SAN DIEGO COUNTY OFFICE OF EDUCATION

AUDIT REPORT
JUNE 30, 2025

SAN DIEGO COUNTY OFFICE OF EDUCATION
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Diego County Office of Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Diego County Office of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Diego County Office of Education, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the San Diego 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the San Diego County Office of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Diego 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 the San Diego County Office of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Diego County Office of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 5, 2026 on our consideration of the San Diego County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the San Diego County Office of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Office of Education's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
January 5, 2026

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

INTRODUCTION

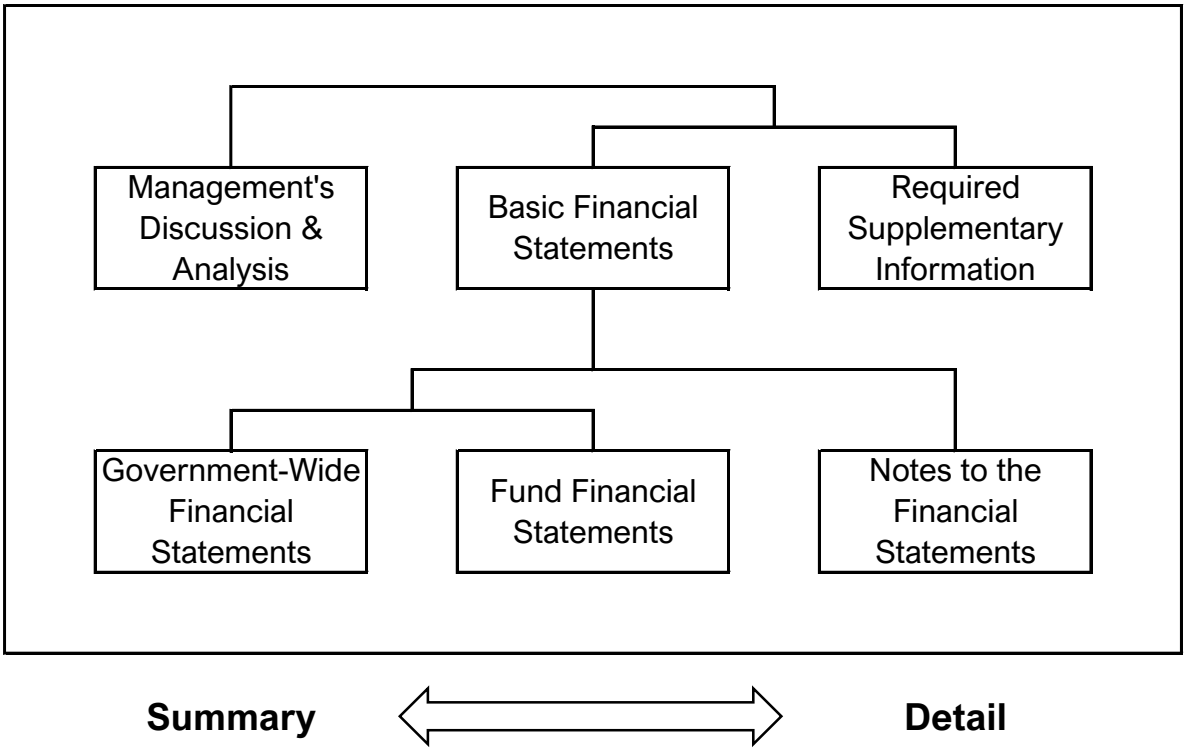
Our discussion and analysis of San Diego County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County Office of Education's total net position was $346,545,091 at June 30, 2025. This was an increase of $31,550,474 from the prior year, after restatement.
- Overall revenues were $699,801,210 which exceeded expenses of $668,250,736.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of County Office of Education operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office of Education's programs.

  - **Proprietary Funds** report services for which the County Office of Education charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

  - **Fiduciary Funds** report resources held for the benefit of parties outside of the County Office of Education. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the County Office of Education's own programs.

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

Government-Wide Statements

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The County Office of Education's net position was $346,545,091 at June 30, 2025, as reflected in the table below. Of this amount, $21,812,678 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	$ 597,165,456	$ 508,255,975	$ 88,909,481
Capital assets	105,542,307	16,586,869	88,955,438
Total Assets	702,707,763	524,842,844	177,864,919
DEFERRED OUTFLOWS OF RESOURCES	66,247,668	60,475,640	5,772,028
LIABILITIES			
Current liabilities	193,898,529	144,479,190	49,419,339
Long-term liabilities	211,442,785	200,894,704	10,548,081
Total Liabilities	405,341,314	345,373,894	59,967,420
DEFERRED INFLOWS OF RESOURCES	17,069,026	14,084,374	2,984,652
NET POSITION			
Net investment in capital assets	92,392,154	86,163,871	6,228,283
Restricted	232,340,259	210,994,385	21,345,874
Unrestricted	21,812,678	31,085,223	(9,272,545)
Total Net Position	$ 346,545,091	$ 328,243,479	$ 18,301,612

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	$ 50,093,972	$ 44,675,879	$ 5,418,093
Operating grants and contributions	430,505,883	445,036,414	(14,530,531)
Capital grants and contributions	1,805	1,734	71
General revenues			
Property taxes	122,994,070	117,591,893	5,402,177
Unrestricted federal and state aid	43,392,118	42,479,683	912,435
Other	52,813,362	43,427,743	9,385,619
Total Revenues	699,801,210	693,213,346	6,587,864
EXPENSES			
Instruction	59,833,972	55,460,741	4,373,231
Instruction-related services	200,136,546	186,492,086	13,644,460
Pupil services	13,954,135	12,152,305	1,801,830
General administration	62,774,462	63,877,405	(1,102,943)
Plant services	13,044,623	13,207,090	(162,467)
Ancillary and community services	233,104	561,619	(328,515)
Debt service	708,852	744,693	(35,841)
Other outgo	311,646,452	313,356,181	(1,709,729)
Amortization	5,898,820	10,188,355	(4,289,535)
Enterprise activities	19,770	19,383	387
Total Expenses	668,250,736	656,059,858	12,190,878
Change in net position	31,550,474	37,153,488	(5,603,014)
Net Position - Beginning, as Restated*	314,994,617	291,089,991	23,904,626
Net Position - Ending	$ 346,545,091	$ 328,243,479	$ 18,301,612

**Beginning net position was restated for the 2025 year only.*

The cost of all our governmental activities this year was $668,250,736 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was $122,994,070 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2025	2024
Instruction	$ 24,091,232	$ 12,395,286
Instruction-related services	49,304,658	42,647,037
Pupil services	6,671,947	5,230,861
General administration	55,571,819	56,629,726
Plant services	12,188,913	9,001,990
Ancillary and community services	47,023	(107,551)
Debt service	708,852	744,693
Transfers to other agencies	33,167,422	29,615,058
Amortization	5,898,820	10,188,355
Enterprise activities	(1,610)	376
Total	$ 187,649,076	$ 166,345,831

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

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of $352,494,572 which is more than last year's ending fund balance of $328,438,500. The County Office of Education's County School Service Fund had $11,094,224 more in operating revenues than expenditures for the year ended June 30, 2025, in addition to net financing uses of $513,556, for a total increase in fund balance of $10,580,668. The County Office of Education's Special Education Pass-Through Fund had $26,952 more in operating revenues than expenditures for the year ended June 30, 2025. The County Office of Education's Capital Facilities Fund had $8,643,774 more operating revenues and expenditures for the year ended June 30, 2025. The Special Reserve Fund for Capital Outlay Projects had $1,721,223 more in operating revenues than expenditures for the year ended June 30, 2025, in addition to net financing sources of $3,296,465, for a total increase in fund balance of $5,017,688.

CURRENT YEAR BUDGET 2024-2025

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the County Office of Education had invested $105,542,307 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2025	*2024	Net Change
CAPITAL ASSETS			
Land	$ 3,877,796	$ 3,877,796	$ -
Construction in progress	20,281,447	10,234,230	10,047,217
Land improvements	2,918,977	2,918,977	-
Buildings & improvements	80,365,966	76,675,944	3,690,022
Furniture & equipment	48,709,762	48,271,438	438,324
Less: Accumulated depreciation	(62,195,813)	(57,227,833)	(4,967,980)
Lease assets - buildings & improvements	22,364,075	20,420,394	1,943,681
Less: Accumulated amortization (lease assets)	(13,773,464)	(9,979,466)	(3,793,998)
Subscription assets	7,819,140	7,228,170	590,970
Less: Accumulated amortization (subscription assets)	(4,825,579)	(2,720,757)	(2,104,822)
Total	$ 105,542,307	$ 99,698,893	$ 5,843,414

**2024 balance was updated to reflect restatement.*

Long-Term Liabilities

At year-end, the County Office of Education had $211,442,785 in long-term liabilities, a decrease of 0.01% from last year, after restatement– as shown in the table below. More detailed information about the County Office of Education's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Leases	$ 9,797,204	$ 11,434,539	$ (1,637,335)
Subscriptions	3,352,949	4,784,853	(1,431,904)
Compensated absences*	19,262,212	16,406,401	2,855,811
Net pension liability	187,361,589	182,728,595	4,632,994
Less: current portion of long-term liabilities	(8,331,169)	(3,895,192)	(4,435,977)
Total	$ 211,442,785	$ 211,459,196	$ (16,411)

