	Self-Insurance
OPERATING REVENUE		
Fee revenue	\$ 48,000	\$ 206,875
OPERATING EXPENSE		
Benefits	(4,000)	-
Professional services	56,900	388,032
Depreciation	34,000	-
Total operating expenses	86,900	388,032
OPERATING GAIN/(LOSS)	(38,900)	(181,157)
NON-OPERATING REVENUES		
Interest income	-	8,821
Transfers in	8,900	-
Total non-operating revenues	8,900	8,821
CHANGE IN NET POSITION	(30,000)	(172,336)
Net Position (Deficit) - Beginning	1,233,933	(878,928)
Net Position (Deficit) - Ending	\$ 1,203,933	\$ (1,051,264)

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, 2022

	<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>
Cash flows from operating activities		
Cash receipts from customers/assessments	\$ 48,000	\$ 206,875
Cash payments for insurance	-	(70,032)
Cash payments to suppliers for goods and services	(56,201)	-
Net cash provided/(used) by operating activities	(8,201)	136,843
Cash flows from non-capital financing activities		
Interfund transfers in	594	-
Cash flows from investing activities		
Interest received	-	8,343
NET INCREASE/(DECREASE) IN CASH	(7,607)	145,186
CASH		
Beginning of year	7,607	1,571,508
End of year	\$ -	\$ 1,716,694
Reconciliation of operating loss to cash used in operating activities		
Operating loss	\$ (38,900)	\$ (181,157)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Cash flows reported in other categories:		
Depreciation expense	34,000	-
Decrease in accounts payable	699	-
Increase in net OPEB	-	318,000
Increase in pension	(4,000)	-
Net cash provided/(used) by operating activities	\$ (8,201)	\$ 136,843

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, 2022

	<u>Warrant/Pass- through Fund</u>
ASSETS	
Deposits and investments	\$ 5,159,649
Accrued receivables	133,217
<hr/>	
Total Assets	5,292,866
<hr/>	
NET POSITION	
Restricted for other governments	\$ 5,292,866
<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, 2022

	<u>Warrant/Pass- through Fund</u>
ADDITIONS	
Funds collected for others	\$ 21,492,865
DELETIONS	
Investment losses	(9,001)
Funds distributed to others	21,193,117
Total Deletions	<u>21,184,116</u>
CHANGE IN NET POSITION	308,749
Net Position - Beginning	<u>4,984,117</u>
Net Position - Ending	<u>\$ 5,292,866</u>

The accompanying notes are an integral part of these financial statements

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022

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, 2022. 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 \$3.3 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, 2022

NOTE 2- DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposits and Investments

	Governmental	Fiduciary	Total
	Activities	Fund	
Deposits in financial institutions	\$ 14,878	\$ -	\$ 14,878
Cash in County	11,814,443	5,159,649	16,974,092
Total	\$ 11,829,321	\$ 5,159,649	\$ 16,988,970

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, 2022

2 - C. General Authorizations

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

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
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, 2022

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:

<u>Investment Type:</u>	<u>S & P Rating</u>	<u>Maturity (Days)</u>	<u>Reported Value</u>	<u>Level</u>	<u>Fair Value</u>
Cash in county	A - AA+	357	\$ 16,974,092	2	\$ 16,476,938

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, 2022, the COE's bank balance of \$15,656 was insured by FDIC.

NOTE 3 – ACCRUED RECEIVABLES/NOTE RECEIVABLE

3 - A. Accrued Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>County School Services Fund</u>	<u>Charter School Special Revenue Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>County School Facilities Fund</u>	<u>Non-Major Govt. Funds</u>	<u>Self-Insurance</u>	<u>Total Govt. Activities</u>	<u>Warrant / Pass-through Fund</u>
Federal Government								
Categorical aid	\$ 842,335	\$ 130,921	\$ 5,216,649	\$ -	\$ 109,588	\$ -	\$ 6,299,493	\$ -
State Government								
Categorical aid	1,862,443	55,505	1,074,081	-	339,195	-	3,331,224	-
LCFF	10,175	-	-	-	-	-	10,175	-
School bond facilities	-	-	-	3,542,740	-	-	3,542,740	-
Other Government								
Interest	4,120	-	1,740	19	5,207	3,042	14,128	5,105
Other Local Sources	847,634	20,046	-	-	252,177	-	1,119,857	128,112
Total	\$ 3,566,707	\$ 206,472	\$ 6,292,470	\$ 3,542,759	\$ 706,167	\$ 3,042	\$14,317,617	\$ 133,217

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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, 2022, the non-current balance was \$70,000 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, 2022, was as follows:

<i>(\$ Amounts in thousands)</i>	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 770	\$ -	\$ -	\$ 770
Construction in progress	6	116	116	6
Non-Depreciable Capital Assets	\$ 776	\$ 116	\$ 116	\$ 776
Capital assets being depreciated				
Land improvements	\$ 2,023	\$ 41	\$ -	\$ 2,064
Buildings & improvements	16,261	-	-	16,261
Furniture & equipment	840	-	135	705
Total Capital Assets Being Depreciated	19,124	41	135	19,030
Less Accumulated Depreciation				
Land improvements	241	101	-	342
Buildings & improvements	6,481	385	-	6,866
Furniture & equipment	589	84	135	538
Total Accumulated Depreciation	7,311	570	135	7,746
Depreciable Capital Assets, net	\$ 11,813	\$ (529)	\$ -	\$ 11,284
Total Capital Assets, net	\$ 12,589	\$ (413)	\$ 116	\$ 12,060

