

CONTRA COSTA COUNTY OFFICE OF EDUCATION

AUDIT REPORT
JUNE 30, 2021



CONTRA COSTA COUNTY
Office of Education

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**CONTRA COSTA COUNTY OFFICE OF EDUCATION
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JUNE 30, 2021**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Contra Costa County Office of Education
Pleasant Hill, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2022 on our consideration of Contra Costa 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 Contra Costa 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 Contra Costa County Office of Education's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 9, 2022

CONTRA COSTA COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

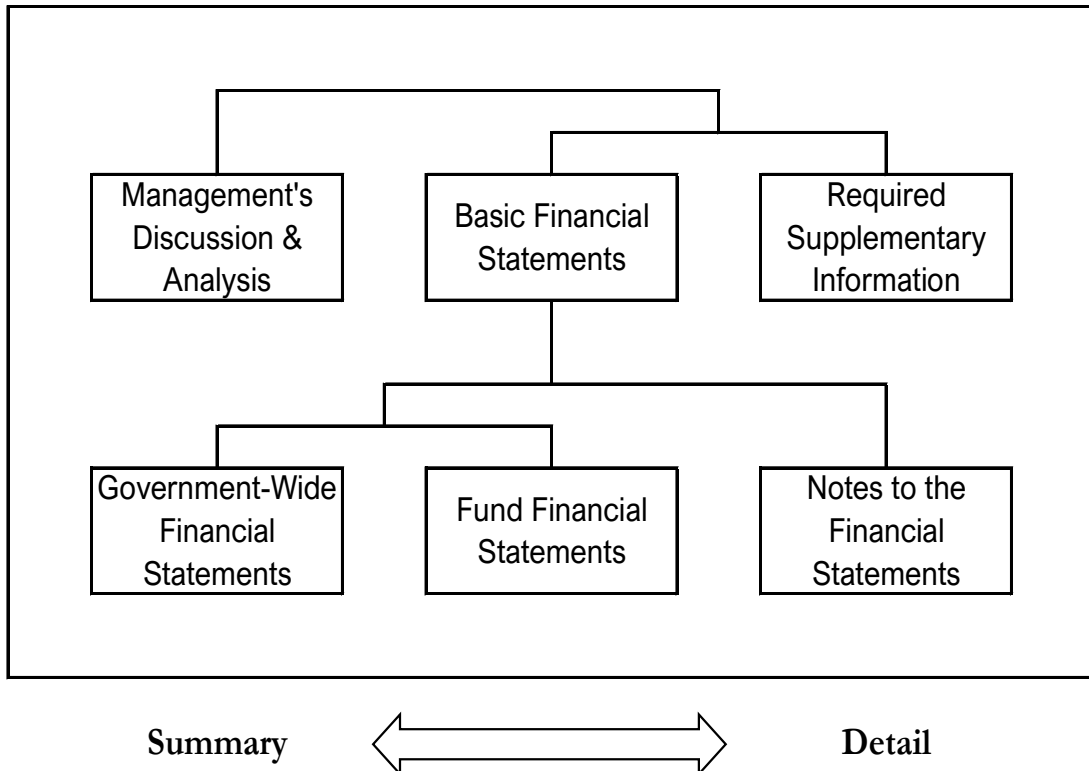
Our discussion and analysis of Contra Costa County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the County Office of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

FINANCIAL HIGHLIGHTS

- The County Office of Education net position was \$(8,086,619) at June 30, 2021. This was an increase of \$10,980,896 from the prior year.
- Overall revenues were \$83,340,291 which exceeded expenses of \$72,359,395.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



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

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.

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

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

Government-Wide Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The County Office of Education's net position was \$(8,086,619) at June 30, 2021, as reflected in the table below. Of this amount, \$(53,865,693) 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		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 60,336,645	\$ 44,199,375	\$ 16,137,270
Capital assets	26,298,287	27,348,700	(1,050,413)
Total Assets	86,634,932	71,548,075	15,086,857
DEFERRED OUTFLOWS OF RESOURCES	17,164,878	17,112,083	52,795
LIABILITIES			
Current liabilities	12,841,301	11,232,619	1,608,682
Long-term liabilities	88,912,052	90,425,611	(1,513,559)
Total Liabilities	101,753,353	101,658,230	95,123
DEFERRED INFLOWS OF RESOURCES	10,133,076	6,069,443	4,063,633
NET POSITION			
Net investment in capital assets	24,871,688	25,668,427	(796,739)
Restricted	20,907,386	18,797,488	2,109,898
Unrestricted	(53,865,693)	(63,533,430)	9,667,737
Total Net Position	\$ (8,086,619)	\$ (19,067,515)	\$ 10,980,896

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

The County Office of Education's total revenues relating to governmental activities were \$83,340,291, consisting mostly of federal and state aid, categorical programs, and property taxes.

The County Office of Education's total expenditures relating to governmental activities were \$72,359,395 predominately related to educating and caring for students.

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 14,539,578	\$ 16,879,446	\$ (2,339,868)
Operating grants and contributions	27,687,375	23,014,227	4,673,148
General revenues			
Property taxes	17,290,238	16,550,421	739,817
Unrestricted federal and state aid	16,340,518	15,872,063	468,455
Other	7,482,582	5,354,773	2,127,809
Total Revenues	83,340,291	77,670,930	5,669,361
EXPENSES			
Instruction	26,927,508	29,712,428	(2,784,920)
Instruction-related services	13,999,754	15,209,649	(1,209,895)
Pupil services	8,588,561	10,651,353	(2,062,792)
General administration	15,406,679	18,792,079	(3,385,400)
Plant services	4,618,039	4,363,703	254,336
Debt service	91,493	106,520	(15,027)
Other outgo	704,782	664,755	40,027
Depreciation	1,432,413	1,417,243	15,170
Enterprise activities	590,166	490,632	99,534
Total Expenses	72,359,395	81,408,362	(9,048,967)
Change in net position	10,980,896	(3,737,432)	14,718,328
Net Position - Beginning	(19,067,515)	(15,330,083)	(3,737,432)
Net Position - Ending	\$ (8,086,619)	\$ (19,067,515)	\$ 10,980,896

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The net cost of all our governmental activities this year was \$30,132,442 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was \$17,290,238; the remaining cost was mostly paid by other governments and organizations who subsidized certain programs with grants and contributions.

