



Financial Statements
June 30, 2022

Shasta County Office of Education

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Independent Auditor's Report

To the Governing Board and
Superintendents of Schools
Shasta County Office of Education
Redding, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shasta County Office of Education (the County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the County has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are 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 December 15, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 the County's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 15, 2022



SHASTA COUNTY OFFICE OF EDUCATION

To be leaders in educational excellence, offering support to schools and community to ensure Shasta County students receive a quality education preparing them for high school graduation and success in career and college.

Superintendent
Judy Flores

Board of Education
Kathy Barry
Robert Brown
Author Gorman
Steve MacFarland
Laura Manuel
Denny Mills
Nick Webb

This section of Shasta County Office of Education's (the County's) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the County's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the County using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the County from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the County (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for the following categories of activities: governmental and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Shasta County Office of Education.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the County as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's Net Position and changes in them. Net Position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's Net Position will serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other factors to consider are changes in the County's property tax base and the condition of the County's facilities.

The relationship between revenues and expenses is the County's *operating results*. Since the County's governing board's responsibility is to provide services to our students and districts, and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the County. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the County activities as follows:

Governmental Activities - All of the County's services are reported in this category. This includes the education of students, the operation of child development activities, and the coordination of the educational programs among school districts within Shasta County. Property taxes, State income taxes, user fees, interest income, and Federal, State, and local grants finance these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

THE COUNTY AS A TRUSTEE

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for payroll revolving activity. The County's fiduciary activities are reported in the *Fiduciary Statement of Net Position and Fiduciary Statement of Changes in Net Position*. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

Overall revenues were \$86,280,020. Revenues exceeded expenses by \$11,545,534. Total net position in for governmental activities was \$28,985,325.

The County School Services Fund reported a total fund balance of \$33,963,126 at June 30, 2022.

The County operates a county court school, an independent study school, and special education programs. The County also operates preschool programs throughout Shasta County, and provides a variety of early education and other instructional services for the region.

In addition to these student programs, the County continues to operate a variety of programs to serve students and districts in the county and region - such as programs for homeless and foster children, after school programs, special education transportation, mental health services, and professional development opportunities for teachers and administrators.

THE COUNTY AS A WHOLE

Net Position

The County's Net Position was \$28,985,326 for the fiscal year ended June 30, 2022. Of this amount, \$(7,509,311) was unrestricted (deficit). Restricted Net Position is reported separately to show legal constraints from enabling legislation that limit the governing board's ability to use Net Position for day-to-day operations. Our analysis below, in summary form, focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the County's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as restated
Assets		
Current and other assets	\$ 54,985,870	\$ 53,505,699
Net other postemployment benefits (OPEB) asset	-	606,362
Capital assets and right-to-use leased assets	21,829,871	16,064,544
Total assets	76,815,741	70,176,605
Deferred outflows of resources	6,148,522	6,566,616
Liabilities		
Current liabilities	21,022,744	23,417,369
Long-term liabilities	21,674,550	33,984,455
Total liabilities	42,697,294	57,401,824
Deferred inflows of resources	11,281,643	1,901,606
Net Position		
Net investment in capital assets	21,577,028	15,806,789
Restricted	14,917,609	11,200,740
Unrestricted (deficit)	(7,509,311)	(9,567,738)
Total net position	\$ 28,985,326	\$ 17,439,791

The \$(7,509,311) in unrestricted (deficit) Net Position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the County as a whole are reported in the *Statement of Activities* on page 15. Table 2 below summarizes the change in net position for the County.

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	\$ 4,652,592	\$ 4,140,377
Operating grants and contributions	59,595,889	50,407,915
General revenues		
Federal and State aid not restricted	6,085,015	6,463,949
Property taxes	6,472,962	6,056,943
Other general revenues	9,473,562	6,425,423
Total revenues	86,280,020	73,494,607
Expenses		
Instruction	14,939,945	16,247,866
Pupil services	8,099,353	6,978,022
Administration	6,891,955	8,020,396
Plant services	2,775,153	2,629,390
All other services	42,028,080	36,502,499
Total expenses	74,734,486	70,378,173
Change in net position	\$ 11,545,534	\$ 3,116,434

The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87, *Leases*, for comparative purposes as only the impact to the beginning net position was determined as of July 1, 2021.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$74,734,486. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$6,472,962 because the cost was paid by those who benefited from the programs (\$4,652,592) or by other governments and organizations who subsidized certain programs with grants and contributions (\$59,595,889). We paid for the remaining "public benefit" portion of our governmental activities with \$15,558,577 in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the County's largest functions: instruction, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the County's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction	\$ 14,939,945	\$ 16,247,866	\$ (1,290,012)	\$ (3,911,202)
Pupil services	8,099,353	6,978,022	(1,012,912)	(3,112,373)
Administration	6,891,955	8,020,396	(4,038,322)	(5,555,974)
Plant services	2,775,153	2,629,390	(2,138,852)	(2,051,578)
All other services	42,028,080	36,502,499	(2,005,907)	(1,198,754)
Total	\$ 74,734,486	\$ 70,378,173	\$ (10,486,005)	\$ (15,829,881)

The total costs and net costs of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87, *Leases*, for comparative purposes as only the impact to the beginning net position was determined as of July 1, 2021.