Compensated absences for 2024 was restated in order to record the County Office of Education's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the County Office of Education's financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at $114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges local education agencies to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for local education agencies. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to $5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While local education agencies are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring local education agencies to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The County Office of Education participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 27.57%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Local education agencies must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that local education agencies maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California local education agencies. The County Office of Education 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE COUNTY OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 447,764,800
Accounts receivable	125,334,166
Investment in JPA	1,509,551
Prepaid expenses	2,742,484
Net OPEB asset	18,758,432
Lease receivable	1,056,023
Capital assets:	
Capital assets, not depreciated	24,159,243
Capital assets, net of accumulated depreciation	69,798,892
Lease assets, net of accumulated amortization	8,590,611
Subscription assets, net of accumulated amortization	2,993,561
Total Assets	702,707,763
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	64,662,387
Deferred outflows related to OPEB	1,585,281
Total Deferred Outflows of Resources	66,247,668
LIABILITIES	
Accrued liabilities	149,175,996
Unearned revenue	36,391,364
Long-term liabilities, current portion	8,331,169
Long-term liabilities, non-current portion	211,442,785
Total Liabilities	405,341,314
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	9,658,155
Deferred inflows related to OPEB	6,538,503
Deferred inflows related to leases	872,368
Total Deferred Inflows of Resources	17,069,026
NET POSITION	
Net investment in capital assets	92,392,154
Restricted:	
Capital projects	125,402,505
Educational programs	55,164,115
Associated student body	5,256
Self-insurance	51,768,383
Unrestricted	21,812,678
Total Net Position	$ 346,545,091

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	$ 59,833,972	$ 2,245,668	$ 33,495,267	$ 1,805	$ (24,091,232)
Instruction-related services					
Instructional supervision and administration	189,123,297	36,015,092	114,264,922	-	(38,843,283)
Instructional library, media, and technology	2,387,020	233,933	31,042	-	(2,122,045)
School site administration	8,626,229	42,324	244,575	-	(8,339,330)
Pupil services					
Home-to-school transportation	6,033	-	-	-	(6,033)
Food services	2,921,972	22	762,123	-	(2,159,827)
All other pupil services	11,026,130	278,332	6,241,711	-	(4,506,087)
General administration					
Centralized data processing	30,876,968	4,664	744	-	(30,871,560)
All other general administration	31,897,494	1,690,335	5,506,900	-	(24,700,259)
Plant services	13,044,623	92,306	763,404	-	(12,188,913)
Ancillary services	232,066	32,936	153,145	-	(45,985)
Community services	1,038	-	-	-	(1,038)
Enterprise activities	19,770	18,436	2,944	-	1,610
Interest on long-term debt	708,852	-	-	-	(708,852)
Other outgo	311,646,452	9,439,924	269,039,106	-	(33,167,422)
Amortization (unallocated)	5,898,820	-	-	-	(5,898,820)
Total Governmental Activities	$ 668,250,736	$ 50,093,972	$ 430,505,883	$ 1,805	(187,649,076)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					116,814,313
Property taxes, levied for other specific purposes					6,179,757
Federal and state aid not restricted for specific purposes					43,392,118
Interest and investment earnings					16,108,364
Interagency revenues					1,087,622
Miscellaneous					35,617,376
Subtotal, General Revenue					219,199,550
CHANGE IN NET POSITION					31,550,474
Net Position - Beginning, as Restated					314,994,617
Net Position - Ending					$ 346,545,091

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	County School Service Fund	Special Education Pass-Through Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 274,223,947	$ 15,587,188	$ 58,781,667	$ 51,892,488	$ 10,099,375	$ 410,584,665
Accounts receivable	57,389,342	62,421,183	587,486	582,161	3,958,146	124,938,318
Due from other funds	178,977	872,065	-	14,502,786	19,036	15,572,864
Prepaid expenditures	2,742,484	-	-	-	-	2,742,484
Lease receivable	1,056,023	-	-	-	-	1,056,023
Total Assets	$ 335,590,773	$ 78,880,436	$ 59,369,153	$ 66,977,435	$ 14,076,557	$ 554,894,354
LIABILITIES						
Accrued liabilities	$ 68,006,862	$ 78,873,005	$ -	$ 981,451	$ 1,314,678	$ 149,175,996
Due to other funds	15,781,077	-	-	-	178,977	15,960,054
Unearned revenue	32,787,443	-	-	-	3,603,921	36,391,364
Total Liabilities	116,575,382	78,873,005	-	981,451	5,097,576	201,527,414
DEFERRED INFLOWS						
Deferred inflows related to leases	872,368	-	-	-	-	872,368
Total Deferred Inflows	872,368	-	-	-	-	872,368
FUND BALANCES						
Nonspendable	2,769,064	-	-	-	-	2,769,064
Restricted	54,817,264	7,431	59,369,153	65,995,984	382,044	180,571,876
Committed	-	-	-	-	8,596,937	8,596,937
Assigned	89,668,121	-	-	-	-	89,668,121
Unassigned	70,888,574	-	-	-	-	70,888,574
Total Fund Balances	218,143,023	7,431	59,369,153	65,995,984	8,978,981	352,494,572
Total Liabilities, Deferred Inflows and Fund Balances	$ 335,590,773	$ 78,880,436	$ 59,369,153	$ 66,977,435	$ 14,076,557	$ 554,894,354

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds		$ 352,494,572
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, subscription assets, accumulated depreciation and accumulated amortization:		
Capital assets	$ 156,153,948	
Lease assets	22,364,075	
Subscription assets	7,819,140	
Accumulated depreciation	(62,195,813)	
Accumulated amortization (lease assets)	(13,773,464)	
Accumulated amortization (subscription assets)	(4,825,579)	105,542,307
Investment in JPA:		
In governmental funds, the investment in JPA for the ECREC is not recorded because the investment involves an interest in capital assets less the long-term debt used to finance those assets. In the government-wide statement of net position the investment is reflected as:		1,509,551
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Leases	$ 9,797,204	
Subscriptions	3,352,949	
Compensated absences	19,262,212	
Net pension liability	187,361,589	(219,773,954)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 64,662,387	
Deferred inflows of resources related to pensions	(9,658,155)	55,004,232
Internal service funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		51,768,383
Total Net Position - Governmental Activities		$ 346,545,091

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	County School Service Fund	Special Education Pass-Through Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 157,776,209	$ -	$ -	$ -	$ 1,225,000	$ 159,001,209
Federal sources	33,237,962	71,176,305	-	-	4,179,443	108,593,710
Other state sources	108,581,385	209,201,860	-	-	6,738,866	324,522,111
Other local sources	104,323,031	26,952	8,646,524	2,710,368	566,843	116,273,718
Total Revenues	403,918,587	280,405,117	8,646,524	2,710,368	12,710,152	708,390,748
EXPENDITURES						
Current						
Instruction	64,596,613	-	-	-	1,201,941	65,798,554
Instruction-related services						
Instructional supervision and administration	182,646,783	-	-	-	8,869,291	191,516,074
Instructional library, media, and technology	2,159,806	-	-	-	-	2,159,806
School site administration	8,566,692	-	-	-	-	8,566,692
Pupil services						
Food services	2,822,445	-	-	-	-	2,822,445
All other pupil services	10,969,417	-	-	-	-	10,969,417
General administration						
Centralized data processing	26,072,857	-	-	-	-	26,072,857
All other general administration	33,860,234	-	-	-	643,758	34,503,992
Plant services	11,107,275	-	-	537,464	59,894	11,704,633
Facilities acquisition and construction	11,723,076	-	2,750	451,681	1,728,042	13,905,549
Ancillary services	865,805	-	-	-	3,558	869,363
Community services	981	-	-	-	-	981
Enterprise activities	19,770	-	-	-	-	19,770
Transfers to other agencies	31,099,867	280,378,165	-	-	168,420	311,646,452
Debt service						
Principal	5,603,890	-	-	-	-	5,603,890
Interest and other	708,852	-	-	-	-	708,852
Total Expenditures	392,824,363	280,378,165	2,750	989,145	12,674,904	686,869,327
Excess (Deficiency) of Revenues Over Expenditures	11,094,224	26,952	8,643,774	1,721,223	35,248	21,521,421
Other Financing Sources (Uses)						
Transfers in	455,967	-	-	3,500,000	4,174	3,960,141
Other sources	2,534,651	-	-	-	-	2,534,651
Transfers out	(3,504,174)	-	(250,000)	(203,535)	(2,432)	(3,960,141)
Net Financing Sources (Uses)	(513,556)	-	(250,000)	3,296,465	1,742	2,534,651
NET CHANGE IN FUND BALANCE	10,580,668	26,952	8,393,774	5,017,688	36,990	24,056,072
Fund Balance - Beginning	207,562,355	(19,521)	50,975,379	60,978,296	8,941,991	328,438,500
Fund Balance - Ending	$ 218,143,023	$ 7,431	$ 59,369,153	$ 65,995,984	$ 8,978,981	$ 352,494,572

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$ 24,056,072
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, including lease assets and subscription assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, including lease assets and subscription assets are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:		
Expenditures for capital outlay:	$ 16,756,116	
Depreciation expense:	(4,986,253)	
Amortization expense (lease assets):	(3,793,998)	
Amortization expense (subscription assets):	(2,104,822)	5,871,043
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		5,603,890
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(2,534,651)
Gain or loss from the disposal of capital assets:		
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(27,629)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		(2,855,811)

(Continued on next page)

SAN DIEGO COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025

Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		(2,649,656)
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:		4,087,216
Change in Net Position of Governmental Activities	$	31,550,474

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 37,180,135
Accounts receivable	395,848
Due from other funds	387,190
Net OPEB asset	18,758,432
Total current assets	56,721,605
Total Assets	56,721,605
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	1,585,281
Total Deferred Outflows of Resources	1,585,281
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	6,538,503
Total Deferred Inflows of Resources	6,538,503
NET POSITION	
Restricted	51,768,383
Total Net Position	$ 51,768,383

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Premiums/contributions	$ 1,347,425
Other local revenues	2,614,621
Total operating revenues	3,962,046
OPERATING EXPENSES	
Other postemployment benefits (OPEB)	1,504,616
Total operating expenses	1,504,616
Operating income/(loss)	2,457,430
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	1,629,786
Total non-operating revenues/(expenses)	1,629,786
CHANGE IN NET POSITION	4,087,216
Net Position - Beginning	47,681,167
Net Position - Ending	$ 51,768,383