<i>(\$ Amounts in thousands)</i>	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022
Business-Type Activities				
Capital assets being depreciated				
Buildings & improvements	\$ 1,664	\$ -	\$ -	\$ 1,664
Less Accumulated Depreciation				
Buildings & improvements	432	34	-	466
Depreciable Capital Assets, net	\$ 1,232	\$ (34)	\$ -	\$ 1,198

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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	County School Facilities Fund	Non-Major Govt. Funds	Other Enterprise Fund	
County School Services Fund	\$ -	\$ 22,738	\$ 15,481	\$ 446,314	\$ 8,900	\$ 493,433
Charter Schools						
Special Revenue Fund	233,420	-	-	-	-	233,420
Special Education						
Pass-Through Fund	55,264	13,759	-	-	-	69,023
Non-Major Funds	287,795	-	-	-	-	287,795
Other Enterprise Fund	594	-	-	-	-	594
Total Due From Other Funds	\$ 577,073	\$ 36,497	\$ 15,481	\$ 446,314	\$ 8,900	\$1,084,265

The County School Services Fund owes the Charter School Fund for ESSER money	\$ 21,315
The County School Services Fund owes the Charter School Fund for indirect and employee costs	1,423
The County School Services Fund owes the Child Development Fund for an employee stipend	1,314
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 consulting fees	15,481
The County School Services Fund owes the Debt Service Fund for lease-purchase payment Plumas Lake Child Development Center Facility	385,000 8,900
The Charter School Fund owes the County School Services Fund for admin, indirect cost and salary adj.	233,420
The SELPA Pass Through owes County School Services Fund mental health	55,264
The SELPA Pass Through owes the Charter School Fund for special ed funding	13,759
The Child Development Fund owes the County School Services Fund for indirect cost and facilities	27,336
The Child Development Fund owes County School Services Fund for negative cash payback	253,949
The Forest Reserve Fund owes the County School Services Fund for forest revenue	6,510
The Enterprise Fund owes the County School Services Fund for negative cash payback	594
Total	\$1,084,265

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

5 - B. Operating Transfers

Transfer To Other Funds	Interfund Transfers In			
	County School Services Fund	Non-Major Govt. Funds	Other Enterprise Fund	Total
County School Services Fund	\$ -	\$ 385,000	\$ 8,900	\$ 393,900
Non-Major Funds	7,710	-	-	7,710
Total Interfund Transfers Out	\$ 7,710	\$ 385,000	\$ 8,900	\$ 401,610

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	8,900
The Child Development Fund transferred to the County School Services Fund excess program support	1,200
The Forest Reserve Fund transferred to the County School Services Fund federal timber yield funds in the amount of	6,510
Total	\$ 401,610

NOTE 6- ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022, 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	\$ 412,054	\$ 8,115	\$ -	\$ -	\$ -	\$ -	\$ 420,169	\$ -
Current compensated absence balance	25,308	3,910	-	-	2,027	-	31,245	-
Medi-Cal dissolution	780,280	-	-	-	-	-	780,280	-
LCFF	-	319,414	-	-	-	-	319,414	-
Vendors payable	696,052	34,007	-	15,920	223,290	-	969,269	2,373
Due to districts, charters, and pass-throughs	-	-	6,245,213	-	36,888	-	6,282,101	-
Interest payable	-	-	-	-	-	3,000	3,000	-
Grant recovery	103,798	67,420	-	427,738	-	-	598,956	-
Total	\$2,017,492	\$ 432,866	\$6,245,213	\$ 443,658	\$ 262,205	\$ 3,000	\$9,404,434	\$ 2,373

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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, 2022, consist of the following:

	County School Services Fund	Charter School Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 135,039	\$ -	\$ -	\$ -	\$ 135,039
State categorical sources	334,256	103,772	352,315	-	790,343
Local deferrals	48,007	-	-	6,773	54,780
Total	\$ 517,302	\$ 103,772	\$ 352,315	\$ 6,773	\$ 980,162

NOTE 8 – LONG-TERM OBLIGATIONS

8 - A. Long-Term Obligations Summary

	Balance			Balance	Balance Due
(\$ Amounts in thousands)	July 01, 2021	Additions	Deductions	June 30, 2022	In One Year
Governmental Activities					
Lease-purchase agreement	\$ 756	\$ -	\$ 374	\$ 382	\$ 190
Net pension liabilities ("NPL")					
Cal STRS	10,495	-	6,279	4,216	-
Cal PERS	12,612	-	3,838	8,774	-
Total NPL	23,107	-	10,117	12,990	-
Compensated absences	159	-	7	152	-
Net OPEB obligations	2,512	318	3	2,827	-
Lease payable	60	-	35	25	19
Total	\$ 26,594	\$ 318	\$ 10,536	\$ 16,376	\$ 209
Business-Type Activities					
Net pension liabilities ("NPL")					
Cal PERS	\$ 4	\$ -	\$ 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, 2022, are as follows (*\$ amounts in thousands*):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 383	\$ 8	\$ 391

8 - C. Pension Liabilities

The COE's pension activities between the COE and the retirement systems for the year ended June 30, 2022, resulted in a total net pension obligation for the COE of \$12,990,000 for governmental 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. As of June 30, 2022, the following were the OPEB liabilities:

	<i>(Amounts in thousands)</i>		
	<u>Cal STRS</u>	<u>COE</u>	<u>Total</u>
District's net OPEB liability	\$ 56	\$ 2,771	\$ 2,827

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, 2022, amounted to \$152,000 in governmental activities. The short-term portion is listed in accrued liabilities, see Note 6.