THE COUNTY'S FUNDS

As the County completed this year, our governmental funds reported a combined fund balance of \$33,963,126, which is an increase of \$3,874,796, or 12.9% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
County School Service	\$ 21,376,593	\$ 33,273,743	\$ 32,787,076	\$ 21,863,260
Special Education Pass-Through	6,920,489	25,076,705	23,228,912	8,768,282
Child Development	898,933	30,886,376	29,461,043	2,324,266
Pupil Transportation Equipment	135,374	(4,164)	-	131,210
Forest Reserve	-	727,376	727,376	-
Capital Facilities	756,941	119,167	-	876,108
Total	\$ 30,088,330	\$ 90,079,203	\$ 86,204,407	\$ 33,963,126

The increase to the County School Services Fund ending fund balance is primarily due to reduced spending by many departments and programs; as well as some planned spending delayed until 2022-2023. In addition, some grant funds were received in 2021-2022 to be used in 2022-2023 and are included in the restricted ending fund balance.

The increase in the Special Education Pass-Through Fund resulted primarily from reduced spending needed for out-of-home student placements and mental health related services.

The increase in the Child Development Fund resulted mostly from program budgets not fully expending available funds due to continued cautious spending and delays as a result of the pandemic. The ending balance also includes the unspent portion of the General Fund contribution for the Hilltop facility expansion to be completed in 2022-2023.

The decrease in the Pupil Transportation Equipment Fund is the result of the county treasury investment pool fair market value adjustment.

The increase to the Capital Facilities Fund ending fund balance is due to the collection of property taxes from redevelopment projects and annual interest earnings.

County School Service Fund Budgetary Highlights

Over the course of the year, the County revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget (estimated actual report) was adopted June 22, 2022. (A schedule showing the County's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 62.)

Budgeted revenues and other financing sources increased \$5,869,069, and budgeted expenditures and other uses increased by \$4,421,500. The significant budget amendments fell into the following categories:

- Budget revisions to reflect funding levels approved in the state budget.
- Budget revisions to update revenues and expenditures for fluctuations in enrollment and average daily attendance (ADA) data.
- Budget revisions to update salaries and benefits to actual staffing plans.
- Adjustments to program revenues and expenditures related to unexpended balances carried forward from the prior year.
- Other budget revisions including new grants and capital outlay purchases.
- The significant swing in revenues was due primarily to stimulus funds included in the revised budget.
- The significant swing in expenditures was due primarily to costs for the new Early Childhood Services building.

The County budgeted County School Services Fund expenditures and other financing uses to exceed revenues and other financing sources by \$408,555. However, actual revenues and other financing sources exceeded expenditures and other financing uses by \$486,667.

- Actual revenues and other financing sources were \$700,155 less than the final budgeted amounts. Revenues were less than anticipated due to a decline in attendance. Federal and state grant awards varied primarily from the timing of earning some restricted grant funds. In addition, local income was less than anticipated due to a negative adjustment to the fair market value of investments.
- Actual expenditures and other financing uses were \$1,595,377 less than the final budgeted amounts. The County Office commonly has savings as our program managers carefully avoid overspending their program budgets. Savings were larger than normal during 2021-2022 from the unusual operations of many programs during the pandemic.
- An electric bus purchase budgeted at \$394,309 was delayed and is expected in 2021-2022.

CAPITAL AND RIGHT-TO-USE LEASED ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the County had \$21,829,871 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization expenses), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation and amortization expenses) of \$5,765,327, or 35.9%.

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	\$ 7,271,428	\$ 1,301,222
Buildings and improvements	11,937,479	12,341,638
Equipment	2,311,589	2,134,830
Right-to-use leased assets	309,375	286,854
Total	\$ 21,829,871	\$ 16,064,544

The County presents more detailed information of our capital assets and right-to-use leased assets in Note 4 of the financial statements.

Long-Term Liabilities Other than OPEB and Pensions

At the end of this year, the County had \$954,877 in long-term liabilities other than OPEB and pensions versus \$888,882 last year, an increase of \$65,995, or 7.4%. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
Leases payable	\$ 252,844	\$ 257,754
Compensated absences	702,033	631,128
Total	\$ 954,877	\$ 888,882

The County presents more detailed information of our long-term liabilities other than OPEB and pensions in Note 8 of the financial statements.

OPEB and Pension (Asset)/Liabilities

At year-end, the County had a net OPEB (asset)/liability for the County Plan of \$152,311 versus \$(606,362) last year, an increase of \$758,673, or 125.1%.

At year-end, the County had a net OPEB liability for the Medicare Premium Payment (MPP) Program of \$59,971 versus \$70,417 last year, a decrease of \$10,446, or 14.8%.

At year-end, the County had an aggregate net pension liability of \$20,507,392 versus \$33,025,155 last year, a decrease of \$12,517,763, or 37.9%.

The County presents more detailed information of our OPEB and Pension liabilities in Notes 9 and 12, respectively, of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the County Budget for the 2022-2023 fiscal year, the governing board and management used the following criteria:

Funding for the County is dependent upon federal and state economic conditions providing direct support to the County as well as on districts that contract with the County for a variety of services.

The County has settled contracts with all bargaining groups for fiscal years 2021-2022 and 2022-2023.

CONTACTING THE COUNTY'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's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Adam Hillman, Associate Superintendent of Administrative Services, at Shasta County Office of Education, 1644 Magnolia Avenue, Redding, CA 96001 or 530-225-0317.