	Net Cost of Services	
	2021	2020
Instruction	\$ 5,302,623	\$ 9,309,105
Instruction-related services	5,731,344	6,272,300
Pupil services	2,232,206	4,858,603
General administration	11,403,909	16,014,234
Plant services	3,119,804	2,809,350
Debt service	91,493	106,520
Transfers to other agencies	228,484	236,702
Depreciation	1,432,413	1,417,243
Other	590,166	490,632
Total Expenses	\$ 30,132,442	\$ 41,514,689

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 \$47,791,176, which is more than this year’s beginning fund balance of \$33,258,299. The County Office of Education’s County School Service Fund had \$15,230,004 more in operating revenues than expenditures for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval regularly 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. For the County School Service fund, there were no significant variations between original and final budget and final budget and actual.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the County Office of Education had invested \$26,298,287 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 5,558,353	\$ 5,558,353	\$ -
Land improvements	1,303,995	1,288,695	15,300
Buildings & improvements	39,143,331	38,866,646	276,685
Furniture & equipment	3,969,758	3,923,380	46,378
Accumulated depreciation	(23,677,150)	(22,288,374)	(1,388,776)
Total Capital Assets	\$ 26,298,287	\$ 27,348,700	\$ (1,050,413)

Long-Term Liabilities

At year-end, the County Office of Education had \$88,912,052 in long-term debt, a decrease of 1.67% from last year—as shown in the table below. (More detailed information about the County Office of Education’s long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Taxable Build America Bonds	\$ 1,426,599	\$ 1,680,273	\$ (253,674)
Compensated absences	1,202,339	1,133,489	68,850
Total OPEB liability	26,336,019	21,349,111	4,986,908
Net pension liability	60,210,775	66,516,412	(6,305,637)
Less: current portion of long-term liabilities	(263,680)	(253,674)	(10,006)
Total Long-term Liabilities	\$ 88,912,052	\$ 90,425,611	\$ (1,513,559)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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

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

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

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

The County Office of Education participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The County Office of Education's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the County Office of Education. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a County Office of Education to lose operating revenues without necessarily permitting the Local Education Agency (LEA) to make adjustments in fixed operating costs.

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

CONTACTING THE COUNTY OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the County Office of Education's finances and to show the County Office of Education's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the County Office of Education's Business Office, at the Contra Costa County Office of Education, 77 Santa Barbara Road; Pleasant Hill, California.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash and investments	\$ 45,309,043
Accounts receivable	15,027,602
Capital assets, not depreciated	5,558,353
Capital assets, net of accumulated depreciation	20,739,934
Total Assets	86,634,932
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	12,023,188
Deferred outflows related to OPEB	5,141,690
Total Deferred Outflows of Resources	17,164,878
LIABILITIES	
Deficit cash	1,035,129
Accrued liabilities	5,551,271
Unearned revenue	5,991,221
Long-term liabilities, current portion	263,680
Long-term liabilities, non-current portion	88,912,052
Total Liabilities	101,753,353
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	9,274,109
Deferred inflows related to OPEB	858,967
Total Deferred Inflows of Resources	10,133,076
NET POSITION	
Net investment in capital assets	24,871,688
Restricted:	
Capital projects	28,266
Educational programs	20,879,120
Unrestricted	(53,865,693)
Total Net Position	\$ (8,086,619)

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 26,927,508	\$ 8,351,836	\$ 13,273,049	\$ (5,302,623)
Instruction-related services				
Instructional supervision and administration	10,414,915	755,257	5,888,098	(3,771,560)
Instructional library, media, and technology	789,083	20,083	337,107	(431,893)
School site administration	2,795,756	901,270	366,595	(1,527,891)
Pupil services				
Home-to-school transportation	998,785	11,669	13,620	(973,496)
Food services	13,682	-	13,760	78
All other pupil services	7,576,094	2,471,606	3,845,700	(1,258,788)
General administration				
Centralized data processing	3,328,104	1,483	219,283	(3,107,338)
All other general administration	12,078,575	1,240,756	2,541,248	(8,296,571)
Plant services	4,618,039	662,589	835,646	(3,119,804)
Enterprise activities	590,166	-	-	(590,166)
Interest on long-term debt	91,493	-	-	(91,493)
Other outgo	704,782	123,029	353,269	(228,484)
Depreciation (unallocated)	1,432,413	-	-	(1,432,413)
Total Governmental Activities	\$ 72,359,395	\$ 14,539,578	\$ 27,687,375	(30,132,442)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				16,367,219
Property taxes, levied for other specific purposes				923,019
Federal and state aid not restricted for specific purposes				16,340,518
Interest and investment earnings				257,300
Interagency revenues				700,376
Miscellaneous				6,524,906
Subtotal, General Revenue				41,113,338
CHANGE IN NET POSITION				10,980,896
Net Position - Beginning				(19,067,515)
Net Position - Ending				\$ (8,086,619)

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 44,487,435	\$ 821,608	\$ 45,309,043
Accounts receivable	13,178,559	1,849,043	15,027,602
Total Assets	\$ 57,665,994	\$ 2,670,651	\$ 60,336,645
LIABILITIES			
Deficit cash	\$ -	\$ 1,035,129	\$ 1,035,129
Accrued liabilities	4,860,861	658,258	5,519,119
Unearned revenue	5,770,542	220,679	5,991,221
Total Liabilities	10,631,403	1,914,066	12,545,469
FUND BALANCES			
Nonspendable	10,000	-	10,000
Restricted	20,150,801	756,585	20,907,386
Committed	3,601,370	-	3,601,370
Assigned	15,859,667	-	15,859,667
Unassigned	7,412,753	-	7,412,753
Total Fund Balances	47,034,591	756,585	47,791,176
Total Liabilities and Fund Balances	\$ 57,665,994	\$ 2,670,651	\$ 60,336,645