8 - F. Lease Payable

The COE leases cars with a historical cost and accumulated depreciation of \$190,000 and \$158,000, respectively, under capital lease arrangements. Future lease payments at June 30, 2022, are as follows (*\$ Amounts in thousands*):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 19	\$ 1	\$ 20
2024	6	0	6
2025	0	0	0
Total payments	\$ 25	\$ 1	\$ 26

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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	-	-	-	-	50	50
State	1,261,245	345,010	210,000	1,233,001	-	3,049,256
Local	290,457	-	-	-	2,765	293,222
Total Restricted	1,551,702	345,010	210,000	1,233,001	2,815	3,342,528
Committed						
Deferred maintenance	-	-	-	-	2,069,614	2,069,614
Facility contribution	-	-	-	-	61,384	61,384
Total Committed	-	-	-	-	2,130,998	2,130,998
Assigned						
Debt service payment	-	-	-	-	650,000	650,000
Maintenance and repair	-	-	-	-	243,600	243,600
Communication and security	-	-	-	-	170,000	170,000
Technology	156,000	-	-	-	-	156,000
Lottery	213,070	160,270	-	-	-	373,340
Program designation	1,236,104	929,494	97,243	-	-	2,262,841
Child development	-	-	-	-	186,305	186,305
Total Assigned	1,605,174	1,089,764	97,243	-	1,249,905	4,042,086
Unassigned	2,732,409	-	-	-	-	2,732,409
Total	\$ 5,892,286	\$ 1,434,774	\$ 307,243	\$ 1,233,001	\$ 3,383,718	\$12,251,022

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%

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

Employer’s Contribution Rates:

Effective date	Pre-AB 1469 rate	Increase per funding plan	SB 90 and AB 84 impact ¹	Total
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 – June 30, 2046	8.250%	²	N/A	²
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046–47		

¹ 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.

² 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 ¹	Total
July 1, 2021	2.017%	6.311%	2.500%	10.828% ²
July 1, 2021 – June 30, 2046	2.017%	²	2.500%	²
July 1, 2046	2.017%	³	2.500%	³

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

² The board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, supplemental contribution rate imposed would be reduced to 0%.

³ From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Contributions to the pension plan from the District was \$880,109 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

(\$ Amounts in thousands)

District's proportionate share of the net pension liability	\$	4,216
State's proportionate share of the net pension liability associated with the District		1,411
Total	\$	5,627

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. At June 30, 2022, the District's proportion was as follows:

	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0000927	0.0001083	-0.0000156

For the year ended June 30, 2022, the COE recognized pension expense of \$99,000 and revenue of \$596,000 for support provided by the State. At June 30, 2022, the COE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>(\$ Amounts in thousands)</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 438
Changes of assumptions	598	-
Net difference between projected and actual earnings on pension plan investments	-	3,336
Changes in proportion and differences between District contributions and proportionate share of contributions	-	419
District contributions subsequent to the measurement date	880	-
Total	\$ 1,478	\$ 4,193

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

Year Ending June 30,	<i>(\$ Amounts in thousands)</i>	
2023	\$ 1,158	\$ 1,048
2024	278	908
2025	14	859
2026	14	990
2027	14	125
2028	-	263
Total	\$ 1,478	\$ 4,193

NOTES TO FINANCIAL STATEMENTS, Continued
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Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2021, include:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 – June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return ³	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

¹ 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 previously. 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, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return¹
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%)

¹ 20-years average

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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	\$ 8,586	\$ 4,216	\$ 592

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	\$355,801
Less: STRP Fiduciary Net Position	310,293
NPL of Employers and the State of California	\$ 45,508
STRP Fiduciary Net Position as a % of the Total Pension Liability	87.2%

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>

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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 22.91% of payroll. The report also reported an employee contribution rate of 7.0% for classic and PEPRA. Contributions to the pension plan from the District was \$1,492,648 for the year ended June 30, 2022.

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

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. At June 30, 2022, the District reported a liability of \$8,774,000 for its proportionate share of the net pension liability. At June 30, 2022, the District’s proportion was as follows:

	Jun. 30, 2021	Jun. 30, 2020	Difference
Net Pension Liability Allocation Basis	0.0004315	0.0004112	0.0000203

For the year ended June 30, 2022, the COE recognized pension expense of \$623,000. At June 30, 2022, the COE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(\$ Amounts in thousands)</i>	
Changes of assumptions	\$ 241	\$ -
Net difference between projected and actual earnings on pension plan investment	-	3,367
Changes in proportion and differences between District contributions and proportionate share of contributions	531	-
District contributions subsequent to the measurement date	1,493	-
Total	\$ 2,265	\$ 3,367

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<i>(\$ Amounts in thousands)</i>	
2023	\$ 1,928	\$ 844
2024	188	776
2025	150	810
2026	(1)	937
Total	\$ 2,265	\$ 3,367

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. 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 ¹	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	2.0% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter

¹ 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.