Shasta County Office of Education
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Deposits and investments	\$ 31,339,086
Restricted assets - pension trust	437,614
Receivables	22,839,893
Prepaid expense	255,573
Stores inventories	113,704
Capital assets not depreciated	7,271,428
Capital assets, net of accumulated depreciation	14,249,068
Right-to-use leased assets, net of accumulated amortization	309,375
Total assets	76,815,741
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	387,533
Deferred outflows of resources related to pensions	5,760,989
Total deferred outflows of resources	6,148,522
Liabilities	
Accounts payable	16,928,661
Unearned revenue	4,094,083
Long-term liabilities other than OPEB and Pension	
Long-term liabilities other than OPEB and pensions due within one year	102,790
Long-term liabilities other than OPEB and pensions due in more than one year	852,086
Net other postemployment benefits (OPEB) liability	212,282
Aggregate net pension liability	20,507,392
Total liabilities	42,697,294
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	186,566
Deferred inflows of resources related to pensions	11,095,077
Total deferred inflows of resources	11,281,643
Net Position	
Net investment in capital assets	21,577,028
Restricted for	
Capital projects	876,108
Educational programs	3,387,530
Other activities	10,216,357
Other restrictions - pension trust	437,614
Unrestricted (deficit)	(7,509,311)
Total net position	\$ 28,985,326

Shasta County Office of Education
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 7,650,286	\$ 365,562	\$ 7,026,284	\$ (258,440)
Instruction-related activities				
Supervision of instruction	4,511,532	426,951	3,066,683	(1,017,898)
Instructional library, media, and technology	197,485	-	-	(197,485)
School site administration	2,580,642	101,874	2,662,579	183,811
Pupil services				
Home-to-school transportation	2,726,437	260,967	589,955	(1,875,515)
Food services	296,744	337	310,836	14,429
All other pupil services	5,076,172	669,542	5,254,804	848,174
Administration				
Data processing	2,334,210	-	57,402	(2,276,808)
All other administration	4,557,745	250,153	2,546,078	(1,761,514)
Plant services	2,775,153	27,762	608,539	(2,138,852)
Ancillary services	2,965,282	322,536	2,224,637	(418,109)
Community services	15,115,377	1,177,602	14,093,419	155,644
Interest on long-term liabilities	13,948	-	-	(13,948)
Other outgo	23,933,473	1,049,306	21,154,673	(1,729,494)
Total governmental activities	<u>\$ 74,734,486</u>	<u>\$ 4,652,592</u>	<u>\$ 59,595,889</u>	<u>(10,486,005)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				6,325,890
Taxes levied for other specific purposes				147,072
Federal and State aid not restricted to specific purposes				6,085,015
Interest, investment earnings, and change in fair market valuations				(720,839)
Interagency revenues				3,929,375
Miscellaneous				6,265,026
Subtotal, general revenues and subventions				<u>22,031,539</u>
Change in Net Position				11,545,534
Net Position - Beginning, as restated				<u>17,439,792</u>
Net Position - Ending				<u>\$ 28,985,326</u>

Shasta County Office of Education
Balance Sheet – Governmental Funds
June 30, 2022

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 18,220,003	\$ 8,382,810	\$ 3,728,955	\$ 1,007,318	\$ 31,339,086
Restricted assets - pension trust	437,614	-	-	-	437,614
Receivables	8,195,312	10,754,414	3,890,167	-	22,839,893
Due from other funds	3,776,507	3,964,763	26,901	-	7,768,171
Prepaid expenditures	254,073	-	1,500	-	255,573
Stores inventories	113,704	-	-	-	113,704
Total assets	\$ 30,997,213	\$ 23,101,987	\$ 7,647,523	\$ 1,007,318	\$ 62,754,041
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,808,149	\$ 12,224,505	\$ 2,896,007	\$ -	\$ 16,928,661
Due to other funds	3,991,664	2,109,200	1,667,307	-	7,768,171
Unearned revenue	3,334,140	-	759,943	-	4,094,083
Total liabilities	9,133,953	14,333,705	5,323,257	-	28,790,915
Fund Balances					
Nonspendable	386,269	-	1,500	-	387,769
Restricted	3,825,144	8,768,282	1,448,075	876,108	14,917,609
Assigned	15,371,847	-	874,691	131,210	16,377,748
Unassigned	2,280,000	-	-	-	2,280,000
Total fund balances	21,863,260	8,768,282	2,324,266	1,007,318	33,963,126
Total liabilities and fund balances	\$ 30,997,213	\$ 23,101,987	\$ 7,647,523	\$ 1,007,318	\$ 62,754,041

Shasta County Office of Education
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2022

Total Fund Balance - Governmental Funds		\$ 33,963,126
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 33,345,110	
Accumulated depreciation is	<u>(11,824,614)</u>	
Net capital assets		21,520,496
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	631,661	
Accumulated amortization is	<u>(322,286)</u>	
Net right-to-use leased assets		309,375
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Net other postemployment benefits (OPEB) liability	387,533	
Net aggregate net pension liability	<u>5,760,989</u>	
Total deferred outflows of resources		6,148,522
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net other postemployment benefits (OPEB) liability	(186,566)	
Net aggregate net pension liability	<u>(11,095,077)</u>	
Total deferred inflows of resources		(11,281,643)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(20,507,392)
The County's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(212,282)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
Leases payable	(252,843)	
Compensated absences	<u>(702,033)</u>	
Total long-term liabilities		<u>(954,876)</u>
Total net position - governmental activities		<u>\$ 28,985,326</u>