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2025

	Governmental Activities	
	Internal Service Fund	
Cash flows from operating activities		
Cash received from user charges	$	13,373,248
Cash payments for payroll, insurance, and operating costs		(4,119,237)
Net cash provided by (used for) operating activities		9,254,011
Cash flows from investing activities		
Interest received		1,629,786
Net cash provided by (used for) investing activities		1,629,786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10,883,797
CASH AND CASH EQUIVALENTS		
Beginning of year		26,296,338
End of year	$	37,180,135
Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	$	2,457,430
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables		(71,776)
(Increase) decrease in due from other funds		9,482,978
(Increase) decrease in OPEB asset		(2,171,563)
(Increase) decrease in deferred outflows related to pensions		(311,652)
Increase (decrease) in deferred inflows related to pensions		(131,406)
Net cash provided by (used for) operating activities	$	9,254,011

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Private-Purpose Trust Funds
ASSETS	
Current assets	
Cash and investments	$ 219,245,259
Accounts receivable	6,707,351
Prepaid expenses	11,938
Net OPEB asset	630,248
Total Assets	226,594,796
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,871,625
Deferred outflows related to OPEB	86,801
Total Deferred Outflows of Resources	1,958,426
LIABILITIES	
Current liabilities	
Accrued liabilities	3,510,970
Underground storage tank	70,000
Unearned revenue	1,755,506
Unpaid self-insurance	89,638,199
Total current liabilities	94,974,675
Non-current liabilities	
Compensated absences	447,432
Net pension liability	5,363,352
Total non-current liabilities	5,810,784
Total Liabilities	100,785,459
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	666,187
Deferred inflows related to OPEB	198,575
Total Deferred Inflows of Resources	864,762
NET POSITION	
Restricted	126,903,001
Total Net Position	$ 126,903,001

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

SAN DIEGO COUNTY OFFICE OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Private-Purpose Trust Funds
ADDITIONS	
Participant fees	$ 128,319,946
Investment earnings	10,084,307
Commissions and refunds	1,079,989
Total Additions	139,484,242
DEDUCTIONS	
Claims paid, net of recoveries	67,838,493
Insurance premiums	45,500,264
Administrative expenses	12,717,971
Total Deductions	126,056,728
CHANGE IN NET POSITION	13,427,514
Net Position - Beginning	113,475,487
Net Position - Ending	$ 126,903,001

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

C. Basis of Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

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

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

Major Governmental Funds

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

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

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

Fiduciary Funds

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

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

D. Basis of Accounting – Measurement Focus

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Prepaid Expenses
Certain payments to vendors for costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Leases Receivable
Leases receivable are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87 and right to use subscription assets under GASB Statement No. 96. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use subscription assets are measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term and any capitalizable initial implementation costs. right to use lease assets are amortized on a straight-line basis over the life of the related lease or subscription.

Depreciation is computed using the straight-line method over the following estimated useful lives:

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

Interfund Balances

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

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated* Absences, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The County Office of Education's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

Accrued Liabilities and Long-Term Obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Property Tax

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

I. Budgetary Data

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The County Office of Education has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The County Office of Education has implemented this Statement as of June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The County Office of Education has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The County Office of Education has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Funds
Investment in county treasury	$ 409,259,553	$ 37,162,409	$ 446,421,962	$ 217,041,735
Fair value adjustment	195,209	17,726	212,935	103,524
Cash on hand and in banks	1,103,323	-	1,103,323	2,100,000
Cash in revolving fund	26,580	-	26,580	-
Total	$ 410,584,665	$ 37,180,135	$ 447,764,800	$ 219,245,259

B. Policies and Practices

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment with the County Treasury with a fair value of approximately $663,780,156. The average weighted maturity for this pool is 562 days.

E. Credit Risk

Credit risk is the risk that the 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. Investments in the County Treasury are not required to be rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, $853,353 of the County Office of Education's bank balance of was exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The County Office of Education's fair value measurements at June 30, 2025 were as follows:

	Uncategorized
Investment in county treasury	$ 663,780,156
Total	$ 663,780,156

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable at June 30, 2025 consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Funds
Federal Government								
Categorical aid	$ 4,204,982	$ 62,206,440	$ -	$ -	$ 3,122,538	$ -	$ 69,533,960	$ -
State Government								
Apportionment	4,574	-	-	-	-	-	4,574	-
Categorical aid	22,001,171	214,743	-	-	710,416	-	22,926,330	-
Lottery	100,208	-	-	-	-	-	100,208	-
Local Government								
Other local sources	31,078,407	-	587,486	582,161	125,192	395,848	32,769,094	6,707,351
Total	$ 57,389,342	$ 62,421,183	$ 587,486	$ 582,161	$ 3,958,146	$ 395,848	$ 125,334,166	$ 6,707,351

B. Lease Receivable

For the year ended June 30, 2025, the financial statements include GASB Statement No. 87 Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On April 1, 2023, the County Office of Education entered into a 5-year lease with ECN Services as Lessor for the use of the Metro office. An initial lease receivable was recorded in the amount of $1,624,410. As of June 30, 2025, the value of the lease receivable is $1,056,023. The lessee is required to make monthly fixed payments of $29,792. The lease has an interest rate of 6.60%. The value of the deferred inflow of resources as of June 30, 2025, was $872,368, and the County Office of Education recognized lease revenue of $872,368 during the fiscal year.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 01, 2024	Restatement	Restated Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities						
Capital assets not being depreciated						
Land	$ 3,877,796	$ -	$ 3,877,796	$ -	$ -	$ 3,877,796
Construction in progress	10,232,994	1,236	10,234,230	13,739,571	3,692,354	20,281,447
Total capital assets not being depreciated	14,110,790	1,236	14,112,026	13,739,571	3,692,354	24,159,243
Capital assets being depreciated						
Land improvements	2,658,977	260,000	2,918,977	-	-	2,918,977
Buildings & improvements	71,756,852	4,919,092	76,675,944	3,695,438	5,416	80,365,966
Furniture & equipment	53,451,766	(5,180,328)	48,271,438	478,810	40,486	48,709,762
Total capital assets being depreciated	127,867,595	(1,236)	127,866,359	4,174,248	45,902	131,994,705
Less: Accumulated depreciation						
Land improvements	1,574,021	71,253	1,645,274	138,957	-	1,784,231
Buildings & improvements	23,584,031	878,169	24,462,200	1,963,064	542	26,424,722
Furniture & equipment	29,385,411	1,734,948	31,120,359	2,884,232	17,731	33,986,860
Total accumulated depreciation	54,543,463	2,684,370	57,227,833	4,986,253	18,273	62,195,813
Total capital assets being depreciated, net	73,324,132	(2,685,606)	70,638,526	(812,005)	27,629	69,798,892
Lease assets being amortized						
Buildings & improvements	20,420,394	-	20,420,394	1,943,681	-	22,364,075
Total lease assets being amortized	20,420,394	-	20,420,394	1,943,681	-	22,364,075
Less: Accumulated amortization for lease assets						
Buildings & improvements	9,979,466	-	9,979,466	3,793,998	-	13,773,464
Total accumulated amortization for lease assets	9,979,466	-	9,979,466	3,793,998	-	13,773,464
Total lease assets being amortized, net	10,440,928	-	10,440,928	(1,850,317)	-	8,590,611
Subscription assets being amortized	7,228,170	-	7,228,170	590,970	-	7,819,140
Less: Accumulated amortization for subscription assets	2,720,757	-	2,720,757	2,104,822	-	4,825,579
Total subscription assets being amortized, net	4,507,413	-	4,507,413	(1,513,852)	-	2,993,561
Governmental Activities						
Capital Assets, net	$ 102,383,263	$ (2,684,370)	$ 99,698,893	$ 9,563,397	$ 3,719,983	$ 105,542,307

Depreciation and amortization for the year ended June 30, 2025 was charged to functions as follows:

Governmental Activities	
Instruction	$ 62,407
Instructional supervision and administration	128,111
Instructional library, media, and technology	118,513
School site administration	3,972
Home-to-school transportation	6,033
Centralized data processing	3,548,942
All other general administration	252,393
Plant services	865,882
Amortization (unallocated)	5,898,820
Total	$ 10,885,073

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2025 were as follows:

	Due From Other Funds					
Due To Other Funds	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total
County School Service Fund	$ -	$ 872,065	$ 14,502,786	$ 19,036	$ 387,190	$ 15,781,077
Non-Major Governmental Funds	178,977	-	-	-	-	178,977
Total	$ 178,977	$ 872,065	$ 14,502,786	$ 19,036	$ 387,190	$ 15,960,054

Due from the County School Service Fund to the Special Education Pass-Through Fund for revenue adjustments.	$ 872,065
Due from the County School Service Fund to the Child Development Fund for indirect costs and contributions.	19,036
Due from the County School Service Fund to the Special Reserve Fund for Capital Outlay Projects for expense contributions.	14,502,786
Due from the County School Service Fund to the Internal Service Fund for OPEB and retirement incentive.	387,190
Due from the Child Development Fund to the County School Service Fund for indirect costs.	178,977
Total	$ 15,960,054

B. Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Interfund Transfers In			
Interfund Transfers Out	County School Service Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
County School Service Fund	$ -	$ 3,500,000	$ 4,174	$ 3,504,174
Capital Facilities Fund	250,000	-	-	250,000
Special Reserve Fund for Capital Outlay Projects	203,535	-	-	203,535
Non-Major Governmental Funds	2,432	-	-	2,432
Total	$ 455,967	$ 3,500,000	$ 4,174	$ 3,960,141

Transfer from the County School Service Fund to Child Development Fund for contributions.	$ 4,174
Transfer from the County School Service Fund to the Special Reserve Fund For Capital Outlay Projects for expense contributions.	3,500,000
Transfer from the Child Development Fund to the County School Service Fund for contributions.	2,432
Transfer from the Capital Facilities Fund to the County School Service Fund for redevelopment.	250,000
Transfer from the Special Reserve Fund for Capital Outlay Projects to the County School Service Fund for mandated costs.	203,535
Total	$ 3,960,141