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.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 – 10 ²	Real Return Years 11+ ^{3,4}
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%)

¹ 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.

² An expected inflation rate of 2.00% used for this period.

³ An expected inflation rate of 2.92% used for this period.

⁴ Figures are based on the previous ALM of 2017.

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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
(\$ Amounts in thousands)			
District's proportionate share of the net pension liability	\$ 14,794	\$ 8,774	\$ 3,776

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.

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, 2021 (\$ in millions):

Total pension liability	\$106,857,488
Less:	
Plan fiduciary net position	86,523,056
Net Pension Liability of Employers	\$ 20,334,432
Fiduciary Net Position as a % of the Total Pension Liability	80.97%

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

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 2020-21 was \$27.0 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, 2021, 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 calculations contained in this analysis have been performed using the results of the June 30, 2020 Medicare Premium Payment (MPP) Program actuarial funding, with certain revisions to assumptions as required by GASB 74 and 75 and described later in this report. The liabilities have been projected to June 30, 2021 and combined with the actual Teachers’ Health Benefit Fund (THBF) assets of June 30, 2021.

At June 30, 2022, the COE reported a liability of \$56,000 for its proportionate share of the net OPEB liability. The COE’s proportion was as follows:

	<u>Jun. 30, 2021</u>	<u>Jun. 30, 2020</u>	<u>Difference</u>
Net OPEB Liability Allocation Basis	0.0001393	0.0001641	-0.0000248

For the year ended June 30, 2022, the COE recognized pension expense of (\$3,000).

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total OPEB liability as of June 30, 2021, include:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry age normal
Inflation	2.75%
Discount Rate	2.16%
Medicare Part A and B Premium Costs Trend Rate	See Medicare Costs Trend Rate

Discount Rate. The plan's fiduciary net position was not projected to be sufficient to make more than one month of future benefit payments. Therefore, the municipal bond rate is applied to all future benefit payments. The long-term expected rate of return has been set to the discount rate due to the fact that the liabilities of the fund exceed the assets leading to a negative fiduciary net position.

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 ¹	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%

¹ Trend rates indicate medical inflation in the specific year and therefore affect the premiums for the following year. For example, the projected 2020-2021 premium is the 2019-2020 premium increased by the assumed 2019-2020 trend rate.

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 (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
District's proportionate share of the net pension liability	\$ 61	\$ 56	\$ 51

(Amounts in thousands)

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

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 (4.5%)	Trend Rate (5.5%)	1% Increase (6.5%)
<i>(Amounts in thousands)</i>			
District's proportionate share of the net pension liability	\$ 60	\$ 56	\$ 72

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	\$396
Less: MPP Program fiduciary net position	(3)
Net OPEB liability of employers	\$399
MPP Program fiduciary net position as a % of the total OPEB liability	(0.80%)

11 - B. COE’s OPEB Plan

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	193
Total	203

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2022

Total OPEB Liability. The COE’s total OPEB liability of \$2,771,000 was measured, as of June 30, 2021 and rolled forward to June 30, 2022.

Measurement Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	2.50%
Discount Rate:	3.54%
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)

Balance at July 01, 2021	\$	2,453
Changes for the year:		
Service cost		241
Interest		60
Changes in assumptions or other inputs		152
Benefit payments		(135)
Net changes		318
Balances at June 30, 2022	\$	2,771

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:

	Current		
	1% Decrease	Discount Rate	1% Increase
<i>(\$ Amounts in thousands)</i>	(2.54%)	(3.54%)	(4.54%)
District's proportionate share of the net OPEB liability	\$ 2,975	\$ 2,771	\$ 2,582

	Current Health		
	1% Decrease	Trend Rate	1% Increase
<i>(\$ Amounts in thousands)</i>	(3%)	(4%)	(5%)
District's proportionate share of the net OPEB liability	\$ 2,473	\$ 2,771	\$ 3,132

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
 For the year ended June 30, 2022, the COE recognized an OPEB expense of (\$318,000).

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, 2022.

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, 2022.

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, 2022, the COE made payments of \$477,870 to TCSIG. SELF is paid through TCSIG.

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, 2022

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 2,613,673	\$ 2,395,215	\$ 2,118,303	\$ (276,912)
Local sources	3,523,787	3,523,787	4,038,551	514,764
Transfers	(60,000)	(60,000)	(60,000)	-
Federal sources	2,547,292	4,078,039	3,715,112	(362,927)
Other State sources	1,659,639	2,683,468	3,249,363	565,895
Other local sources	10,477,345	10,645,224	10,938,889	293,665
Total Revenues	20,761,736	23,265,733	24,000,218	734,485
EXPENDITURES				
Certificated salaries	4,851,420	4,815,759	4,638,732	177,027
Classified salaries	6,520,341	6,565,725	6,407,996	157,729
Employee benefits	4,912,505	4,742,234	4,900,077	(157,843)
Books and supplies	697,142	1,631,147	860,076	771,071
Services and other operating expenditures	3,613,157	4,462,502	4,798,502	(336,000)
Other outgo				
Excluding transfers of indirect costs	246,573	246,573	1,103,250	(856,677)
Transfers of indirect costs	(73,939)	(100,402)	(72,499)	(27,903)
Total Expenditures	20,767,199	22,363,538	22,636,134	(272,596)
Excess (Deficiency) of Revenues Over Expenditures	(5,463)	902,195	1,364,084	461,889
Other Financing Sources (Uses):				
Transfers In	34,100	5,500	7,710	2,210
Transfers Out	(398,600)	(561,428)	(393,900)	167,528
Net Financing Sources (Uses)	(364,500)	(555,928)	(386,190)	169,738
NET CHANGE IN FUND BALANCE	(369,963)	346,267	977,894	631,627
Fund Balance - Beginning	4,914,392	4,914,392	4,914,392	
Fund Balance - Ending	\$ 4,544,429	\$ 5,260,659	\$ 5,892,286	\$ 631,627