Shasta County Office of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 9,074,561	\$ 2,563,328	\$ -	\$ -	\$ 11,637,889
Federal sources	6,413,199	5,406,774	10,248,470	727,376	22,795,819
Other State sources	8,664,676	17,358,278	14,936,719	-	40,959,673
Other local sources	8,953,077	(251,675)	2,638,646	115,003	11,455,051
Total revenues	33,105,513	25,076,705	27,823,835	842,379	86,848,432
Expenditures					
Current					
Instruction	4,616,959	-	3,549,941	-	8,166,900
Instruction-related activities					
Supervision of instruction	4,135,608	-	768,593	-	4,904,201
School site administration	1,317,239	-	1,494,638	-	2,811,877
Pupil services					
Home-to-school transportation	3,383,028	-	-	-	3,383,028
Food services	244,616	-	59,457	-	304,073
All other pupil services	4,681,458	-	686,321	-	5,367,779
Administration					
Data processing	2,423,019	-	-	-	2,423,019
All other administration	3,346,788	-	1,567,775	-	4,914,563
Plant services	2,073,158	-	245,664	-	2,318,822
Ancillary services	3,080,341	-	-	-	3,080,341
Community services	68,429	-	15,254,198	-	15,322,627
Other outgo	86,291	23,228,912	-	618,270	23,933,473
Facility acquisition and construction	223,518	-	5,800,556	-	6,024,074
Debt service					
Principal	93,800	-	32,776	-	126,576
Interest and other	12,824	-	1,124	-	13,948
Total expenditures	29,787,076	23,228,912	29,461,043	618,270	83,095,301
Excess (Deficiency) of Revenues Over Expenditures	3,318,437	1,847,793	(1,637,208)	224,109	3,753,131
Other Financing Sources (Uses)					
Transfers in	109,106	-	3,000,000	-	3,109,106
Other sources - leases	59,124	-	62,541	-	121,665
Transfers out	(3,000,000)	-	-	(109,106)	(3,109,106)
Net Financing Sources (Uses)	(2,831,770)	-	3,062,541	(109,106)	121,665
Net Change in Fund Balances	486,667	1,847,793	1,425,333	115,003	3,874,796
Fund Balance - Beginning	21,376,593	6,920,489	898,933	892,315	30,088,330
Fund Balance - Ending	\$ 21,863,260	\$ 8,768,282	\$ 2,324,266	\$ 1,007,318	\$ 33,963,126

Shasta County Office of Education

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	3,874,796
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.</p>		
Capital outlays	\$	6,901,208
Depreciation and amortization expenses		<u>(1,132,377)</u>
Net expense adjustment		5,768,831
Loss (Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds		(3,504)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position		(121,665)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(70,905)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		2,185,972
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(214,567)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Leases payable		<u>126,576</u>
Change in net position of governmental activities	\$	<u><u>11,545,534</u></u>

Shasta County Office of Education
Statement of Net Position – Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
Assets	
Investments	\$ 3,705,456
Receivables	<u>33</u>
Total assets	<u><u>\$ 3,705,489</u></u>
Liabilities	
Due to other governments	<u><u>\$ 3,705,489</u></u>

Shasta County Office of Education
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2022

	Custodial Funds
Additions	
Contributions	
Funds collected for others	\$ 356,406,460
Decrease in the fair value of investments	(116,815)
Interest	2,805
	356,292,450
Total additions	356,292,450
Deductions	
Funds distributed to others	356,292,450
Net Increase (Decrease) In Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Shasta County Office of Education (the County) was organized in 1866, under the laws of the State of California. There were no changes in the boundaries of the County Office during the current year.

The County Office coordinates the educational programs among school districts within Shasta County. The County Office provides professional and financial oversight assistance to school districts in the County.

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 consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Other Related Entities

Charter School The County has approved Charters for Chrysalis Charter School, Northern Summit Academy Shasta, and Redding STEM Academy pursuant to *Education Code* Section 47605. The Chrysalis Charter, Northern Summit Academy Shasta, and Redding STEM Academy are direct-funded and are not considered component units of the County. The Charter Schools are independent of the County, but subject to periodic charter renewal by the County.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The County's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major and non-major governmental funds:

Major Governmental Funds

County School Service Fund The County School Service Fund is the chief operating fund for all counties. It is used to account for the ordinary operations of the County. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as special revenue fund in the California School Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extension of the County School Service Fund, and accordingly has been combined with the County School Service Fund for presentation in these audited financial statements.

As a result, the County School Service Fund reflects an increase in fund balance of \$582,389.

Special Education Pass-Through Fund The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Non-Major Governmental Funds

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

- **Pupil Transportation Fund** The Pupil Transportation Fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students.
- **Forest Reserve Fund** The Forest Reserve Fund exists to account separately for Federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code* Section 2300; *Government Code* Section 29484).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et. seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developers (*Government Code* Section 66006).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County and are not available to support the County's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

The County's custodial funds are used to account for resources, not in a trust, that are held by the County for other local education agencies outside the County's reporting entity. The County's custodial fund accounts for payroll revolving activity. This fund is also used to receive federal and state apportionments that are distributed to Shasta County school districts.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting used in financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect of the County and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The County does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. 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 the 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. Eliminations have been made to minimize the double counting of internal activities.

Net Position should be reported as restricted when constraints placed on Net Position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Net Position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with

brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the County.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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. The County considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the County before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the County has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

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 value of investments in the County investment pool, are determined by the program sponsor.