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Governmental Activities	Fiduciary Funds
Payroll	$ 746,610	$ -	$ -	$ 6,580	$ 753,190	$ -
Construction	-	-	981,451	730,992	1,712,443	-
Vendors payable	30,484,374	-	-	542,633	31,027,007	-
Due to grantor government	36,775,878	-	-	-	36,775,878	-
Due to member agencies	-	78,873,005	-	34,473	78,907,478	3,510,970
Total	$ 68,006,862	$ 78,873,005	$ 981,451	$ 1,314,678	$ 149,175,996	$ 3,510,970

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of the following:

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities	Fiduciary Funds
Federal sources	$ 894,998	$ 12,663	$ 907,661	$ -
State categorical sources	10,630,055	3,591,258	14,221,313	-
Local sources	21,262,390	-	21,262,390	1,755,506
Total	$ 32,787,443	$ 3,603,921	$ 36,391,364	$ 1,755,506

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
Leases	$ 11,434,539	$ 1,943,681	$ 3,581,016	$ 9,797,204	$ 4,095,022
Subscriptions	4,784,853	590,970	2,022,874	3,352,949	2,695,170
Compensated absences*	16,406,401	2,855,811	-	19,262,212	1,540,977
Net pension liability	182,728,595	4,632,994	-	187,361,589	-
Total	$ 215,354,388	$ 10,023,456	$ 5,603,890	$ 219,773,954	$ 8,331,169

*The change in the compensated absences liability is presented as a net change.

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Private-Purpose Trust Funds					
Compensated absences*	$ 325,126	$ 122,306	$ -	$ 447,432	$ -
Net pension liability	5,323,650	39,702	-	5,363,352	-
Total	$ 5,648,776	$ 162,008	$ -	$ 5,810,784	$ -

*The change in the compensated absences liability is presented as a net change.

- Payments for leases were made in the County School Service Fund.
- Payments for subscriptions were made in the County School Service Fund.

A. Leases

The County Office of Education entered into various agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The agreements were executed on July 1, 2021, to lease various buildings. As a result, the County Office of Education has recorded the right to use lease assets with a net book value of $8,590,611 on June 30, 2025. There are no variable payment components of the leases. On the next page is a summary of the agreements.

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Leases (continued)

Lease Information	Maturity Date	Rate	Original Issue	Leases Outstanding July 01, 2024	Additions	Deductions	Leases Outstanding June 30, 2025
0004 ECB	12/31/2026	3.65%	$4,163,943	$ 2,203,422	$ 2,439	$ 837,393	$ 1,368,468
0006 CADO	12/31/2026	3.65%	399,575	63,803	278,343	126,674	215,472
0007 Carlsbad NCA	6/30/2031	2.96%	2,633,595	1,995,372	1,386	233,905	1,762,853
0008 Chula Vista Davila	6/30/2029	5.30%	649,950	560,314	48,759	101,592	507,481
0009 COMM 22 Lindsey	8/31/2028	4.54%	1,432,012	915,593	50,128	192,680	773,041
0013 Insite Tower	6/30/2045	3.85%	510,061	491,966	267	7,373	484,860
0014 Stockholm Bayside	6/30/2028	3.98%	226,259	62,552	184,489	55,708	191,333
0015 Lisbon Vista Village	7/31/2027	3.10%	932,329	520,590	(2,548)	157,229	360,813
0016 Monarch	6/30/2026	6.41%	1,345,442	991,247	1,235,251	916,696	1,309,802
0017 Ramona NISER	6/30/2026	3.98%	63,565	-	86,284	37,639	48,645
0018 American Tower Corp.	4/30/2029	5.04%	182,884	359,287	-	59,918	299,369
0019 Rogers Family Partnership	9/30/2027	3.99%	2,435,328	1,410,125	-	397,421	1,012,704
0021 San Marcos DHH	7/31/2025	2.96%	195,357	-	48,946	46,979	1,967
0022 South Bay Friendship	6/30/2030	3.10%	1,767,428	1,405,396	-	204,195	1,201,201
0024 Sweetwater	7/31/2025	6.81%	116,510	61,699	9,937	61,061	10,575
0025 Vista USD Innovations	1/31/2027	4.17%	786,218	393,173	-	144,553	248,620
				$ 11,434,539	$ 1,943,681	$ 3,581,016	$ 9,797,204

Year Ended June 30,	Lease Payments
2026	$ 4,408,009
2027	2,450,952
2028	1,312,714
2029	891,754
2030	636,710
2031 - 2035	511,677
2036 - 2040	191,477
2041 - 2045	222,166
Total minimum lease payments	10,625,459
Less amount representing interest	(828,255)
Present value of minimum lease payments	$ 9,797,204

B. Compensated Absences

The County Office of Education's restated beginning unpaid employee compensated absences in governmental activities was $16,406,401 and increased by $2,855,811 during the year ended June 30, 2025. The ending unpaid employee compensated absences at June 30, 2025 was $19,262,212. This amount is included as part of long-term liabilities in the government-wide financial statements. Total unpaid employee compensated absences in the private purpose trust funds as of June 30, 2025 amounted to $447,432. This amount is included as part of long-term liabilities in the private purpose trust financial statements.

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. Net Pension Liability

The County Office of Education's beginning net pension liability in governmental activities was $182,728,595 and increased by $4,632,994 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was $187,361,589. The County Office of Education's beginning net pension liability in the private purpose trust funds was $5,323,650 and increased by $39,702 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was $5,363,352. See Note 11 for additional information regarding the net pension liability.

D. Subscription Liability

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The County Office of Education entered into various Subscription-Based Information Technology Agreements under GASB No. 96. The agreements were executed on July 1, 2022 through July 1, 2024. As a result, the County Office of Education has recorded right to use lease assets with a net book value of $3,352,949 on June 30, 2025. Below is a summary of the agreements:

- Oracle America PBCS Licensing Agreement requires 3 annual payments of $277,805, with an incremental borrowing rate of 3.30%. There are no variable payment components of the lease.
- CDW Government AdobeSign requires 6 annual payments of $52,975, with an incremental borrowing rate of 3.50%. There are no variable payment components of the lease.
- JobVite requires 5 annual payments of $60,000, with an incremental borrowing rate of 3.00%.
- Instructure Canvas Learning Management System requires 6 annual payments of $54,018, with an incremental borrowing rate of 5.30%. There are no variable payment components of the lease.
- NTT America Service for Nuwave MS Teams based voice system requires 3 annual payments of $80,293 with an incremental borrowing rate of 6.60%. There are no variable payment components of the lease.
- CherryRoad Technologies requires 3 annual payments of $45,131 with an incremental borrowing rate of 6.81%. There are no variable payment components of the lease.
- CDW Government Nutanix Cloud Infrastructure requires 3 annual payments of $45,131 with an incremental borrowing rate of 7.12%. There are no variable payment components of the lease.
- Digital Scepter Firewall requires 5 annual payments of $175,987 with an incremental borrowing rate of 3.00%. There are no variable payment components of the lease.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	County School Service Fund	Special Education Pass-Through Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	$ 26,580	$ -	$ -	$ -	$ -	$ 26,580
Prepaid expenditures	2,742,484	-	-	-	-	2,742,484
Total non-spendable	2,769,064	-	-	-	-	2,769,064
Restricted						
Educational programs	54,817,264	7,431	-	-	339,420	55,164,115
Associated student body	-	-	-	-	5,256	5,256
Capital projects	-	-	59,369,153	65,995,984	37,368	125,402,505
Total restricted	54,817,264	7,431	59,369,153	65,995,984	382,044	180,571,876
Committed						
Deferred maintenance	-	-	-	-	8,596,937	8,596,937
Total committed	-	-	-	-	8,596,937	8,596,937
Assigned						
Other assignments	89,668,121	-	-	-	-	89,668,121
Total assigned	89,668,121	-	-	-	-	89,668,121
Unassigned	70,888,574	-	-	-	-	70,888,574
Total	$ 218,143,023	$ 7,431	$ 59,369,153	$ 65,995,984	$ 8,978,981	$ 352,494,572

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

D. Contributions

For the measurement period, the County Office of Education contributed $1,242,338 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The County Office of Education's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

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

E. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	87
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,094
Total number of participants**	1,181

*Information not provided
**As of the June 30, 2025 valuation date

F. Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the County Office of Education at June 30, 2025, were as follows:

Total OPEB liability	$ 24,101,283
Plan fiduciary net position	43,489,963
County Office of Education's net OPEB asset	$ (19,388,680)
Plan fiduciary net position as a percentage of total OPEB liability	180.45%

G. Investments

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

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

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

G. Investments (continued)

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

Asset Class	Target Allocation	Assumed Gross Return
All Equities	49%	7.2500
Fixed Income	23%	4.2500
Treasury Inflation-Protected Securities (TIPS)	20%	7.2500
Real Estate Investment Trusts	3%	7.2500
Commodities	5%	3.0000

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

Rate of Return
For the year ended, June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 6.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Actuarial Assumptions and Other Inputs

The net OPEB liability (asset) as of June 30, 2024, was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.50%
Payroll increases	2.75%
Discount rate	6.75%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:
SOA Public-2020 General Mortality Table with Generational Scale MP-2021 for employees in the CalPERS pension system.
SOA Public-2020 Teachers Mortality Table with Generational Scale MP-2021 for employees in the CalSTRS pension system.

Retirement rates:

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

The actuarial assumptions used in the June 30, 2025, valuation was based on a review of plan experience during the period July 1, 2023 to June 30, 2025.