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

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

Total Fund Balance - Governmental Funds \$ 47,791,176

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

Capital assets:

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

Capital assets	\$ 49,975,437	
Accumulated depreciation	<u>(23,677,150)</u>	26,298,287

Unmatured interest on long-term debt:

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

(32,152)

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:

Taxable Build America Bonds	\$ 1,426,599	
Compensated absences	1,202,339	
Total OPEB liability	26,336,019	
Net pension liability	<u>60,210,775</u>	(89,175,732)

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	\$ 12,023,188	
Deferred inflows of resources related to pensions	<u>(9,274,109)</u>	2,749,079

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 5,141,690	
Deferred inflows of resources related to OPEB	<u>(858,967)</u>	4,282,723

Total Net Position - Governmental Activities \$ (8,086,619)

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

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	\$ 30,501,275	\$ 889,412	\$ 31,390,687
Federal sources	6,394,905	1,868,696	8,263,601
Other state sources	14,530,113	2,767,256	17,297,369
Other local sources	26,459,508	1,010,164	27,469,672
Total Revenues	77,885,801	6,535,528	84,421,329
EXPENDITURES			
Current			
Instruction	24,671,907	1,976,503	26,648,410
Instruction-related services			
Instructional supervision and administration	7,461,333	2,793,148	10,254,481
Instructional library, media, and technology	644,526	78,742	723,268
School site administration	2,307,481	448,158	2,755,639
Pupil services			
Home-to-school transportation	989,457	1,843	991,300
Food services	13,682	-	13,682
All other pupil services	6,273,751	1,141,231	7,414,982
General administration			
Centralized data processing	3,115,943	-	3,115,943
All other general administration	10,946,952	495,561	11,442,513
Plant services	4,475,362	154,605	4,629,967
Facilities acquisition and maintenance	291,987	-	291,987
Enterprise activities	550,614	-	550,614
Transfers to other agencies	561,918	142,864	704,782
Debt service			
Principal	253,674	-	253,674
Interest and other	97,210	-	97,210
Total Expenditures	62,655,797	7,232,655	69,888,452
Excess (Deficiency) of Revenues Over Expenditures	15,230,004	(697,127)	14,532,877
Other Financing Sources (Uses)			
Transfers in	-	655,323	655,323
Transfers out	(655,323)	-	(655,323)
Net Financing Sources (Uses)	(655,323)	655,323	-
NET CHANGE IN FUND BALANCE	14,574,681	(41,804)	14,532,877
Fund Balance - Beginning	32,459,910	798,389	33,258,299
Fund Balance - Ending	\$ 47,034,591	\$ 756,585	\$ 47,791,176

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

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

Net Change in Fund Balances - Governmental Funds \$ 14,532,877

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 494,127	
Depreciation expense:	<u>(1,432,413)</u>	(938,286)

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:

253,674

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:

(112,127)

Unmatured interest on long-term debt:

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

5,717

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:

(68,850)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(1,365,119)

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:

(1,326,990)

Change in Net Position of Governmental Activities	\$	<u>10,980,896</u>
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The accompanying notes are an integral part of these financial statements.

CONTRA COSTA COUNTY OFFICE OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
ASSETS	
Cash and investments	\$ 5,891,498
Total Assets	<u>5,891,498</u>
LIABILITIES	
Accrued liabilities	5,891,498
Total Liabilities	<u>\$ 5,891,498</u>

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

CONTRA COSTA COUNTY OFFICE OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>Custodial Fund</u>
	<u>Warrant/Pass-through Fund</u>
ADDITIONS	
Contributions	\$ 228,889,121
Total Additions	<u>228,889,121</u>
DEDUCTIONS	
Due to other agencies	<u>228,889,121</u>
Total Deductions	<u>228,889,121</u>
CHANGE IN NET POSITION	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ -</u>

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Contra Costa 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 to grades K-12 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 and student-related 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.

Fund Financial Statements. The fund financial statements provide information about the County Office of Education's funds, including its fiduciary funds. Separate statements for each fund category – governmental 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.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued). 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 child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

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'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.

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:

Charter Schools Fund: This fund may be used by authorizing County Office's to account separately for the activities of County Office-operated charter schools that would otherwise be reported in the authorizing County Office's County School Service Fund.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

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*).

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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.*).

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.

Warrant/Pass-Through Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide 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.

Governmental Funds

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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 school County Office of Educations and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school County Office of Educations 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.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Investments

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

Inventories

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

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Compensated Absences

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

Accumulated sick leave benefits are not recognized as liabilities of the County Office of Education. The County Office of Education’s policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020

Gains and losses related to changes in total OPEB liability 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 financial statements, long-term obligations are reported as liabilities in the fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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.

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 noted on the following page.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

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. 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. 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.

I. 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 XX 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.

J. New Accounting Pronouncements

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

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Fiduciary Funds
	<u> </u>	<u> </u>
Investment in county treasury*	\$ 42,882,089	\$ 5,891,498
Cash in revolving fund	10,000	-
Local Agency Investment Fund (LAIF)	1,381,825	-
Total	<u>\$ 44,273,914</u>	<u>\$ 5,891,498</u>

*net of deficit cash

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

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 Contra Costa 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.

State Investment Pool – The County Office of Education is considered to be a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the County Office of Education’s investment in the pool is reported in the accompanying financial statement at amounts based upon the County Office of Education’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF, which is recorded on the amortized cost basis.

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 on the following page identifies the investment types permitted by California Government Code.

CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations (continued)

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%
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 \$48,847,226 and an amortized book value of \$48,773,587. The average weighted maturity for this pool is 300 days. Investments consist of amounts on deposit with the State Investment Pool with an amortized book value of \$1,381,825 and had the same fair market value.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were not rated.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the County Office of Education's bank balance was not 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 Contra Costa County Treasury Investment Pool and Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the County Office of Education's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 48,847,226
Local Agency Investment Fund (LAIF)	<u>1,381,825</u>
Total	<u>\$ 50,229,051</u>

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	\$ 2,611,540	\$ 530,192	\$ 3,141,732
State Government			
Apportionment	5,115,955	131,773	5,247,728
Categorical aid	3,662,810	997,164	4,659,974
Lottery	48,582	7,527	56,109
Local Government			
Other local sources	1,739,672	182,387	1,922,059
Total	\$ 13,178,559	\$ 1,849,043	\$ 15,027,602

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,558,353	\$ -	\$ -	\$ 5,558,353
Total Capital Assets not Being Depreciated	5,558,353	-	-	5,558,353
Capital assets being depreciated				
Land improvements	1,288,695	15,300	-	1,303,995
Buildings & improvements	38,866,646	276,685	-	39,143,331
Furniture & equipment	3,923,380	202,142	155,764	3,969,758
Total Capital Assets Being Depreciated	44,078,721	494,127	155,764	44,417,084
Less Accumulated Depreciation				
Land improvements	1,005,247	121,255	-	1,126,502
Buildings & improvements	18,203,092	1,039,415	-	19,242,507
Furniture & equipment	3,080,035	271,743	43,637	3,308,141
Total Accumulated Depreciation	22,288,374	1,432,413	43,637	23,677,150
Governmental Activities				
Capital Assets, net	\$ 27,348,700	\$ (938,286)	\$ 112,127	\$ 26,298,287

NOTE 5 – INTERFUND TRANSACTIONS

The individual interfund transfer for the year ended June 30, 2021 consisted of \$655,323 transferred from the County School Service Fund to the Non-Major Charter Schools Fund to support the charter school program.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 6 – ACCRUED LIABILITIES

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

	County School Service Fund	Non-Major Governmental Funds	County-Wide	Governmental Activities
Vendors payable	\$ 4,860,861	\$ 658,258	\$ -	\$ 5,519,119
Unmatured interest	-	-	32,152	32,152
Total	\$ 4,860,861	\$ 658,258	\$ 32,152	\$ 5,551,271

NOTE 7 – UNEARNED REVENUE

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

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 87,038	\$ 220,679	\$ 307,717
State categorical sources	5,683,504	-	5,683,504
Total	\$ 5,770,542	\$ 220,679	\$ 5,991,221

NOTE 8 – LONG-TERM LIABILITIES

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

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
Taxable Build America Bonds	\$ 1,680,273	\$ -	\$ 253,674	\$ 1,426,599	\$ 263,680
Compensated absences	1,133,489	68,850	-	1,202,339	-
Total OPEB liability	21,349,111	4,986,908	-	26,336,019	-
Net pension liability	66,516,412	-	6,305,637	60,210,775	-
Total	\$ 90,679,285	\$ 5,055,758	\$ 6,559,311	\$ 89,175,732	\$ 263,680

- Payments for bonds associated with Taxable Build America Bonds are made in the County School Service Fund.
- Payments for capital lease are made in the County School Service Fund.
- Payments for compensated absences are typically liquidated in the County School Service Fund and the Child Development Fund.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Taxable Build America Bonds

On October 15, 2010 the County Office of Education entered into a Taxable Build America Equipment Lease/Purchase agreement with the Bank of America to finance and install solar panels. The annual requirements to amortize general obligation bonds payable outstanding as of June 30, 2021, are as follows:

Year Ended June 30,	Principal	Interest	Subsidy	Total
2022	\$ 263,680	\$ 81,815	\$ (28,634)	\$ 316,861
2023	274,082	65,813	(23,035)	316,860
2024	284,893	49,180	(17,213)	316,860
2025	296,131	31,891	(11,162)	316,860
2026	307,813	13,919	(4,872)	316,860
Total	\$ 1,426,599	\$ 242,618	\$ (84,916)	\$ 1,584,301

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$1,202,339. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The County Office of Education’s beginning total OPEB liability was \$21,349,111 and increased by \$4,986,908 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$26,336,019. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The County Office of Education’s beginning net pension liability was \$66,516,412 and decreased by \$6,305,637 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$60,210,775. See Note 11 for additional information regarding the net pension liability.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 9 – FUND BALANCES

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

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 10,000	\$ -	\$ 10,000
Total non-spendable	10,000	-	10,000
Restricted			
Educational programs	20,150,801	728,319	20,879,120
Capital projects	-	28,266	28,266
Total restricted	20,150,801	756,585	20,907,386
Committed			
Other commitments	3,601,370	-	3,601,370
Total committed	3,601,370	-	3,601,370
Assigned			
Post-employment benefits	7,626,193	-	7,626,193
CalPERS penalty reserve	3,233,474	-	3,233,474
Other assignments	5,000,000	-	5,000,000
Total assigned	15,859,667	-	15,859,667
Unassigned	7,412,753	-	7,412,753
Total Fund Balance	\$ 47,034,591	\$ 756,585	\$ 47,791,176

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 2 percent of County School Service Fund expenditures and other financing use.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The County Office of Education’s defined benefit OPEB plan, Contra Costa County Office of Education Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the County Office of Education which offers medical, dental and vision benefits to both active and retired employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

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

B. Benefits Provided

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

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years at age 55; or 5 years at age 60 **	10 years at age 55; or 5 years at age 60 *	10 years at age 55; or 5 years at age 60 *
Minimum Age	55	55	55
Dependent Coverage	No	No	No
County Contribution %	100%	100%	100%
County Cap	Pre-65: Highest Single HMO Premium for medical Post 65: PERS minimum	Pre-65: Highest Single HMO Premium for medical Post 65: PERS minimum	Pre-65: Highest Single HMO Premium for medical Post 65: PERS minimum

*5 years at age 55 if hired before 7/1/11

**5 years at age 55 if hired before 7/1/08

C. Contributions

For the measurement period ended June 30, 2020, the County Office of Education contributed \$1,100,338 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	274
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	399
Total number of participants**	673

*Information not provided

**As of the June 30, 2019 valuation date

E. Total OPEB Liability

The County Office of Education’s total OPEB liability of \$26,336,019 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

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

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.75%
Salary increase	2.75%
Investment rate of return	2.20%
Healthcare cost trend rates	4.00%