Restricted Assets – Pension Trust

The County has established an irrevocable trust with Public Agency Retirement Services (PARS) for the express purpose of accumulating resources to pay future CalPERS and CalSTRS employer contributions. As of June 30, 2022, the balance of the trust was \$437,614.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the County. The County maintains a capitalization threshold of \$50,000 for site and facility improvements and \$15,000 for equipment. 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 but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 50 years; equipment, two to 15 years.

The County records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The County records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The compensated absence liability will be paid by the following funds: County School Service Fund and Child Development Fund.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the County's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities 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 liabilities of the governmental funds.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County reports deferred outflows of resources for pension related items and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County reports deferred inflows of resources for pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' Fiduciary Net Position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the County Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the County Plan and the MPP. For this purpose, the County Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the County School Service Fund.

Leases

The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The County currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the County School Service Fund in order to protect the county against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of County School Service Fund expenditures and other financing uses as required by education code plus an additional three percent.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position 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 County has no related debt outstanding as of June 30, 2022. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report \$14,917,609 of Net Position, restricted by enabling legislation.

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.

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.

Property Tax

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

Change in Accounting Principles**Implementation of GASB Statement No. 87**

As of July 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 1 and the additional disclosures required by this standard is included in Note 15.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement 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. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.

- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 31,339,086
Fiduciary funds	<u>3,705,456</u>
Total deposits and investments	<u><u>\$ 35,044,542</u></u>

Deposits and investments as of June 30, 2022, consist of the following:

Cash in revolving	\$ 18,492
Investments	<u>35,026,050</u>
Total deposits and investments	<u><u>\$ 35,044,542</u></u>

Policies and Practices

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

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County manages its exposure to interest rate risk by holding the majority of its investments in the Shasta County Investment Pool. The pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County maintains an investment of \$35,026,050 with the Shasta County Investment Pool. The average weighted maturity for this pool was 656 days.

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 County's investments in the Shasta County Investment Pool are not required to be rated, nor has it been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the County had no bank balances that were exposed to custodial credit risk.

Note 3 - Receivables

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

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Total Governmental Activities	Fiduciary Funds
Federal Government					
Categorical aid	\$ 2,662,679	\$ 10,591,553	\$ 1,280,164	\$ 14,534,396	\$ -
State Government					
LCFF apportionment	398,876	-	-	398,876	-
Categorical aid	1,479,650	162,861	2,032,544	3,675,055	-
Lottery	24,660	-	-	24,660	-
Local Government					
Due from other LEAs	2,715,399	-	-	2,715,399	-
Other local sources	914,048	-	577,459	1,491,507	33
	<u>\$ 8,195,312</u>	<u>\$ 10,754,414</u>	<u>\$ 3,890,167</u>	<u>\$ 22,839,893</u>	<u>\$ 33</u>

Note 4 - Capital and Right-to-Use Leased Assets

Capital and right-to-use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 827,095	\$ -	\$ -	\$ 827,095
Construction in progress	474,127	6,008,409	(38,203)	6,444,333
Total capital assets not being depreciated	1,301,222	6,008,409	(38,203)	7,271,428
Capital assets being depreciated				
Land improvements	2,694,112	76,405	-	2,770,517
Buildings and improvements	15,438,860	-	-	15,438,860
Furniture and equipment	7,239,244	732,932	(107,871)	7,864,305
Total capital assets being depreciated	25,372,216	809,337	(107,871)	26,073,682
Total capital assets	26,673,438	6,817,746	(146,074)	33,345,110
Accumulated depreciation				
Land improvements	(953,721)	(119,365)	-	(1,073,086)
Buildings and improvements	(4,837,613)	(361,199)	-	(5,198,812)
Furniture and equipment	(5,104,414)	(552,669)	104,367	(5,552,716)
Total accumulated depreciation	(10,895,748)	(1,033,233)	104,367	(11,824,614)
Net depreciable capital assets	14,476,468	(223,896)	(3,504)	14,249,068
Right-to-use leased assets being amortized				
Furniture and equipment	509,996	121,665	-	631,661
Accumulated amortization				
Furniture and equipment	(223,142)	(99,144)	-	(322,286)
Net right-to-use leased assets	286,854	22,521	-	309,375
Governmental activities capital assets and right- to-use leased assets, net	\$ 16,064,544	\$ 5,807,034	\$ (41,707)	\$ 21,829,871

Depreciation and amortization expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 24,009
Supervision of instruction	20,337
Instructional library, media, and technology	197,485
Home-to-school transportation	192,659
Food services	3,743
Data processing	44,077
All other administration	7,591
Plant services	599,944
Ancillary Services	34,489
Community Services	8,043
	<hr/>
Total depreciation and amortization expenses governmental activities	<u><u>\$ 1,132,377</u></u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2022, between major funds are as follows:

Due To	Due From			
	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Total Governmental Activities
County School Service Fund	\$ -	\$ 2,109,200	\$ 1,667,307	\$ 3,776,507
Special Education Pass-Through Fund	3,964,763	-	-	3,964,763
Child Development Fund	26,901	-	-	26,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u><u>\$ 3,991,664</u></u>	<u><u>\$ 2,109,200</u></u>	<u><u>\$ 1,667,307</u></u>	<u><u>\$ 7,768,171</u></u>

The balance of \$2,109,200 is due to the County School Service Fund from the Special Education Pass-Through Fund for the special education allocation.

The balance of \$1,667,307 is due to the County School Service Fund from the Child Development Fund for indirect costs and reimbursement of operating costs.