YUBA COUNTY OFFICE OF EDUCATION

CHARTER SCHOOL SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variances -
	Original	Final	Actual	Positive / (Negative) Final to Actual
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 2,870,595	\$ 2,387,431	\$ 2,251,285	\$ (136,146)
Federal sources	63,446	92,973	94,082	1,109
Other State sources	201,920	302,732	606,131	303,399
Other local sources	10,000	10,000	12,273	2,273
Total Revenues	3,145,961	2,793,136	2,963,771	170,635
EXPENDITURES				
Certificated salaries	1,291,833	1,152,239	1,143,388	8,851
Classified salaries	468,700	498,215	476,859	21,356
Employee benefits	681,784	606,373	726,427	(120,054)
Books and supplies	148,604	194,935	85,236	109,699
Services and other operating expenditures	438,628	513,251	430,429	82,822
Excluding transfers of indirect costs	5,200	5,200	6,022	(822)
Transfers of indirect costs	4,734	26,296	21,693	4,603
Total Expenditures	3,039,483	2,996,509	2,890,054	106,455
NET CHANGE IN FUND BALANCE	106,478	(203,373)	73,717	277,090
Fund Balance - Beginning	1,361,057	1,361,057	1,361,057	
Fund Balance - Ending	\$ 1,467,535	\$ 1,157,684	\$ 1,434,774	\$ 277,090

YUBA COUNTY OFFICE OF EDUCATION

SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Control Funding Formula ("LCFF") Sources				
Federal sources	\$ 3,421,656	\$ 3,421,686	\$ 3,398,122	\$ (23,564)
Other State sources	10,371,181	10,413,705	11,601,711	1,188,006
Other local sources	5,000	5,000	3,618	(1,382)
Total Revenues	13,797,837	13,840,391	15,003,451	1,163,060
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	13,792,837	13,835,391	14,999,831	(1,164,440)
NET CHANGE IN FUND BALANCE	5,000	5,000	3,620	(1,380)
Fund Balance - Beginning	303,623	303,623	303,623	
Fund Balance - Ending	\$ 308,623	\$ 308,623	\$ 307,243	\$ (1,380)

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Cal STRS	<i>(\$ Amounts in thousands)</i>	2022	2021	2020	2019	2018	2017	2016	2015
COE's proportion of the net pension liability (asset)		0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
COE's proportionate share of the net pension liability (asset)	\$	4,216	\$ 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		1,411	3,570	3,094	3,036	3,099	2,832	2,383	2,391
Total	\$	5,627	\$ 14,065	\$ 11,858	\$ 11,374	\$ 11,443	\$ 10,640	\$ 9,272	\$ 8,628
COE's covered payroll	\$	5,170	\$ 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		82%	182%	168%	171%	176%	163%	147%	133%
Plan fiduciary net position as a percentage of the total pension liability		87%	72%	73%	71%	65%	70%	74%	77%
Cal PERS	<i>(\$ Amounts in thousands)</i>	2022	2021	2020	2019	2018	2017	2016	2015
COE's proportion of the net pension liability (asset)		0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
COE's proportionate share of the net pension liability (asset)	\$	8,774	\$ 12,616	\$ 12,165	\$ 10,568	\$ 9,382	\$ 7,524	\$ 5,512	\$ 4,157
COE's covered payroll	\$	6,199	\$ 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		142%	211%	211%	202%	187%	166%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability		81%	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

Cal STRS	<i>(\$ Amounts in thousands)</i>		2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$		880	\$ 835	\$ 988	\$ 848	\$ 710	\$ 595	\$ 513	\$ 417
Contributions in relation to the contractually required contribution			(880)	(835)	(988)	(848)	(710)	(595)	(513)	(417)
Contribution deficiency (excess)	\$		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$		5,202	\$ 5,170	\$ 5,778	\$ 5,206	\$ 4,916	\$ 4,729	\$ 4,781	\$ 4,697
Contributions as a percentage of covered payroll			17%	16%	17%	16%	14%	13%	11%	9%
Cal PERS	<i>(\$ Amounts in thousands)</i>		2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$		1,493	\$ 1,283	\$ 1,177	\$ 1,041	\$ 812	\$ 695	\$ 539	\$ 488
Contributions in relation to the contractually required contribution			(1,493)	(1,283)	(1,177)	(1,041)	(812)	(695)	(539)	(488)
Contribution deficiency (excess)	\$		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$		6,515	\$ 6,199	\$ 5,968	\$ 5,761	\$ 5,227	\$ 5,006	\$ 4,546	\$ 4,144
Contributions as a percentage of covered payroll			23%	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, 2022