Non-economic assumptions:

Mortality:

Certificated	2009 CalSTRS Mortality Table
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees Table

Retirement rates:

Certificated	2009 CalSTRS Retirement Rates Table
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty-four years.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

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

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service cost	\$ 1,039,737
Interest on total OPEB liability	749,147
Difference between expected and actual experience	170,779
Changes of assumptions	4,127,583
Benefits payments	<u>(1,100,338)</u>
Net change in total OPEB liability	4,986,908
Total OPEB liability - beginning	<u>21,349,111</u>
Total OPEB liability - ending	<u>\$ 26,336,019</u>
Covered-employee payroll	\$ 28,793,096
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	91.5%

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County Office of Education, as well as what the County Office of Education's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.20 percent) or one percentage point higher (3.20 percent) than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(1.20%)	(2.20%)	(3.20%)
Total OPEB liability	\$ 29,999,917	\$ 26,336,019	\$ 23,040,956

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the County Office of Education, as well as what the County Office of Education's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend Rate	1% Increase
	(3.00%)	(4.00%)	(5.00%)
Total OPEB liability	\$ 23,153,029	\$ 26,336,019	\$ 30,502,258

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

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

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

For the fiscal year ended June 30, 2021, the County Office of Education recognized OPEB expense of \$2,372,877. At June 30, 2021, the County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 144,094	\$ 397,359
Changes in assumptions	3,989,838	461,608
County Office of Education contributions subsequent to the measurement date	1,007,758	-
Total	<u>\$ 5,141,690</u>	<u>\$ 858,967</u>

The \$1,007,758 reported as deferred outflows of resources related to OPEB resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported deferred outflows and deferred inflows and resources related to pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 786,891	\$ 202,898
2023	786,891	202,898
2024	786,891	202,898
2025	786,891	202,898
2026	717,726	47,375
Thereafter	268,642	-
Total	<u>\$ 4,133,932</u>	<u>\$ 858,967</u>

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 25,920,249	\$ 6,190,026	\$ 7,130,832	\$ 1,850,804
PERS Pension	34,290,526	5,833,162	2,143,277	4,897,262
Total	\$ 60,210,775	\$ 12,023,188	\$ 9,274,109	\$ 6,748,066

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$2,214,481 for the year ended June 30, 2021.

On-Behalf Payments

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,498,813 to CalSTRS.

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

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

County Office of Education's proportionate share of the net pension liability	\$ 25,920,249
State's proportionate share of the net pension liability associated with the County Office of Education	13,361,783
Total	<u>\$ 39,282,032</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The County Office of Education 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, 2020, the County Office of Education’s proportion was 0.027 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2019.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2021, the County Office of Education recognized pension expense of \$1,850,804. In addition, the County Office of Education recognized pension expense and revenue of \$417,775 for support provided by the State. At June 30, 2021, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 615,716	\$ -
Differences between expected and actual experience	45,737	730,996
Changes in assumptions	2,527,591	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	786,501	6,399,836
County Office of Education contributions subsequent to the measurement date	2,214,481	-
Total	<u>\$ 6,190,026</u>	<u>\$ 7,130,832</u>

The \$2,214,481 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 638,753	\$ 1,549,868
2023	1,224,512	1,498,513
2024	1,434,209	1,148,240
2025	599,436	1,021,128
2026	39,318	1,016,578
2027	39,317	896,505
Total	<u>\$ 3,975,545</u>	<u>\$ 7,130,832</u>

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

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	\$ 39,161,886	\$ 25,920,249	\$ 14,987,413

Pension Plan Fiduciary Net Position

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

B. California Public Employees’ Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS)

Contributions

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

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the County Office of Education were \$3,206,595 for the year ended June 30, 2021.

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

At June 30, 2021, the County Office of Education reported a liability of \$34,290,526 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The County Office of Education’s proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school County Office of Educations, actuarially determined. At June 30, 2020, the County Office of Education’s proportion was 0.112 percent, which was a decrease of 0.011 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County Office of Education recognized pension expense of \$4,89,262. At June 30, 2021, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 713,820	\$ -
Differences between expected and actual experience	1,700,705	-
Changes in assumptions	125,745	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	86,297	2,143,277
County Office of Education contributions subsequent to the measurement date	3,206,595	-
Total	<u>\$ 5,833,162</u>	<u>\$ 2,143,277</u>

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

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 \$3,206,595 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 967,216	\$ 739,061
2023	742,880	739,061
2024	575,606	665,155
2025	340,865	-
Total	<u>\$ 2,626,567</u>	<u>\$ 2,143,277</u>

Actuarial Assumptions

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

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
County Office of Education's proportionate share of the net pension liability	\$ 49,298,884	\$ 34,290,526	\$ 21,834,342

Pension Plan Fiduciary Net Position

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

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

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The County Office of Education participates in four joint powers agreement (JPA) entities, the Contra Costa County Schools Insurance Group (CCCSIG), Schools Self-Insurance of Contra Costa County (SSICCC), Alameda Contra Costa Schools Financial Authority JPA, Northern California Regional Liability Excess Fund (ReLiEF), Schools Association for Excess Risk JPA (SAFER), and Northern California Medi-Cal Administrative Services JPA. The County Office of Education pays an annual premium to each entity for its health, workers' compensation, and property liability coverage.