The balance of \$3,964,763 is due to the Special Education Pass-Through Fund from the County School Service Fund for the SELPA's share of property taxes.

The balance of \$26,901 is due to the Child Development Fund from the County School Service Fund for reimbursement of operating costs.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Transfer To	Transfer From		Total
	County School Service Fund	Non-Major Governmental Funds	
County School Service Fund	\$ -	\$ 109,106	\$ 109,106
Child Development Fund	3,000,000	-	3,000,000
Total	<u>\$ 3,000,000</u>	<u>\$ 109,106</u>	<u>\$ 3,109,106</u>

The County School Service Fund transferred to the Child Development Fund contributions for the facilities project. \$ 3,000,000

The Forest Reserve Non-Major Governmental Fund transferred to the County School Service Fund the Forest Reserve allocation. 109,106

Total \$ 3,109,106

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Total Governmental Activities	Fiduciary Funds
Salaries and benefits	\$ 126,479	\$ -	\$ 5,976	\$ 132,455	\$ -
Capital outlay	-	-	727,700	727,700	-
Due to other LEAs	-	12,224,505	-	12,224,505	-
Other vendor payables	1,681,670	-	2,162,331	3,844,001	3,705,489
Total	<u>\$ 1,808,149</u>	<u>\$ 12,224,505</u>	<u>\$ 2,896,007</u>	<u>\$ 16,928,661</u>	<u>\$ 3,705,489</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	County School Service Fund	Child Development Fund	Total Governmental Activities
Federal financial assistance	\$ 1,700,508	\$ 377,293	\$ 2,077,801
State categorical aid	1,024,721	381,832	1,406,553
Other local	608,911	818	609,729
Total	\$ 3,334,140	\$ 759,943	\$ 4,094,083

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the County's long-term liabilities other than OPEB and pensions during the year consisted of the following:

Lease	July 1, 2021 as restated	Addition	Payments	June 30, 2022
Copier lease	\$ 172,686	\$ -	\$ (65,685)	\$ 107,001
Vehicle lease - E88	19,534	-	(4,425)	15,109
Vehicle lease - E90	20,806	-	(3,920)	16,886
Vehicle lease - E91	-	21,471	(11,657)	9,814
Vehicle lease - E92	16,154	-	(3,036)	13,118
Vehicle lease - E93	14,287	-	(2,880)	11,407
Vehicle lease - E94	14,287	-	(2,880)	11,407
Vehicle lease - E95	-	41,071	(11,119)	29,952
Vehicle lease - E96	-	29,635	(10,572)	19,063
Vehicle lease - E97	-	29,488	(10,402)	19,086
Total	\$ 257,754	\$ 121,665	\$ (126,576)	\$ 252,843

Leases and compensated absences are paid by the County School Service Fund and the Child Development Fund.

Leases

The County has entered into agreements to lease various equipment. The County's liability on lease agreements is summarized below:

Lease	July 1, 2021 as restated	Addition	Payments	June 30, 2022
Copier lease	\$ 172,686	\$ -	\$ (65,685)	\$ 107,001
Vehicle lease - E88	19,534	-	(4,425)	15,109
Vehicle lease - E90	20,806	-	(3,920)	16,886
Vehicle lease - E91	-	21,471	(11,657)	9,814
Vehicle lease - E92	16,154	-	(3,036)	13,118
Vehicle lease - E93	14,287	-	(2,880)	11,407
Vehicle lease - E94	14,287	-	(2,880)	11,407
Vehicle lease - E95	-	41,071	(11,119)	29,952
Vehicle lease - E96	-	29,635	(10,572)	19,063
Vehicle lease - E97	-	29,488	(10,402)	19,086
Total	\$ 257,754	\$ 121,665	\$ (126,576)	\$ 252,843

Copier Lease

The County entered an agreement to lease copiers for six years, beginning January 2018. Under the terms of the lease, the County paid the monthly payments of \$6,260. The annual interest rate charged on the lease is 6.65%. At June 30, 2022, the County has recognized a right-to-use asset of \$371,341 and a lease liability of \$107,001 related to this agreement. During the fiscal year, the County recorded \$61,891 in amortization expense and \$9,433 in interest expense for the right-to-use of the copiers.

Vehicle Lease - E88

The County entered an agreement to lease a vehicle for five years, beginning September 2020. Under the terms of the lease, the County paid the monthly payments of \$421. The annual interest rate charged on the lease is 3.65%. At June 30, 2022, the County has recognized a right-to-use asset of \$28,101 and a lease liability of \$15,109 related to this agreement. During the fiscal year, the County recorded \$5,620 in amortization expense and \$631 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E90

The County entered an agreement to lease a vehicle for five years, beginning June 2021. Under the terms of the lease, the County paid the monthly payments of \$388. The annual interest rate charged on the lease is 3.80%. At June 30, 2022, the County has recognized a right-to-use asset of \$31,126 and a lease liability of \$16,886 related to this agreement. During the fiscal year, the County recorded \$6,225 in amortization expense and \$730 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E91

The County entered an agreement to lease a vehicle for five years, beginning August 2021. Under the terms of the lease, the County paid the monthly payments of \$217. The annual interest rate charged on the lease is 3.85%. At June 30, 2022, the County has recognized a right-to-use asset of \$21,471 and a lease liability of \$9,814 related to this agreement. During the fiscal year, the County recorded \$3,936 in amortization expense and \$384 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E92