COE Plan:

<i>(\$ Amounts in thousands)</i>	2022	2021	2020	2019	2018
Changes for the year:					
Service cost	241 \$	295 \$	286 \$	277 \$	268
Interest	60	110	103	67	86
Changes in assumptions or other inputs	152	(601)	-	-	-
Benefit payments	(135)	(184)	(244)	(86)	(111)
Net Changes in Total OPEB Liability	318	(380)	145	258	243
Total OPEB Liability - Beginning	2,453	2,833	2,688	2,430	2,187
Total OPEB Liability - Ending	\$ 2,771	\$ 2,453	\$ 2,833	\$ 2,688	\$ 2,430
Covered Payroll	\$11,717	\$11,369	\$ 11,455	\$ 11,455	\$ 11,455
Total OPEB liability as a percentage of covered payroll	24%	22%	25%	23%	21%

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

CalSTRS OPEB Plan:

<i>(\$ Amounts in thousands)</i>	2022	2021	2020	2019	2018
District's Proportion of the collective net OPEB liability	\$ 56 \$	\$ 59 \$	\$ 56 \$	\$ 55 \$	\$ 61
District's proportionate share of the collective net OPEB liability	0.014%	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 ¹	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ -
Total OPEB liability as a percentage of covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%

¹ 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

SUPPLEMENTARY INFORMATION

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YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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 A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 184,745	\$ -
Title I, Part D, Local Delinquent Programs	84.010	14357	137,469	-
Title I, School Improvement (CSI) Funding for LEAs	84.010	15438	72,504	-
Title I, School Improvement (CSI) Funding for LEAs	84.010	15439	119,063	-
Title I, Subtotal			513,781	-
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	5,350	-
Title III, Limited English Proficient (LEP)	84.365	14346	24,995	-
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	10,000	-
Education for Homeless Children and Youth	84.196	14332	64,455	-
Special Education Cluster (IDEA) [1]:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,277,710	3,197,699
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	8,242	8,242
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	1,891	1,891
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	55,966	-
Supporting Inclusive Practices	84.027	13693	13,431	-
Special Education Cluster (IDEA) [1]			3,552,196	3,398,121
Coronavirus Aid, Relief, and Economic Security ("CARES") Act [1]:				
Learning Loss Mitigation	84.425C	15517	7,877	-
Elementary and Secondary School Emergency Relief Fund II	84.425	15547	812,757	-
American Rescue Plan-Homeless Children and Youth	84.425	15564	8,647	-
Total CARES [1]			829,281	-
Early Intervention Grants	84.181	24314	63,140	-
Total U. S. Department of Education			5,063,198	3,398,121
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through CDE:				
Forest Reserve	10.665	10044	43,312	36,888

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2022

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:				
Child Care and Development Block Grant	93.575	13946	62,931	-
Preschool Development Grant - Renewal FY 2020-23	93.434	15548	21,339	-
Total U. S. Department of Health & Human Services			84,270	-
U. S. DEPARTMENT OF JUSTICE				
Passed through the California Board of State and Community Corrections:				
Juvenile Justice and Delinquency Prevention	16.540	*	328,896	-
U. S. DEPARTMENT OF LABOR				
Passed through North Central Counties Consortium:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Adult Programs	17.258	*	615,910	-
Youth Activities	17.259	*	348,565	-
Dislocated Workers	17.278	*	835,878	-
WIOA Cluster			1,800,353	-
Employment Service/Wagner-Peyser Funded Activities	17.207	*	15,132	-
Total U. S. Department of Labor			1,815,485	-
Total Federal Expenditures			\$7,335,161	\$3,435,009

[1] - Major Program

* - No PCS Number

YUBA COUNTY OFFICE OF EDUCATION

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2022**

Attendance Yuba COE:

	Second Period	
	Report	Annual Report
ELEMENTARY		
Juvenile halls, homes, and camps	-	0
Probation referred, on probabtion or parole, expelled	6	6
Total Elementary	6	6
SECONDARY		
Juvenile halls, homes, and camps	20	21
Probation referred, on probabtion or parole, expelled	33	31
Total Secondary	53	52
Total	59	58

Attendance COE Funded County Program:

	Second Period	
	Report	Annual Report
ELEMENTARY		
Special day classes	89	90
Extended year special education	1	1
Total Elementary	90	91
SECONDARY		
Special day classes	44	44
Extended year special education	0	0
Total Secondary	44	44
Total	134	135

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA), Continued
FOR THE YEAR ENDED JUNE 30, 2022

Yuba County Career Charter Preparatory Academy (Nonclassroom-based only):

	Second Period	
	Report	Annual Report
REGULAR ELEMENTARY AND HIGH SCHOOL		
Total transitional kindergarten through third	2	2
Total fourth through sixth	7	7
Total seventh through eighth	17	17
Total ninth through twelfth	149	146
Total Elementary and High School	175	172

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022**

Yuba County Office of Education, not applicable.

Yuba County Career Charter Preparatory Academy, not applicable as the Charter only engaged in nonclassroom-based instruction.