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

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

I. Changes in Net OPEB Liability (Asset)

	Governmental Activities June 30, 2025	Private Purpose Trust Funds June 30, 2025	Total June 30, 2025
Total OPEB Liability			
Service Cost	$ 998,012	$ 20,368	$ 1,018,380
Interest on total OPEB liability	1,418,344	28,946	1,447,290
Difference between expected and actual experience	1,310,597	26,747	1,337,344
Benefits payments	(1,242,338)	(25,354)	(1,267,692)
Net change in total OPEB liability	2,484,615	50,707	2,535,322
Total OPEB liability - beginning	20,830,141	735,820	21,565,961
Total OPEB liability - ending (a)	$ 23,314,756	$ 786,527	$ 24,101,283
Plan fiduciary net position			
Contributions - employer	$ 1,242,338	$ 25,354	$ 1,267,692
Net investment income	4,685,732	95,628	4,781,360
Benefit payments	(1,242,338)	(25,354)	(1,267,692)
Administrative expenses	(29,554)	(603)	(30,157)
Net change in plan fiduciary net position	4,656,178	95,025	4,751,203
Plan fiduciary net position - beginning	37,417,010	1,321,750	38,738,760
Plan fiduciary net position - ending (b)	$ 42,073,188	$ 1,416,775	$ 43,489,963
County Office of Education's net OPEB liability (asset) - ending (a) - (b)	$ (18,758,432)	$ (630,248)	$ (19,388,680)
Plan fiduciary net position as a percentage of the total OPEB liability			180.4%
Covered-employee payroll			$ 140,861,144
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll			-13.8%

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

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

	1% Decrease (5.75%)	Valuation Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset) - Governmental Activities	$ (17,021,775)	$ (18,758,432)	$ (20,322,345)
Net OPEB liability (asset) - Private Purpose Trusts	(591,782)	(630,248)	(706,531)
Total Net OPEB liability (asset)	$ (17,613,557)	$ (19,388,680)	$ (21,028,876)

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

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

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

	1% Decrease (3.00%)	Healthcare Cost Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability (asset) - Governmental Activities	$ (20,948,471)	$ (18,758,432)	$ (16,189,501)
Net OPEB liability (asset) - Private Purpose Trusts	(728,299)	(630,248)	(562,847)
Total Net OPEB liability (asset)	$ (21,676,770)	$ (19,388,680)	$ (16,752,348)

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

For the year ended June 30, 2025, the San Diego County Office of Education recognized OPEB expense of $1,400,291. At June 30, 2025, the San Diego County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Private Purpose Trusts	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 1,585,281	$ 1,524,487	$ 86,801	$ 31,112
Differences between expected and actual experience	-	4,031,878	-	82,283
Changes in assumptions	-	982,138	-	85,180
Total	$ 1,585,281	$ 6,538,503	$ 86,801	$ 198,575

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

	Governmental Activities		Private Purpose Trusts	
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 167,869	$ 127,410	$ 3,426	$ 3,940
2027	167,869	1,605,437	3,246	49,653
2028	167,869	1,623,739	3,246	50,219
2029	167,869	1,334,421	3,246	41,271
2030	167,869	913,927	3,246	28,266
Thereafter	745,936	933,569	70,391	25,226
Total	$ 1,585,281	$ 6,538,503	$ 86,801	$ 198,575

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	$ 64,123,153	$ 28,020,824	$ 7,735,722	$ 8,308,085
CalPERS Pension	123,238,436	36,641,563	1,922,433	23,857,235
Total	$ 187,361,589	$ 64,662,387	$ 9,658,155	$ 32,165,320

	Private Purpose Trusts			
	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalPERS Pension	$ 5,363,352	$ 1,871,625	$ 666,187	$ 100,512
Total	$ 5,363,352	$ 1,871,625	$ 666,187	$ 100,512

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The County Office of Education contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were $12,526,851 for the year ended June 30, 2025.

On-Behalf Payments

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $5,778,607 to CalSTRS.

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

At June 30, 2025, the County Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office of Education. The amount recognized by the County Office of Education as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County Office of Education were as follows:

County Office of Education's proportionate share of the net pension liability	$	64,123,153
State's proportionate share of the net pension liability associated with the County Office of Education		29,420,375
Total	$	93,543,528

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2024, the County Office of Education's proportion was 0.095 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2023.

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the County Office of Education recognized pension expense of $8,308,085. In addition, the County Office of Education recognized pension expense and revenue of $(2,810,931) for support provided by the State. At June 30, 2025, the County Office of Education 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
Differences between projected and actual earnings on plan investments	$ -	$ 258,734
Differences between expected and actual experience	7,253,154	2,804,069
Changes in assumptions	280,693	4,379,389
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	7,960,126	293,530
County Office of Education contributions subsequent to the measurement date	12,526,851	-
Total	$ 28,020,824	$ 7,735,722

The $12,526,851 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 3,160,821	$ 6,489,544
2027	3,160,822	(3,714,082)
2028	2,854,810	1,848,617
2029	2,838,680	1,649,939
2030	2,214,403	729,420
2031	1,264,437	732,284
Total	$ 15,493,973	$ 7,735,722

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 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, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
County Office of Education's proportionate share of the net pension liability	$ 114,054,107	$ 64,123,153	$ 22,428,735

Pension Plan Fiduciary Net Position

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the governmental activities were $18,977,554 for the year ended June 30, 2025. Contributions to the plan from the private purpose trusts were $734,268 for the year ended June 30, 2025.

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

At June 30, 2025, the County Office of Education reported a total liability of $123,238,436 and the private purpose trusts reported $5,363,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2024 and rolling forward the total pension liability to June 30, 2024. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2024 the County Office of Education's proportion for the governmental activities and private purpose trusts did not change from its proportion measured as of June 30, 2024.

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the County Office of Education governmental activities and private purpose trusts recognized a total pension expense of $25,325,014. At June 30, 2025, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County Office of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 5,049,554	$ -
Differences between expected and actual experience	11,727,499	-
Changes in assumptions	419,857	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	467,099	1,922,433
County Office of Education contributions subsequent to the measurement date	18,977,554	-
Total	$ 36,641,563	$ 1,922,433

	Private Purpose Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 195,374	$ -
Differences between expected and actual experience	907,665	-
Changes in assumptions	16,245	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	18,073	666,187
County Office of Education contributions subsequent to the measurement date	734,268	-
Total	$ 1,871,625	$ 666,187

NOTE 11 – PENSION PLANS (continued)

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

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

The $18,977,554 reported as deferred outflows of resources related to pensions resulting from County Office of Education governmental activities and the $734,268 private purpose trusts contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	County Office of Education	
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 5,409,562	$ 2,205,555
2027	4,495,696	1,383,753
2028	1,599,372	185,155
2029	9,476,771	-
Total	$ 20,981,401	$ 3,774,463

	Private Purpose Trust	
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 208,296	$ 241,998
2027	173,107	151,828
2028	61,584	20,316
2029	813,198	-
Total	$ 1,256,185	$ 414,142

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

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

Discount Rate

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

NOTE 11 – PENSION PLANS (continued)

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

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

The following presents the County Office of Education's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the County Office of Education's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher 7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County Office of Education's proportionate share of the net pension liability	$ 187,344,641	$ 123,238,436	$ 70,307,851

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Private Purpose Trust's proportionate share of the net pension liability	$ 8,153,262	$ 5,363,352	$ 3,059,806
Total	$ 195,497,903	$ 128,601,788	$ 73,367,657

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2025.

B. Litigation

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2025.

C. Construction Commitments

As of June 30, 2025, the County Office of Education had no commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

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

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

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

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

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was $64,662,387 and total deferred inflows related to pensions was $9,658,155 in the governmental activities. At June 30, 2025, total deferred outflows related to pensions was $1,871,625 and total deferred inflows related to pensions was $666,187 in the private purpose trust funds.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was $1,585,281 and total deferred inflows related to other postemployment benefits was $6,538,503 in the governmental activities. At June 30, 2025, total deferred outflows related to other postemployment benefits was $86,801 and total deferred inflows related to other postemployment benefits was $198,575 in the private purpose trust funds.

C. Leases

Pursuant to GASB Statement No. 87, Leases, the County Office of Education recognized deferred inflows of resources related to leases in the County-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3B. At June 30, 2024, total deferred inflows related to leases was $872,368.

NOTE 15 – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16. Additionally, there was a restatement to capital assets to reconcile the updated to the capital asset tracking system.

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 328,243,479
Restatement	(13,248,862)
Net Position - Beginning, as Restated	$ 314,994,617

REQUIRED SUPPLEMENTARY INFORMATION

SAN DIEGO COUNTY OFFICE OF EDUCATION
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 151,314,408	$ 157,284,326	$ 157,776,209	$ 491,883
Federal sources	47,120,776	41,229,180	33,237,962	(7,991,218)
Other state sources	116,370,040	120,424,120	108,581,385	(11,842,735)
Other local sources	126,061,781	130,279,974	104,263,445	(26,016,529)
Total Revenues	440,867,005	449,217,600	403,859,001	(45,358,599)
EXPENDITURES				
Certificated salaries	70,659,616	72,635,505	68,636,302	3,999,203
Classified salaries	74,813,710	78,307,004	74,053,605	4,253,399
Employee benefits	75,329,549	75,259,872	66,626,544	8,633,328
Books and supplies	8,916,729	9,380,775	5,847,228	3,533,547
Services and other operating expenditures	192,157,256	186,470,644	126,318,191	60,152,453
Capital outlay	3,949,632	3,079,279	14,573,642	(11,494,363)
Other outgo				
Excluding transfers of indirect costs	33,492,478	37,075,792	37,412,609	(336,817)
Transfers of indirect costs	(450,528)	(850,796)	(643,758)	(207,038)
Total Expenditures	458,868,442	461,358,075	392,824,363	68,533,712
Excess (Deficiency) of Revenues Over Expenditures	(18,001,437)	(12,140,475)	11,034,638	23,175,113
Other Financing Sources (Uses)				
Transfers in	475,535	473,535	475,737	2,202
Other sources	-	-	2,534,651	2,534,651
Transfers out	-	(3,976)	(3,504,174)	(3,500,198)
Net Financing Sources (Uses)	475,535	469,559	(493,786)	(963,345)
NET CHANGE IN FUND BALANCE	(17,525,902)	(11,670,916)	10,540,852	22,211,768
Fund Balance - Beginning	206,388,443	206,387,843	206,387,843	-
Fund Balance - Ending	$ 188,862,541	$ 194,716,927	$ 216,928,695	$ 22,211,768

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

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Audit reclassifications are not included on this schedule.