The County entered an agreement to lease a vehicle for five years, beginning June 2021. Under the terms of the lease, the County paid the monthly payments of \$302. The annual interest rate charged on the lease is 3.97%. At June 30, 2022, the County has recognized a right-to-use asset of \$26,130 and a lease liability of \$13,118 related to this agreement. During the fiscal year, the County recorded \$5,226 in amortization expense and \$585 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E93

The County entered an agreement to lease a vehicle for five years, beginning June 2021. Under the terms of the lease, the County paid the monthly payments of \$262. The annual interest rate charged on the lease is 3.97%. At June 30, 2022, the County has recognized a right-to-use asset of \$26,649 and a lease liability of \$11,407 related to this agreement. During the fiscal year, the County recorded \$5,330 in amortization expense and \$510 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E94

The County entered an agreement to lease a vehicle for five years, beginning June 2021. Under the terms of the lease, the County paid the monthly payments of \$262. The annual interest rate charged on the lease is 3.97%. At June 30, 2022, the County has recognized a right-to-use asset of \$26,649 and a lease liability of \$11,407 related to this agreement. During the fiscal year, the County recorded \$5,330 in amortization expense and \$510 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E95

The County entered an agreement to lease a vehicle for five years, beginning January 2022. Under the terms of the lease, the County paid the monthly payments of \$616. The annual interest rate charged on the lease is 4.67%. At June 30, 2022, the County has recognized a right-to-use asset of \$41,071 and a lease liability of \$29,952 related to this agreement. During the fiscal year, the County recorded \$4,107 in amortization expense and \$740 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E96

The County entered an agreement to lease a vehicle for five years, beginning May 2022. Under the terms of the lease, the County paid the monthly payments of \$383. The annual interest rate charged on the lease is 6.37%. At June 30, 2022, the County has recognized a right-to-use asset of \$29,635 and a lease liability of \$19,063 related to this agreement. During the fiscal year, the County recorded \$988 in amortization expense and \$207 in interest expense for the right-to-use of the vehicle.

Vehicle Lease - E97

The County entered an agreement to lease a vehicle for five years, beginning June 2022. Under the terms of the lease, the County paid the monthly payments of \$386. The annual interest rate charged on the lease is 6.71%. At June 30, 2022, the County has recognized a right-to-use asset of \$29,488 and a lease liability of \$19,086 related to this agreement. During the fiscal year, the County recorded \$491 in amortization expense and \$218 in interest expense for the right-to-use of the vehicle.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 102,790	\$ 11,177	\$ 113,967
2024	71,009	5,234	76,243
2025	35,762	2,914	38,676
2026	31,956	1,464	33,420
2027	11,327	276	11,603
Total	<u>\$ 252,844</u>	<u>\$ 21,065</u>	<u>\$ 273,909</u>

Compensated Absences

The compensated absences (unpaid employee vacation) for the County as of June 30, 2022, amounted to \$702,033.

Note 9 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2022, the County reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
County Plan	\$ 152,311	\$ 387,533	\$ 186,566	\$ 491,970
Medicare Premium Payment (MPP) Program	59,971	-	-	(10,446)
Total	<u>\$ 212,282</u>	<u>\$ 387,533</u>	<u>\$ 186,566</u>	<u>\$ 481,524</u>

The details of each plan are as follows:

County Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the Shasta County Office of Education's Postemployment Benefits Plan through the California Employers' Retiree Benefit Trust (CERBT) Fund (the Trust) – an agent multiple-employer defined benefit plan that is used to provide other postemployment benefits other than pensions (OPEB) for all eligible employees of the County. Financial information for CalPERS can be found on the CalPERS website at: <https://www.calpers.ca.gov/page/forms-publications>.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	132
Active employees	<u>257</u>
Total	<u><u>389</u></u>

Benefits Provided

The Plan provides medical, dental, and vision benefits to eligible retirees. The benefits are provided through CERBT. Certificated employees may retiree with the County paid benefits after attaining age of 55 and completing at least five years of service. Employees hired on or after January 1, 1997 are eligible for \$300 per month until Medicare age of 65. Employees hired prior to the January 1, 1997 are eligible for either \$150 per month for life, or \$300 per month until Medicare age of 65. Classified employees have benefits similar to certificated employees except that the cutoff hire date for the lifetime benefit option is July 1, 1996. The County Superintendent has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the County are established and may be amended by the County Superintendent, the Shasta County Certificated Employee Association (SCCEA), the local California Service Employees Association (CSEA), Child Development Educators Association (CDEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County Superintendent. For the measurement period of June 30, 2022, the County contributed \$270,000 to the Plan, the entire amount was used for current premiums.

Net OPEB Liability of the County

The County's Net OPEB liability of \$152,311 was measured as of June 30, 2022. The net OPEB liability was determined by an actuarial valuation as June 30, 2022. The components of the net OPEB asset of the County at June 30, 2022, were as follows:

Total OPEB liability	\$ 3,291,294
Plan fiduciary net position	<u>(3,138,983)</u>
Net OPEB liability	<u>\$ 152,311</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>95.37%</u>

Actuarial Assumptions

The net OPEB asset in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Investment rate of return	5.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

The discount rate was based on expected long-term rate of return for CERBT strategy 3.

Mortality rates were based on the 2020 CalSTRS Mortality tables and 2017 CalPERS Mortality for Miscellaneous and School Employees tables. Mortality rates varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study through June 30, 2022.