Each JPA is governed by a board consisting of a representative from each member school agency. Each governing board controls the operations of its JPA independent of any influence by the County Office of Education beyond the school agency's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member County Office of Educations of Education share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the County Office of Education and the JPAs are such that none of the JPAs are a component unit of the County Office of Education for financial reporting purposes. Financial information for Contra Costa Schools Financial Authority is available from the entity.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to pensions was \$12,023,188 and total deferred inflows related to pensions was \$9,274,109.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education -wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$5,141,690 and total deferred inflows related to pensions was \$858,967.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 25,633,853	\$ 28,827,532	\$ 30,501,275	\$ 1,673,743
Federal sources	2,858,582	4,992,101	6,432,422	1,440,321
Other state sources	13,611,637	14,132,368	14,530,113	397,745
Other local sources	23,895,794	23,810,146	23,162,021	(648,125)
Total Revenues	65,999,866	71,762,147	74,625,831	2,863,684
EXPENDITURES				
Certificated salaries	13,283,788	13,141,445	12,984,322	157,123
Classified salaries	15,378,826	15,812,035	15,176,403	635,632
Employee benefits	16,771,025	16,662,942	16,818,547	(155,605)
Books and supplies	1,772,458	2,715,453	2,103,614	611,839
Services and other operating expenditures	17,417,006	18,687,703	14,657,146	4,030,557
Capital outlay	1,281,650	1,278,295	494,129	784,166
Other outgo				
Excluding transfers of indirect costs	885,133	975,592	917,197	58,395
Transfers of indirect costs	(490,304)	(521,360)	(495,561)	(25,799)
Total Expenditures	66,299,582	68,752,105	62,655,797	6,096,308
Excess (Deficiency) of Revenues Over Expenditures	(299,716)	3,010,042	11,970,034	8,959,992
Other Financing Sources (Uses)				
Transfers out	(1,994,799)	(2,647,521)	(2,622,799)	24,722
Net Financing Sources (Uses)	(1,994,799)	(2,647,521)	(2,622,799)	24,722
NET CHANGE IN FUND BALANCE	(2,294,515)	362,521	9,347,235	8,984,714
Fund Balance - Beginning	22,826,923	26,827,689	26,827,689	-
Fund Balance - Ending	\$ 20,532,408	\$ 27,190,210	\$ 36,174,924	\$ 8,984,714

* 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:

- 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 Post-Employment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- The Statement of Revenues, Expenditures and Changes in Fund Balances includes a reclassification of federal revenues for the Medi-Cal Billing Option to local revenues.
- The Statement of Revenues, Expenditures and Changes in Fund Balances includes an audit adjustment of other local revenue.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN THE COUNTY OFFICE OF EDUCATION'S TOTAL OPEB LIABILITY AND
RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 1,039,737	\$ 1,132,087	\$ 1,101,788	\$ 1,072,300
Interest on total OPEB liability	749,147	781,678	776,033	685,731
Difference between expected and actual experience	170,779	(850,127)	-	-
Changes of assumptions	4,127,583	737,732	(799,372)	-
Benefits payments	(1,100,338)	(913,389)	(976,702)	(939,137)
Net change in total OPEB liability	4,986,908	887,981	101,747	818,894
Total OPEB liability - beginning	21,349,111	20,461,130	20,359,383	19,540,489
Total OPEB liability - ending	<u>\$ 26,336,019</u>	<u>\$ 21,349,111</u>	<u>\$ 20,461,130</u>	<u>\$ 20,359,383</u>
Covered-employee payroll	\$ 28,793,096	\$ 32,536,836	\$ 35,543,875	\$ 34,310,946
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	91.5%	65.6%	57.6%	59.3%

See accompanying notes to required supplementary information.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.027%	0.031%	0.034%	0.033%	0.034%	0.037%	0.039%
County Office of Education's proportionate share of the net pension liability	\$ 25,920,249	\$ 30,644,243	\$ 31,515,290	\$ 30,685,401	\$ 27,801,600	\$ 25,115,191	\$ 22,709,651
State's proportionate share of the net pension liability associated with the County Office of Education	13,361,783	12,363,715	18,044,066	18,153,372	15,829,285	13,283,132	13,713,068
Total	<u>\$ 39,282,032</u>	<u>\$ 43,007,958</u>	<u>\$ 49,559,356</u>	<u>\$ 48,838,773</u>	<u>\$ 43,630,885</u>	<u>\$ 38,398,323</u>	<u>\$ 36,422,719</u>
County Office of Education's covered payroll	\$ 14,843,383	\$ 18,647,083	\$ 18,477,381	\$ 16,123,268	\$ 17,342,557	\$ 17,288,711	\$ 17,288,711
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	174.6%	164.3%	170.6%	190.3%	160.3%	145.3%	131.4%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.112%	0.123%	0.122%	0.120%	0.123%	0.129%	0.139%
County Office of Education's proportionate share of the net pension liability	\$ 34,290,526	\$ 35,872,169	\$ 32,513,602	\$ 28,724,680	\$ 24,307,612	\$ 19,052,770	\$ 15,777,405
County Office of Education's covered payroll	\$ 10,473,434	\$ 17,421,911	\$ 16,778,845	\$ 16,921,415	\$ 15,710,980	\$ 14,815,296	\$ 14,815,296
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	327.4%	205.9%	193.8%	169.8%	154.7%	128.6%	106.5%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,214,481	\$ 2,580,802	\$ 2,932,904	\$ 3,126,500	\$ 2,223,232	\$ 1,868,188	\$ 1,492,732
Contributions in relation to the contractually required contribution*	(2,214,481)	(2,580,802)	(2,932,904)	(3,126,500)	(2,223,232)	(1,868,188)	(1,492,732)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 14,053,292	\$ 14,843,383	\$ 18,647,083	\$ 18,477,381	\$ 16,123,268	\$ 17,342,557	\$ 17,288,711
Contributions as a percentage of covered payroll	15.76%	17.39%	15.73%	16.92%	13.79%	10.77%	8.63%

*Amounts do not include on-behalf contributions

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,206,595	\$ 3,227,418	\$ 3,051,596	\$ 2,567,223	\$ 2,192,326	\$ 1,820,287	\$ 1,671,703
Contributions in relation to the contractually required contribution*	(3,206,595)	(3,227,418)	(3,051,596)	(2,567,223)	(2,192,326)	(1,820,287)	(1,671,703)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 9,873,955	\$ 10,473,434	\$ 17,421,911	\$ 16,778,845	\$ 16,921,415	\$ 15,710,980	\$ 14,815,296
Contributions as a percentage of covered payroll	32.48%	30.82%	17.52%	15.30%	12.96%	11.59%	11.28%

*Amounts do not include on-behalf contributions

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

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 Changes in Total OPEB Liability 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 total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll. OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in OPEB benefit terms since the prior measurement date.