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Federal sources	$ 67,456,166	$ 76,887,481	$ 71,176,305	$ (5,711,176)
Other state sources	234,538,489	234,953,159	209,201,860	(25,751,299)
Other local sources	-	-	26,952	26,952
Total Revenues	301,994,655	311,840,640	280,405,117	(31,435,523)
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	301,994,655	311,840,640	280,378,165	31,462,475
Total Expenditures	301,994,655	311,840,640	280,378,165	31,462,475
NET CHANGE IN FUND BALANCE	-	-	26,952	26,952
Fund Balance - Beginning	(19,521)	(19,521)	(19,521)	(19,521)
Fund Balance - Ending	$ (19,521)	$ (19,521)	$ 7,431	$ 7,431

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
County Office of Education's proportion of the net pension liability	0.095%	0.090%	0.085%	0.089%	0.088%	0.083%	0.081%	0.081%	0.080%	0.081%
County Office of Education's proportionate share of the net pension liability	$ 64,123,153	$ 68,398,985	$ 58,977,442	$ 40,307,655	$ 85,336,730	$ 74,772,371	$ 74,079,796	$ 74,632,484	$ 64,731,851	$ 54,601,404
State's proportionate share of the net pension liability associated with the County Office of Education	29,420,375	32,772,469	29,536,076	20,281,671	43,990,739	40,793,649	42,571,321	44,319,309	37,029,841	29,072,485
Total	$ 93,543,528	$ 101,171,454	$ 88,513,518	$ 60,589,326	$ 129,327,469	$ 115,566,020	$ 116,651,117	$ 118,951,793	$ 101,761,692	$ 83,673,889
County Office of Education's covered payroll	$ 66,215,322	$ 56,657,912	$ 51,175,574	$ 49,742,692	$ 48,612,889	$ 44,994,244	$ 42,806,015	$ 42,669,340	$ 39,763,365	$ 37,478,973
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	96.84%	120.72%	115.25%	81.03%	175.54%	166.18%	173.06%	174.91%	162.79%	145.69%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

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

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 12,526,851	$ 11,996,343	$ 10,437,104	$ 8,386,408	$ 8,076,284	$ 8,430,424	$ 7,325,063	$ 6,176,908	$ 5,367,803	$ 4,266,609
Contributions in relation to the contractually required contribution*	(12,526,851)	(11,996,343)	(10,437,104)	(8,386,408)	(8,076,284)	(8,430,424)	(7,325,063)	(6,176,908)	(5,367,803)	(4,266,609)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County Office of Education's covered payroll	$ 67,135,541	$ 66,215,322	$ 56,657,912	$ 51,175,574	$ 49,742,692	$ 48,612,889	$ 44,994,244	$ 42,806,015	$ 42,669,340	$ 39,763,365
Contributions as a percentage of covered payroll	18.66%	18.12%	18.42%	16.39%	16.24%	17.34%	16.28%	14.43%	12.58%	10.73%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – CALPERS
SDCOE MISCELLANEOUS PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability											
Service Cost	$ 11,522,365	$ 10,467,873	$ 9,767,956	$ 8,865,800	$ 8,511,167	$ 7,774,319	$ 8,838,390	$ 8,361,462	$ 6,924,369	$ 6,205,483	$ 6,537,055
Interest	32,083,164	29,514,217	28,060,007	27,299,102	25,995,188	24,731,182	23,010,619	22,030,396	20,840,038	19,446,404	18,550,327
Difference between expected and actual experience	18,318,239	2,669,121	6,948,211	1,503,274	2,123,399	8,418,942	5,579,002	811,007	3,305,561	(3,511,467)	-
Changes of assumptions		-	-	-	-	-	(8,995,216)	18,886,739	-	(4,884,842)	-
Benefits payments	(22,608,908)	(20,584,028)	(18,959,088)	(18,446,971)	(17,453,774)	(17,184,100)	(14,160,082)	(12,849,287)	(12,114,878)	(10,083,980)	(9,239,275)
Net change in total pension liability	39,314,860	22,067,183	25,817,086	19,221,205	19,175,980	23,740,343	14,272,713	37,240,317	18,955,090	7,171,598	15,848,107
Total pension liability - beginning	452,198,417	430,131,234	404,314,148	385,092,943	365,916,963	342,176,620	327,903,907	290,663,590	271,708,500	264,536,902	248,688,795
Total pension liability - ending (a)	$ 491,513,277	$ 452,198,417	$ 430,131,234	$ 404,314,148	$ 385,092,943	$ 365,916,963	$ 342,176,620	$ 327,903,907	$ 290,663,590	$ 271,708,500	$ 264,536,902
Plan fiduciary net position											
Contributions - employer	$ 15,980,209	$ 15,267,981	$ 13,637,474	$ 12,193,184	$ 11,250,771	$ 9,691,266	$ 8,705,450	$ 8,707,555	$ 7,591,289	$ 6,237,980	$ 5,640,252
Contributions - employee	5,294,882	4,380,137	3,955,623	3,840,853	3,706,179	3,368,707	3,375,277	3,340,738	3,189,961	2,825,329	2,592,242
Net investment income	31,970,742	19,538,162	(25,971,590)	63,512,647	13,367,857	16,820,753	20,671,600	24,163,836	1,197,862	4,873,114	31,860,716
Benefit payments	(22,608,908)	(20,584,028)	(18,959,088)	(18,446,971)	(17,453,774)	(17,184,100)	(14,160,082)	(12,849,287)	(12,114,878)	(10,083,980)	(9,239,275)
Miscellaneous income (expense)	-	-	-	-	-	595	(374,604)	-	-	-	-
Administrative expenses	(270,593)	(231,029)	(212,874)	(280,607)	(381,219)	(184,045)	(711,975)	(320,910)	(132,630)	(244,919)	-
Net change in plan fiduciary net position	30,366,332	18,371,223	(27,550,455)	60,819,106	10,489,814	12,513,176	17,505,666	23,041,932	(268,396)	3,607,524	30,853,935
Plan fiduciary net position - beginning	332,545,157	314,173,934	341,724,389	280,905,283	270,415,469	257,902,293	240,396,627	217,354,695	217,623,091	214,015,567	183,161,632
Plan fiduciary net position - ending (b)	$ 362,911,489	$ 332,545,157	$ 314,173,934	$ 341,724,389	$ 280,905,283	$ 270,415,469	$ 257,902,293	$ 240,396,627	$ 217,354,695	$ 217,623,091	$ 214,015,567
County Office of Education's net pension liability - ending (a) - (b)	$ 128,601,788	$ 119,653,260	$ 115,957,300	$ 62,589,759	$ 104,187,660	$ 95,501,494	$ 84,274,327	$ 87,507,280	$ 73,308,895	$ 54,085,409	$ 50,521,335
Plan fiduciary net position as a percentage of the total pension liability	73.84%	73.54%	73.04%	84.52%	72.94%	73.90%	75.37%	73.31%	74.78%	80.09%	80.90%
Covered-employee payroll	$ 73,725,602	$ 57,865,524	$ 53,966,607	$ 52,522,511	$ 50,124,658	$ 45,485,132	$ 50,888,933	$ 47,246,635	$ 43,064,675	$ 39,069,966	$ 39,048,179
County Office of Education's net pension liability (asset) as a percentage of covered-employee payroll	174.43%	206.78%	214.87%	119.17%	207.86%	209.96%	165.60%	185.21%	170.23%	138.43%	129.38%