YUBA COUNTY OFFICE OF EDUCATION

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

	2023 (Budget)	2022	2021	2020
COUNTY SCHOOL SERVICES FUND:				
Revenues	\$ 25,008,681	\$ 24,000,218	\$ 21,705,512	\$ 19,648,780
Other sources and transfers in	5,770	7,710	5,862	437,099
Total	25,014,451	24,007,928	21,711,374	20,085,879
Expenditures	23,486,133	22,636,134	20,025,703	19,558,780
Other uses and transfers out	794,640	393,900	889,000	651,000
Total	24,280,773	23,030,034	20,914,703	20,209,780
INCREASE/(DECREASE) IN FUND BALANCE	\$ 733,678	\$ 977,894	\$ 796,671	\$ (123,901)
ENDING FUND BALANCE	\$ 6,625,964	\$ 5,892,286	\$ 4,914,392	\$ 4,110,326
AVAILABLE RESERVES ¹	\$ 3,926,033	\$ 2,732,409	\$ 2,227,104	\$ 2,291,928
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO	16%	12%	11%	11%
LONG-TERM DEBT	N/A	\$ 16,376,000	\$ 26,594,000	\$ 25,202,000
AVERAGE DAILY ATTENDANCE AT P-2 ²	192	193	226	226

The County School Services Fund balance has increased by \$1,781,960 over the past two years. The fiscal year 2022-23 budget projects an increase of \$733,678 (twelve 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 two of the past three years and anticipates incurring an operating surplus during the 2022-23 fiscal year. Total long-term obligations have decreased by \$8.8 million over the past two years.

Average daily attendance has decreased by thirty-three ADA over the past two years. An decrease of one ADA is anticipated during fiscal year 2022-23.

¹ Available reserves consist of all unassigned fund balance within the County School Services Fund

² 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, 2022

	County School Services Fund	Charter School Special Revenue Fund	Child Development Fund	Special Reserve Fund for Other Than Capital Outlay Projects	County School Facilities Fund	Other Enterprise Fund	Self- Insurance Fund
FUND BALANCE / NET POSITION							
Balance, June 30, 2022							
Unaudited Actuals:	\$ 5,775,527	\$ 1,438,684	\$ 191,097	\$ 145,671	\$ 1,217,520	\$ 5,933	\$ 914,658
Increase in:							
Cash in county	145,411	-	-	-	-	-	-
Cash in banks	11,877	-	-	-	-	-	-
Accrued receivables	260	-	-	-	-	-	-
Due from other funds	-	-	-	-	15,481	-	-
Due to other funds	(15,481)	-	-	-	-	-	-
Capital assets	-	-	-	-	-	1,198,000	-
Accrued liabilities	(25,308)	(3,910)	(2,027)	-	-	-	-
Net pension liability/OPEB	-	-	-	-	-	-	(1,965,922)
Decrease in:							
Cash in county	-	-	-	(145,411)	-	-	-
Accrued receivables	-	-	-	(260)	-	-	-
Audited financial statement	\$ 5,892,286	\$ 1,434,774	\$ 189,070	\$ -	\$ 1,233,001	\$ 1,203,933	\$ (1,051,264)

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2022

Charter School Number	Charter School	Status	Included in Audit Report
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, 2022

	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	Special Reserve for Capital Outlay Fund	Debt Service Fund	Non-Major Governmental Funds
ASSETS						
Deposits and investments	\$ -	\$ 2,006,023	\$ 43,397	\$ 61,276	\$ 677,314	\$ 2,788,010
Accrued receivables	701,131	3,591	51	108	1,286	706,167
Due from other funds	1,314	60,000	-	-	385,000	446,314
Total Assets	\$ 702,445	\$ 2,069,614	\$ 43,448	\$ 61,384	\$ 1,063,600	\$ 3,940,491
LIABILITIES						
Accrued liabilities	\$ 225,317	\$ -	\$ 36,888	\$ -	\$ -	\$ 262,205
Due to other funds	281,285	-	6,510	-	-	287,795
Unearned revenue	6,773	-	-	-	-	6,773
Total Liabilities	513,375	-	43,398	-	-	556,773
FUND BALANCES						
Spendable						
Restricted	2,765	-	50	-	-	2,815
Committed	-	2,069,614	-	61,384	-	2,130,998
Assigned	186,305	-	-	-	1,063,600	1,249,905
Total Fund Balances	\$ 189,070	2,069,614	\$ 50	\$ 61,384	\$ 1,063,600	\$ 3,383,718
Total Liabilities and Fund Balances	\$ 702,445	\$ 2,069,614	\$ 43,448	\$ 61,384	\$ 1,063,600	\$ 3,940,491