Changes in Assumptions

The OPEB interest assumption changed from 3.50% to 2.20% since the prior measurement period.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of County Office of Education Contributions

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

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
County School Service Fund			
Employee benefits	\$ 16,662,942	\$ 16,818,547	\$ 155,605

SUPPLEMENTARY INFORMATION

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 860,268
Comprehensive Support and Improvement for LEAs	84.010	15438	203,239
Comprehensive Support and Improvement for COEs	84.01	15439	325,057
Title I, Part D, Local Delinquent Programs	84.010	14357	515,320
Subtotal Title I, Part A			<u>1,903,884</u>
Adult Education: Institutionalized Adults	84.002	13971	133,609
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	15,101
Title III, Part D, Technical Assistance	84.365	14967	247,345
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	64,215
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	286,476
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	43,474
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	2,698
Subtotal Special Education Cluster			<u>46,172</u>
IDEA Early Intervention Grants, Part C	84.181	23761	198,069
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	125,230
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants [1]:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	132,943
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	654,328
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,851,506
Subtotal Education Stabilization Fund Discretionary Grants			<u>2,638,777</u>
Total U. S. Department of Education			<u><u>5,658,878</u></u>
U. S. DEPARTMENT OF LABOR:			
<i>Passed through California Department of Education:</i>			
Workforce Investment Grant	17.259	10055	703,847
Total U. S. Department of Agriculture			<u>703,847</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant			
Child Care Initiative Project (CCIP) / Resource & Referral Contracts (CRRP)	93.575	14130	773,969
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	61,769
Subtotal Child Care and Development Block Grant			<u>835,738</u>
<i>Passed through Contra Costa County Employment & Human Resources:</i>			
Children and Family Services	93.UNKOWN	*	68,485
Total U. S. Department of Health & Human Services			<u>904,223</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	860,608
Total U. S. Department of the Treasury			<u>860,608</u>
Total Federal Expenditures			<u>\$ 8,127,556</u>

[1] - Major Program

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

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

N/A – Not applicable for nonclassroom-based charter schools or county offices of education.

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

	2022 (Budget)	2021	2020	2019
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 77,540,203	\$ 74,625,831	\$ 71,944,178	\$ 78,517,205
Expenditures And Other Financing Uses	79,470,932	65,278,596	69,319,761	77,109,158
Net change in Fund Balance	\$ (1,930,729)	\$ 9,347,235	\$ 2,624,417	\$ 1,408,047
Ending Fund Balance	\$ 34,244,196	\$ 36,174,924	\$ 26,827,689	\$ 24,203,272
Available Reserves*	\$ 7,225,887	\$ 3,653,439	\$ 5,022,936	\$ 4,994,808
Available Reserves As A Percentage Of Outgo	9.09%	5.60%	7.25%	6.48%
Long-term Liabilities	\$ 88,912,052	\$ 89,175,732	\$ 90,679,285	\$ 87,315,074
Average Daily Attendance At P-2***	301	333	333	385

The County School Service Fund balance has increased by \$11,971,652 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$1,930,729. For a County Office of Education this size, the State recommends available reserves of at least 2% of County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have increased by \$1,860,658 over the past two years.

Average daily attendance has decreased by 52 ADA over the past two years. A further decrease of 32 ADA is anticipated during the 2021-22 fiscal year.

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

**The 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 for Post-Employment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, the Statement of Revenues, Expenditures, and Changes in Fund Balances includes an audit adjustment of \$3,233,474 to local revenue.

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

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

	County School Service Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2021, annual financial and budget report fund balance	\$ 36,174,924	\$ 7,626,193
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Decrease in accounts payable	3,233,474	-
Fund balance transfer (GASB 54)	7,626,193	(7,626,193)
Net adjustments and reclassifications	10,859,667	(7,626,193)
June 30, 2021, audited financial statement fund balance	<u>\$ 47,034,591</u>	<u>\$ -</u>

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

Charter #	Charter School	Status	Included in Audit Report
0333	Manzanita Middle	Active	No
0868	Making Waves Acadmy	Active	No
1400	Clayton Valley Charter High	Active	No
1622	Caliber: Beta Academy	Active	No
1650	Summit Public School K2	Active	No
1773	Contra Costa School of Performing Arts	Active	No
1887	Golden Gate Community Charter School	Active	Yes
1933	Invictus Academy of Richmond	Active	No

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Charter Schools Fund	Adult Education Fund	Child Development Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 570,105	\$ 223,237	\$ -	\$ 28,266	\$ 821,608
Accounts receivable	326,789	-	1,522,254	-	1,849,043
Total Assets	\$ 896,894	\$ 223,237	\$ 1,522,254	\$ 28,266	\$ 2,670,651
LIABILITIES					
Deficit cash	\$ -	\$ -	\$ 1,035,129	\$ -	\$ 1,035,129
Accrued liabilities	144,756	26,377	487,125	-	658,258
Unearned revenue	220,679	-	-	-	220,679
Total Liabilities	365,435	26,377	1,522,254	-	1,914,066
FUND BALANCES					
Restricted	531,459	196,860	-	28,266	756,585
Total Fund Balances	531,459	196,860	-	28,266	756,585
Total Liabilities and Fund Balance	\$ 896,894	\$ 223,237	\$ 1,522,254	\$ 28,266	\$ 2,670,651