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS – CALPERS
SDCOE MISCELLANEOUS PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2016
Contractually required contribution	$ 19,711,822	$ 16,033,776	$ 15,676,776	$ 14,749,071	$ 11,250,771	$ 9,691,266	$ 9,759,569	$ 8,705,450	$ 8,707,555	$ 7,591,289	$ 6,237,980
Contributions in relation to the contractually required contribution*	(19,711,822)	(16,033,776)	(15,676,776)	(14,749,071)	(11,250,771)	(9,691,266)	(9,759,569)	(8,705,450)	(8,707,555)	(7,591,289)	(6,237,980)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County Office of Education's covered payroll	$ 73,725,602	$ 53,966,607	$ 52,522,511	$ 50,124,658	$ 45,485,132	$ 50,888,933	$ 47,246,635	$ 43,064,675	$ 39,069,966	$ 39,048,179	$ 39,069,966
Contributions as a percentage of covered payroll	26.74%	29.71%	29.85%	26.54%	22.45%	21.31%	17.69%	17.11%	18.43%	17.63%	15.97%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
SDCOE RETIREE HEALTHCARE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	$ 1,018,380	$ 991,124	$ 878,365	$ 854,856	$ 1,441,992	$ 1,399,992	$ 1,272,937	$ 1,232,869
Interest on total OPEB liability	1,447,290	1,379,608	1,325,375	1,284,640	1,923,049	1,876,054	1,871,578	1,809,539
Difference between expected and actual experience	1,337,344	-	616,041	-	(2,873,904)	-	(1,814,509)	-
Changes of assumptions	-	-	(539,721)	-	(6,870,720)	-	661,788	-
Benefits payments	(1,267,692)	(1,495,687)	(1,570,204)	(1,525,413)	(1,967,413)	(1,925,691)	(2,184,126)	(2,208,296)
Net change in total OPEB liability	2,535,322	875,045	709,856	614,083	(8,346,996)	1,350,355	(192,332)	834,112
Total OPEB liability - beginning	21,565,961	20,690,918	19,981,065	19,366,982	27,713,978	26,363,623	26,555,955	25,721,843
Total OPEB liability - ending (a)	$ 24,101,283	$ 21,565,963	$ 20,690,921	$ 19,981,065	$ 19,366,982	$ 27,713,978	$ 26,363,623	$ 26,555,955
Plan fiduciary net position								
Contributions - employer	$ 1,267,692	$ 1,495,687	$ -	$ 1,525,413	$ 3,598,923	$ 10,454,233	$ 2,184,126	$ 11,208,296
Net investment income	4,781,360	3,847,521	2,120,676	(5,060,072)	7,837,483	841,194	1,114,150	746,595
Benefit payments	(1,267,692)	(1,495,687)	-	(1,525,413)	(1,967,413)	(1,925,691)	(2,184,126)	(2,208,296)
Administrative expenses	(30,157)	(30,720)	(28,379)	(31,901)	(27,757)	(22,027)	(8,873)	(6,223)
Net change in plan fiduciary net position	4,751,203	3,816,801	2,092,297	(5,091,973)	9,441,236	9,347,709	1,105,277	9,740,372
Plan fiduciary net position - beginning	38,738,760	34,921,959	32,829,662	37,921,635	28,480,399	19,132,690	18,027,413	8,287,041
Plan fiduciary net position - ending (b)	$ 43,489,963	$ 38,738,760	$ 34,921,959	$ 32,829,662	$ 37,921,635	$ 28,480,399	$ 19,132,690	$ 18,027,413
County Office of Education's net OPEB liability (asset) - ending (a) - (b)	$ (19,388,680)	$ (17,172,797)	$ (14,231,038)	$ (12,848,597)	$ (18,554,653)	$ (766,421)	$ 7,230,933	$ 8,528,542
Plan fiduciary net position as a percentage of the total OPEB liability	180.4%	179.6%	168.8%	164.3%	195.8%	102.8%	72.6%	67.9%
Covered-employee payroll	$ 140,861,144	$ 136,819,822	$ 117,801,506	$ 106,746,022	$ 99,867,350	$ 88,699,423	$ 90,726,000	$ 88,940,000
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	-13.8%	-12.6%	-12.1%	-12.0%	-18.6%	-0.9%	8.0%	9.6%

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the County Office of Education's proportion (percentage) of the collective net pension liability, the County Office of Education's proportionate share (amount) of the collective net pension liability, the County Office of Education's covered payroll, the County Office of Education's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of County Office of Education Contributions - CalSTRS

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the County Office of Education's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the County Office of Education's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the County Office of Education's covered payroll.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the sources of change in the net pension liability, and the components of the net pension liability and related ratios, including the pensions plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

Schedule of the County Office of Education Contributions for OPEB
This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

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

Changes in Assumptions
There were no assumption changes since the prior measurement date.

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the County Office of Education incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
County School Service Fund			
Capital outlay	$ 3,079,279	$ 14,573,642	$ 11,494,363
Other outgo			
Excluding transfers of indirect costs	$ 37,075,792	$ 37,412,609	$ 336,817
Transfers of indirect costs	$ (850,796)	$ (643,758)	$ 207,038

SUPPLEMENTARY INFORMATION

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
U. S. DEPARTMENT OF EDUCATION:				
Passed through California Department of Education:				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 1,847,803	$ -
Comprehensive Support and Improvement for COEs	84.010	15439	548,717	-
Comprehensive Support and Improvement for LEAs	84.010	15438	718,692	-
Title I, Part D, Local Delinquent Programs	84.010	14357	866,159	-
Subtotal Title I, Part A			3,981,371	-
Title I, Part C				
Title I, Migrant Education	84.011	14326	5,310,347	1,052,056
Title I, Part C, Even Start Migrant Education	84.011	10144	648,125	-
Title I, Migrant Ed Summer Program	84.011	10005	510,811	-
Subtotal Title I, Part C			6,469,283	1,052,056
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	41,535	-
Title II, Comprehensive Literacy State Development	84.371	15493	635,788	326,918
Title III				
Title III, English Learner Student Program	84.365	14346	49,928	-
Title III, Technical Assistance	84.365	14967	310,243	119,000
Subtotal Title III			360,171	119,000
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	138,113	-
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	8,428,322	7,987,991
Title IV, 21st Century Community Learning Centers Technical Assistance	84.287	14350	445,705	-
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	646,600	31,000
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	69,374,133	69,107,972
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	14,970	-
IDEA Alternative Dispute Resolution	84.027	13007	90,583	-
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	1,982,266	1,973,236
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	17,340	17,340
IDEA Part B IEP Support Centers	84.027A	0116	130,532	-
Subtotal Special Education Cluster			71,609,824	71,098,548
IDEA Early Intervention Grants, Part C	84.181	23761	458,486	77,756
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	209,057	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	309,920	-
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	511,255	-
ESSER III State Reserve Summer Learning Programs	84.425	15652	5,896,619	5,783,123
ARP Homeless Children and Youth - Statewide Activities (ARP- HYC Statewide Activities)	84.425	15636	988,193	751,241
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	57,038	9,465
After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve	84.425	15649	511,508	475,067
Subtotal Education Stabilization Fund Discretionary Grants			8,483,590	7,018,896
Direct Program:				
Native Scholars Pathway	84.299A	*	799,105	60,000
Mental Health Service Pathways	84.184X	*	664,139	-
School Climate Transformation Grant Program	84.184G	*	204,589	204,549
Total U. S. Department of Education			103,366,621	87,976,714

(Continued on next page)

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through California Department of Education:				
Extending Summer Food Service Program and SSO:				
National School Lunch Program	10.555	13391	650,676	408,813
SNP COVID-19 Emergency Operational Costs Reimbursement	10.555	15637	2,119	-
Subtotal Child Nutrition Cluster			652,795	408,813
Forest Reserve Funds	10.665	10044	168,420	-
Passed through California Department of Social Services:				
CACFP Claims - Centers and Family Day Care	10.558	13666	54,225	54,225
Total U. S. Department of Agriculture			875,440	463,038
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through San Diego County Department of Health and Human Services:				
Child Care and Development Block Grant				
Child Development Quality Improvement	93.575	14092/14872	3,801,646	1,017,316
Child Development Local Planning	93.575	567192	144,671	-
Child Care and Development Programs Admnistered by CA Department of Social Services	93.575	10163	22,136	-
Early Education: Federal General Child Care and Dev	93.575	13609/15136	226,570	-
Subtotal Child Care and Development Block Grant			4,195,023	1,017,316
Public Health Champions	93.327	*	182,014	26,535
Passed through California Department of Education:				
Project saFE	93.327	*	62,897	48,435
Passed through Health & Human Services Agency:				
Foster Care	93.658	564834	325,955	-
Friday Night Live	93.959	566975	447,873	-
Substance Use Prevention Services	93.959	566974	594,853	-
Total U. S. Department of Health & Human Services			5,808,615	1,092,286
U. S. DEPARTMENT OF LABOR:				
Direct Program:				
Child Care Workforce Investment Program	21.027	570323	4,553,374	-
Total U. S. Department of Labor			4,553,374	-
U. S. DEPARTMENT OF THE INTERIOR:				
Direct Program:				
COVID-19 Emergency Acts Funding:				
Wild Life Reserve Funds	15.663	*	4	-
Total U. S. Department of the Interior			4	-
Total Federal Expenditures			$ 114,604,054	$ 89,532,038

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

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
ALTERNATIVE EDUCATION GRANT PROGRAMS		
JUVENILE COURT SCHOOLS		
ELEMENTARY		
Juvenile Halls, Homes, and Camps	9.79	10.36
Total Elementary	9.79	10.36
SECONDARY		
Juvenile Halls, Homes, and Camps	321.57	314.22
Total Secondary	321.57	314.22
Total Juvenile Court Schools	331.36	324.58
COUNTY FUNDED NON-JUVENILE COURT SCHOOLS		
ELEMENTARY		
Probation Referred, On Probation or Parole, or Expelled	43.06	48.50
Total Elementary	43.06	48.50
SECONDARY		
Probation Referred, On Probation or Parole, or Expelled	533.10	550.53
Total Secondary	533.10	550.53
Total County Funded Non-Juvenile Court Schools	576.16	599.03

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Not applicable for county offices of education.

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

	2026 (Budget)	2025	2024	2023
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 399,556,340	$ 406,869,389	$ 399,409,438	$ 338,392,087
Expenditures And Other Financing Uses	411,549,297	396,328,537	386,382,593	329,383,280
Net change in Fund Balance	$ (11,992,957)	$ 10,540,852	$ 13,026,845	$ 9,008,807
Ending Fund Balance	$ 204,935,738	$ 216,928,695	$ 206,387,843	$ 193,360,998
Available Reserves*	$ 70,107,220	$ 70,888,574	$ 64,697,654	$ 65,702,930
Available Reserves As A Percentage Of Outgo	17.03%	17.89%	16.74%	19.95%
Long-term Liabilities	$ 211,442,785	$ 219,773,954	$ 204,789,896	$ 190,531,586
Average Daily Attendance At P-2	914	908	864	777

The County School Service Fund ending fund balance has increased by $23,567,697 over the past two years. However the fiscal year 2025-26 budget projects a decrease of $11,992,957. For a County Office of Education this size, the State recommends available reserves of at least 2% of County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by $29,242,368 over the past two years.

Average daily attendance has increased by 131 ADA over the past two years. A further increase of 6 in ADA is anticipated during the 2025-26 fiscal year.