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, 2022

	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	Special Reserve for Capital Outlay Fund	Debt Service Fund	Non-Major Governmental Funds
REVENUES						
Local Control Funding Formula ("LCFF") Sources						
Transfers	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
Federal sources	73,648	-	43,313	-	-	116,961
Other State sources	626,812	-	-	-	-	626,812
Other local sources	521,238	10,931	82	7,231	4,161	543,643
Total Revenues	1,221,698	70,931	43,395	7,231	4,161	1,347,416
EXPENDITURES						
Current						
All other general administration	50,806	-	-	-	-	50,806
Plant services	-	15,665	-	-	-	15,665
Community services	1,175,623	-	-	-	-	1,175,623
Transfers to other agencies	-	-	36,888	-	-	36,888
Debt service						
Interest and other	-	-	-	-	18,815	18,815
Principal	-	-	-	-	373,809	373,809
Total Expenditures	1,226,429	15,665	36,888	-	392,624	1,671,606
Excess (Deficiency) of Revenues Over Expenditures	(4,731)	55,266	6,507	7,231	(388,463)	(324,190)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	385,000	385,000
Transfers Out	(1,200)	-	(6,510)	-	-	(7,710)
Net Financing Sources (Uses)	(1,200)	-	(6,510)	-	385,000	377,290
NET CHANGE IN FUND BALANCE	(5,931)	55,266	(3)	7,231	(3,463)	53,100
Fund Balance - Beginning	195,001	2,014,348	53	54,153	1,067,063	3,330,618
Fund Balance - Ending	\$ 189,070	\$ 2,069,614	\$ 50	\$ 61,384	\$ 1,063,600	\$ 3,383,718

See accompanying note to supplementary information

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2022

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District 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 District has not elected to use the 10% de minimis cost rate.

Schedule of ADA

Displays ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

Schedule of Instructional Time

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

- 1) The number(s) of instructional minutes specified in Education Code section 46207(a);
- 2) For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;
- 3) 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 minutes and day’s provisions.
- 4) For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level; 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 minutes and days provisions.
- 5) For school districts and charter schools that received a Form J-13A approval, list the actual minutes and days in the instructional minutes and days offered columns, add columns that list the credited minutes and days per the approved Form J-13A and the total minutes and days offered, adding the actual offering to the amount of minutes and 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 number or days and minutes approved.

YUBA COUNTY OFFICE OF EDUCATION

NOTES TO SUPPLEMENTARY INFORMATION, Continued
JUNE 30, 2022

Schedule of Financial Trends and Analysis

Displays 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.

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.

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, 2022, 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 31, 2023.

REPORT ON 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 2022-001 that we consider to be significant deficiency.

REPORT ON COMPLIANCE AND OTHER MATTERS

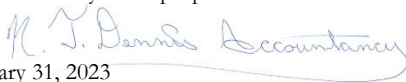
As part of obtaining reasonable assurance about whether Yuba County Office of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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*. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards. The reported noncompliance are the 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.


January 31, 2023

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

Opinion on Each Major Federal Program

We have audited Yuba County Office of Education's compliance with the types of compliance requirements¹ identified as subject to audit in the 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, 2022. 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.

In our opinion, Yuba County Office of Education complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

RT DENNIS
ACCOUNTANCY

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

A handwritten signature in blue ink that reads "K. J. Dennis Accountancy". The signature is written in a cursive style and is underlined with a blue line.

January 31, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Yuba County Office of Education
Marysville, California

REPORT ON STATE COMPLIANCE

Opinion on State Compliance

We have examined Yuba County Office of Education's compliance with the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* ("the State Audit Guide"), prescribed by the *California Code of Regulation*, Title 5 §19810, et seq., applicable to Yuba County Office of Education's state compliance requirements as listed on the next pages for the year ended June 30, 2022..

In our opinion, Yuba County Office of Education complied, in all material respects, with the applicable programs from the State Audit Guide, as listed on the next page during the year-ended June 30, 2022.

Basis for Opinion on State Compliance

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Yuba County Office of Education complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Yuba County Office of Education complied with the specified requirements.

Responsibilities of Management for State Compliance

Management of Yuba County Office of Education is responsible for the District's compliance with the specified requirements.

Auditor's Responsibilities for the Examination of State Compliance

Our responsibility is to express an opinion on Yuba County Office of Education's compliance with the specified requirements based on our examination. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Yuba County Office of Education's compliance with specified requirements.

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:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning	Yes
B. Teacher Certification And Misassignments	Yes
C. Kindergarten Continuance	Not Applicable ¹
D. Independent Study	Not Applicable ¹
E. Continuation Education	Not Applicable ¹
F. Instructional Time	Not Applicable ²
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Not Applicable ¹
I. Classroom Teacher Salaries	Not Applicable ¹
J. Early Retirement Incentive	Not Applicable ¹
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Yes
N. Middle or Early College High Schools	Not Applicable ¹
O. K-3 Grade Span Adjustment	Not Applicable ¹
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable ¹

¹ COE does not have this program or is otherwise not applicable to the COE.

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices Of Education, And Charter Schools	
T. California Clean Energy Jobs Act	Not Applicable ¹
U. After/Before School Education and Safety Program	Not Applicable ¹
V. Proper Expenditure Of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable ¹
Z. Immunizations	Not Applicable ¹
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Not Applicable ¹
DZ. In Person Instruction Grant	Yes
Charter Schools	
AA. Attendance	Yes
BB. Mode Of Instruction	Not Applicable ¹
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination Of Funding For Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes - Classroom Based	Not Applicable ¹
FF. Charter School Facility Grant Program	Not Applicable ¹

¹ COE does not have this program or is otherwise not applicable to the COE.

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.



January 31, 2023

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, 2022**

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>84.027 & 84.173</u>	<u>Special Education: IDEA</u>
<u>84.425</u>	<u>Education Stabilization Fund</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, 2022

30000

Internal Control

2022-001 *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.

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, 2022**

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, 2022**

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, 2022

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.

STATUS

Not Implemented

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