See accompanying note to supplementary information.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Charter Schools Fund	Adult Education Fund	Child Development Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES					
LCFF sources	\$ 889,412	\$ -	\$ -	\$ -	\$ 889,412
Federal sources	1,032,958	-	835,738	-	1,868,696
Other state sources	223,762	943,962	1,599,532	-	2,767,256
Other local sources	565,916	-	444,112	136	1,010,164
Total Revenues	2,712,048	943,962	2,879,382	136	6,535,528
EXPENDITURES					
Current					
Instruction	1,672,133	304,370	-	-	1,976,503
Instruction-related services					
Instructional supervision and administration	267,231	157,860	2,368,057	-	2,793,148
Instructional library, media, and technology	364	78,378	-	-	78,742
School site administration	378,287	61,047	8,824	-	448,158
Pupil services					
Home-to-school transportation	1,843	-	-	-	1,843
All other pupil services	597,980	233,200	310,051	-	1,141,231
General administration					
All other general administration	272,649	30,462	192,450	-	495,561
Plant services	154,605	-	-	-	154,605
Transfers to other agencies	-	142,864	-	-	142,864
Total Expenditures	3,345,092	1,008,181	2,879,382	-	7,232,655
Excess (Deficiency) of Revenues Over Expenditures	(633,044)	(64,219)	-	136	(697,127)
Other Financing Sources (Uses)					
Transfers in	655,323	-	-	-	655,323
Net Financing Sources (Uses)	655,323	-	-	-	655,323
NET CHANGE IN FUND BALANCE	22,279	(64,219)	-	136	(41,804)
Fund Balance - Beginning	509,180	261,079	-	28,130	798,389
Fund Balance - Ending	\$ 531,459	\$ 196,860	\$ -	\$ 28,266	\$ 756,585

See accompanying note to supplementary information.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2021**

The Contra Costa County Office of Education was organized in 1865 under the laws of the State of California. The County Office of Education is the administrative agency for nine elementary school districts, seven unified school districts, two high school districts, one community college and one charter school.

GOVERNING BOARD

Member	Office	Term Expires
Annette Lewis	President	December 9, 2022
Sarah Butler	Vice President	December 9, 2022
Consuelo Lara	Member	December 13, 2024
Anamarie Avila Farias	Member	December 13, 2024
Mike Maxwell	Member	December 9, 2022

COUNTY OFFICE OF EDUCATION ADMINISTRATORS

Lynn Mackey
Superintendent

Denise Porterfield
Deputy Superintendent, Business and Administrative Services

Norma Gonzales
Assistant Superintendent, Human Resources

Nick Berger
Senior Director of Student Programs and Services

Marsha Tokuyoshi
Senior Director of Educational Services

Michelle Kiernan
Executive Assistant to Board and Superintendent

Alexandra Birdsell
Executive Assistant to Board and Superintendent

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2021**

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

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

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 8,263,601
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	(41,155)
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	<u>(94,890)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 8,127,556</u>

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 of time.

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.

Local Education Agency Organization Structure

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

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
Contra Costa County Office of Education
Pleasant Hill, 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, the major fund, and the aggregate remaining fund information of Contra Costa County Office of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Contra Costa County Office of Education's basic financial statements, and have issued our report thereon dated January 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Contra Costa 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 Contra Costa County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Contra Costa County Office of Education's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
January 9, 2022

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

Governing Board
Contra Costa County Office of Education
Pleasant Hill, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Christy White, Inc.

San Diego, California
January 9, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Contra Costa County Office of Education
Pleasant Hill, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on State Compliance

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

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Contra Costa 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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
January 9, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	COVID-19 Emergency Acts Funding/Education
<u>84.425C, 84.425D</u>	<u>Stabilization Fund Discretionary Grants</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>

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

STATE AWARDS

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

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

FIVE DIGIT CODE

20000
30000
60000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control
Miscellaneous

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

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

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

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

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

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

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

FINDING #2020-001 – INSTRUCTIONAL MINUTES (40000)

Criteria: The lowest reported instructional minute per grade level from each charter school site should meet the minimum required minutes for the fiscal year according to California Education Code Section 47612.5(a)(1).

Condition: After reviewing total calculated instructional minutes, it was noted that Classroom Based Charter School did not offer optional classes to satisfy the annual instructional minutes requirements.

Effect: The Charter is not in compliance with applicable sections of California Education Code.

Cause: The Charter did not update the instructional minutes to meet the Education Code requirements.

Questioned Cost: \$52,957, as calculated below:

Grade Levels Not in Compliance:

Grade Level	Minutes Requirement	2019-20 Actual Minutes*	2019-20 Planned Number of Days	Minutes Short
Grade 7	54,000	53,870	180	130
Grade 8	54,000	53,870	180	130
Grade 9	64,800	53,870	180	10,903
Grade 10	64,800	53,870	180	10,903
Grade 11	64,800	53,870	180	10,903
Grade 12	64,800	53,870	180	10,903

*On July 7, 2020, Golden Gate Community Charter certified that its school sites were closed from March 16, 2020 to June 4, 2020 for a total of 53 instructional days closed due to COVID-19. The planned minutes covered by the COVID School Closure Certification were included in the actual minutes column but were not actually offered due to the COVID school closure.

**CONTRA COSTA COUNTY OFFICE OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001 – INSTRUCTIONAL MINUTES (40000) (continued)

Questioned Cost (continued):

Proportional Reduction in Apportionment:

		7-8	9-12
1	Affected grade level(s)	7-8	9-12
2	Affected grade level ADA	5.70	25.89
3	Derived Value of ADA by Grade Span	\$10,170.00	\$12,093.00
4	Number of required minutes	54,000	64,800
5	Number of minutes short	130	10,930
6	Percentage of Minutes Not Offered	0.24%	16.87%
7	Affected LCFF Apportionment by Grade Span	\$57,969	\$313,088
8	Instructional Time Penalty by Grade Span	\$139	\$52,818
9	Total Instructional Time Penalty	-	\$52,957

Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the Charter implement corrective action to verify that each grade level will be in compliance with Education Code requirements related to annual instruction minutes at the beginning of each school year.

Corrective Action: The Charter agrees with the findings of the auditor and has taken steps to increase the number of instructional minutes for the 2020-21 fiscal year based on the opinion of the California Department of Education (CDE). The Charter plans to request a waiver for this penalty. Additionally, the Charter is working with legal counsel to challenge the CDE opinion that requires charter community school programs to meet the same number of instructional minutes of regular education programs, a practice that is both problematic and counterproductive because it does not meet the unique needs of this student population.

Current Status: Pursuant to Education Code 43502(d)(1) the annual instructional minute requirements were waived for fiscal year 2020-2021.