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

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

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	County School Service Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2025, annual financial and budget report fund balance	$ 216,928,695	$ 1,214,328
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	1,214,328	(1,214,328)
Net adjustments and reclassifications	1,214,328	(1,214,328)
June 30, 2025, audited financial statement fund balance	$ 218,143,023	$ -

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025

Charter #	Charter School	Status	Included in Audit Report
0405	Literacy First Charter School	Active	No
2016	Classical Academy Vista	Active	No
2023	Dual Language Immersion North County	Active	No
2024	JCS Manzanita	Active	No
1883	Scholarship Prep Charter School- Oceansid	Active	No
1946	Dimensions Collaborative School	Active	No
1947	Community Montessori	Active	No
0680	Iftin Charter	Active	No
1989	Pacific Springs Charter	Active	No
1835	Audeo Charter II	Active	No
1308	Howard Gardner Community Charter	Active	No

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Student Activity Fund	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	$ 5,256	$ 824,062	$ 9,233,080	$ 3	$ 36,974	$ 10,099,375
Accounts receivable	-	3,862,363	94,849	540	394	3,958,146
Due from other funds	-	19,036	-	-	-	19,036
Total Assets	$ 5,256	$ 4,705,461	$ 9,327,929	$ 543	$ 37,368	$ 14,076,557
LIABILITIES						
Accrued liabilities	$ -	$ 583,686	$ 730,992	$ -	$ -	$ 1,314,678
Due to other funds	-	178,977	-	-	-	178,977
Unearned revenue	-	3,603,921	-	-	-	3,603,921
Total Liabilities	-	4,366,584	730,992	-	-	5,097,576
FUND BALANCES						
Restricted	5,256	338,877	-	543	37,368	382,044
Committed	-	-	8,596,937	-	-	8,596,937
Total Fund Balances	5,256	338,877	8,596,937	543	37,368	8,978,981
Total Liabilities and Fund Balances	$ 5,256	$ 4,705,461	$ 9,327,929	$ 543	$ 37,368	$ 14,076,557

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Child Development Fund	Deferred Maintenance Fund	Forest Reserve Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES						
LCFF sources	$ -	$ -	$ 1,225,000	$ -	$ -	$ 1,225,000
Federal sources	-	4,011,705	-	167,738	-	4,179,443
Other state sources	-	6,738,866	-	-	-	6,738,866
Other local sources	932	130,700	432,853	552	1,806	566,843
Total Revenues	932	10,881,271	1,657,853	168,290	1,806	12,710,152
EXPENDITURES						
Current						
Instruction	-	1,201,941	-	-	-	1,201,941
Instruction-related services						
Instructional supervision and administration	-	8,869,291	-	-	-	8,869,291
General administration						
All other general administration	-	643,758	-	-	-	643,758
Plant services	-	-	59,894	-	-	59,894
Facilities acquisition and construction	-	-	1,728,042	-	-	1,728,042
Ancillary services	3,558	-	-	-	-	3,558
Transfers to other agencies	-	-	-	168,420	-	168,420
Total Expenditures	3,558	10,714,990	1,787,936	168,420	-	12,674,904
Excess (Deficiency) of Revenues Over Expenditures	(2,626)	166,281	(130,083)	(130)	1,806	35,248
Other Financing Sources (Uses)						
Transfers in	-	4,174	-	-	-	4,174
Transfers out	-	(2,432)	-	-	-	(2,432)
Net Financing Sources (Uses)	-	1,742	-	-	-	1,742
NET CHANGE IN FUND BALANCE	(2,626)	168,023	(130,083)	(130)	1,806	36,990
Fund Balance - Beginning	7,882	170,854	8,727,020	673	35,562	8,941,991
Fund Balance - Ending	$ 5,256	$ 338,877	$ 8,596,937	$ 543	$ 37,368	$ 8,978,981

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUSTS
JUNE 30, 2025

	Employee Benefits Self-Insurance Trust Fund	Workers' Compensation Self-Insurance Trust Fund	Property & Liability Self-Insurance Trust Fund	Miscellaneous Property Self-Insurance Trust Fund	Total Private Purpose Trust Funds
ASSETS					
Current assets					
Cash and investments	$ 59,228,412	$ 97,286,790	$ 62,730,057	$ -	$ 219,245,259
Accounts receivable	4,393,983	1,330,545	982,651	172	6,707,351
Prepaid	-	4,600	7,338	-	11,938
Net OPEB asset	252,071	144,929	233,248	-	630,248
Total current assets	63,874,466	98,766,864	63,953,294	172	226,594,796
Total Assets	63,874,466	98,766,864	63,953,294	172	226,594,796
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	723,431	405,127	743,067	-	1,871,625
Deferred outflows related to OPEB	31,673	16,237	38,891	-	86,801
Total Deferred Outflows of Resources	755,104	421,364	781,958	-	1,958,426
LIABILITIES					
Current liabilities					
Accrued liabilities	2,141,049	1,121,669	248,080	172	3,510,970
Unearned revenue	1,755,506	-	-	-	1,755,506
Underground storage tank	-	-	70,000	-	70,000
Unpaid self-insurance					
Incurred and reported	-	23,425,008	18,925,071	-	42,350,079
Incurred but not reported	4,339,371	27,989,556	14,959,193	-	47,288,120
Total unpaid self-insurance claim liabilities	4,339,371	51,414,564	33,884,264	-	89,638,199
Total current liabilities	8,235,926	52,536,233	34,202,344	172	94,974,675
Non-current liabilities					
Compensated absences	121,290	145,439	180,703	-	447,432
Net pension liability	1,646,196	1,349,830	2,367,326	-	5,363,352
Total non-current liabilities	1,767,486	1,495,269	2,548,029	-	5,810,784
Total Liabilities	10,003,412	54,031,502	36,750,373	172	100,785,459
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	189,545	140,518	336,124	-	666,187
Deferred inflows related to OPEB	78,753	47,116	72,706	-	198,575
Total Deferred Inflows of Resources	268,298	187,634	408,830	-	864,762
NET POSITION					
Restricted	54,357,860	44,969,092	27,576,049	-	126,903,001
Total Net Position	$ 54,357,860	$ 44,969,092	$ 27,576,049	$ -	$ 126,903,001

See accompanying note to supplementary information.

SAN DIEGO COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF ACTIVITIES
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUSTS
JUNE 30, 2025

	Employee Benefits Self-Insurance Trust Fund	Workers' Compensation Self-Insurance Trust Fund	Property & Liability Self-Insurance Trust Fund	Miscellaneous Property Self-Insurance Trust Fund	Total Private Purpose Trust Funds
OPERATING REVENUES					
Investment income	$ 2,590,394	$ 4,534,850	$ 4,869,407	$ (1,910,344)	$ 10,084,307
Participant fees	51,900,075	38,880,919	37,538,952	-	128,319,946
Commissions and refunds	1,079,989	-	-	-	1,079,989
Total revenues	55,570,458	43,415,769	42,408,359	(1,910,344)	139,484,242
OPERATING EXPENSES					
Self-insurance claims paid	35,351,558	19,375,987	13,110,948	-	67,838,493
Insurance premiums	6,532,181	17,589,314	21,378,769	-	45,500,264
Claims management fees	82,168	4,230,203	514,978	-	4,827,349
Administrative expenses	3,410,919	1,443,385	3,036,318	-	7,890,622
Total operating expenses	45,376,826	42,638,889	38,041,013	-	126,056,728
Total expenses	45,376,826	42,638,889	38,041,013	-	126,056,728
CHANGE IN NET POSITION	10,193,632	776,880	4,367,346	(1,910,344)	13,427,514
Net Position - Beginning	44,164,228	44,192,212	23,208,703	1,910,344	113,475,487
Net Position - Ending	$ 54,357,860	$ 44,969,092	$ 27,576,049	$ -	$ 126,903,001

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2025 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 108,593,710
Forest Reserve Funds	10.665	168,420
Wild Life Reserve Funds	15.663	4
Foster Care	93.658	325,955
Child Development Local Planning	93.575	144,671
Child Care Workforce Investment Program	21.027	4,553,374
Friday Night Live	93.959	447,873
ARPA Youth Sports & Camp Program	93.498	370,047
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$114,604,054

The County Office of Education has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

Combining Statements – Non-Major Funds
These statements provide information on the County Office of Education's non-major funds.

Combining Statements – Private Purpose Trust Funds
These statements provide information on the County Office of Education's private purpose trust funds.

OTHER INFORMATION

SAN DIEGO COUNTY OFFICE OF EDUCATION
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025

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

GOVERNING BOARD

Member	Office	Term Expires
Gregg Robinson	President	Four Year Term Expires December 2028
Richard P. Shea	Vice President	Four Year Term Expires December 2026
Guadalupe González	Member	Four Year Term Expires December 2028
Alicia Munoz	Member	Four Year Term Expires December 2026
Dr. Erin Evans	Member	Four Year Term Expires December 2028

COUNTY OFFICE OF EDUCATION ADMINISTRATORS

DR. GLORIA E. CIRIZA
Superintendent

MICHAEL SIMONSON
Deputy Superintendent
Chief Business Officer
Business Services Division

ANDRIENNE LOREE
Executive Director
Internal Business Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego County Office of Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Diego County Office of Education's basic financial statements, and have issued our report thereon dated January 5, 2026 .

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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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.



San Diego, California
January 5, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Diego County Office of Education's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Diego County Office of Education's major federal programs for the year ended June 30, 2025. San Diego County Office of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Diego County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit for Compliance

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

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

- Exercise professional 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 San Diego County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Diego 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 San Diego County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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



San Diego, California
January 5, 2026

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

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

Report on State Compliance

Opinion on State Compliance

We have audited San Diego County Office of Education's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to San Diego County Office of Education's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, San Diego County Office of Education complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

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

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

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

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

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

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Not Applicable
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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



San Diego, California
January 5, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN DIEGO COUNTY OFFICE OF EDUCATION
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

AL Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
93.575	Child Care and Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2024-25 Guide for Annual Audits of California K-12 Local Education Agencies* ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

SAN DIEGO COUNTY OFFICE OF EDUCATION
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2025.

SAN DIEGO COUNTY OFFICE OF EDUCATION
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

SAN DIEGO COUNTY OFFICE OF EDUCATION
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2025.

SAN DIEGO COUNTY OFFICE OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

There were no findings or questioned costs for the year ended June 30, 2024.