Changes in the Net OPEB (Asset)/Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
Balance, June 30, 2021	\$ 2,912,630	\$ 3,518,992	\$ (606,362)
Service cost	51,380	-	51,380
Interest	161,191	-	161,191
Employer contributions	-	270,000	(270,000)
Expected investment income	-	202,256	(202,256)
Changes of benefit terms	445,006	-	445,006
Difference between projected and actual earnings on OPEB plan investments	-	(576,229)	576,229
Difference between expected and actual experience in the measurement of the total OPEB liability	(8,913)	-	(8,913)
Benefit payments	(270,000)	(270,000)	-
Administrative expense	-	(6,036)	6,036
Net change in total OPEB (asset)/liability	378,664	(380,009)	758,673
Balance, June 30, 2022	\$ 3,291,294	\$ 3,138,983	\$ 152,311

Changes of benefit terms: The County's contribution has been changed from \$300 per month after five years of service to a schedule based on service: \$300 per month for five to nine years, \$450 per month for 10 to 14 years, and \$600 per month for 15 years or more.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB (Asset)/Liability
1% decrease (5.75%)	\$ 376,700
Current discount rate (5.75%)	152,311
1% increase (6.75%)	(48,635)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)*	\$ 152,311
Current healthcare cost trend rate (4.00%)*	152,311
1% increase (5.00%)*	152,311

* The Net OPEB liability is not sensitive to changes in the trend rates because the projected benefit payments are frozen flat dollar amounts (i.e., caps) that are always less than projected claims costs, and there is no implicit subsidy.

OPEB Expense, Deferred Outflow of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the County recognized OPEB expense of \$491,970. At June 30, 2022, the County reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on OPEB plan investments	\$ 312,407	\$ -
Difference between expected and actual experience in the measurement of the total OPEB liability	75,126	22,610
Changes of assumptions	-	163,956
	<u>387,533</u>	<u>186,566</u>
Total	<u>\$ 387,533</u>	<u>\$ 186,566</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 32,595
2024	46,936
2025	50,849
2026	97,936
2027	(17,309)
Thereafter	(10,040)
Total	<u>\$ 200,967</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers’ Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly County benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2022, the County reported a liability of \$59,971 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating local education agencies, actuarially determined. The County's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0150%, and 0.0166%, resulting in a net decrease in the proportionate share of 0.0016%.

For the year ended June 30, 2022, the County recognized OPEB expense of \$(10,446).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then

applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.16%)	\$ 66,105
Current discount rate (2.16%)	59,971
1% increase (3.16%)	54,731

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the County’s proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 54,537
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	59,971
1% increase (5.50% Part A and 6.40% Part B)	66,201

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 18,492	\$ -	\$ -	\$ -	\$ 18,492
Stores inventories	113,704	-	-	-	113,704
Prepaid expenditures	254,073	-	1,500	-	255,573
Total nonspendable	<u>386,269</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>387,769</u>
Restricted					
Legally restricted programs	3,387,530	8,768,282	1,448,075	-	13,603,887
Other restrictions - pension trust	437,614	-	-	-	437,614
Capital projects	-	-	-	876,108	876,108
Total restricted	<u>3,825,144</u>	<u>8,768,282</u>	<u>1,448,075</u>	<u>876,108</u>	<u>14,917,609</u>
Assigned					
Board priorities	15,371,847	-	-	-	15,371,847
Transportation program	-	-	-	131,210	131,210
Child development program	-	-	874,691	-	874,691
Total assigned	<u>15,371,847</u>	<u>-</u>	<u>874,691</u>	<u>131,210</u>	<u>16,377,748</u>
Unassigned					
Reserve for economic uncertainties	1,980,000	-	-	-	1,980,000
Remaining unassigned	300,000	-	-	-	300,000
Total unassigned	<u>2,280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,280,000</u>
Total	<u>\$ 21,863,260</u>	<u>\$ 8,768,282</u>	<u>\$ 2,324,266</u>	<u>\$ 1,007,318</u>	<u>\$ 33,963,126</u>

Note 11 - Risk Management

Property and Liability

The County is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the County contracted with Northern California Schools Insurance Group (NCSIG) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the County participated in the Shasta-Trinity Schools Insurance Group (STSIG), an insurance purchasing pool. The intent of STSIG is to achieve the benefit of a reduced premium for the County by virtue of its grouping and representation with other participants in STSIG. The workers' compensation experience of the participating local educational agencies is calculated as one experience and a common premium rate is applied to all local educational agencies in STSIG. Each participant pays its workers' compensation premium based on its individual rate. Participation in STSIG is limited to local educational agencies that can meet STSIG's selection criteria.

Employee Medical Benefits

The County has contracted with the Shasta-Trinity Schools Insurance Group (STSIG) to provide employee health benefits. STSIG is a shared risk pool comprised of several local education agencies. Rates are set through an annual calculation process. The County pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating local educational agencies. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a local educational agency subsequent to the settlement of all expenses and claims if a local educational agency withdraws from the pool.

Note 12 - Employee Retirement Systems

Qualified employees are covered under multiple employer defined benefit pension plans maintained by agencies of the State of California. Certificated instructional employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2022, the County reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 4,551,967	\$ 2,121,907	\$ 4,643,177	\$ 117,464
CalPERS	15,955,425	3,639,082	6,451,900	1,611,650
Total	<u>\$ 20,507,392</u>	<u>\$ 5,760,989</u>	<u>\$ 11,095,077</u>	<u>\$ 1,729,114</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The County contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The County contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member, County, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the County's total contributions were \$956,573.

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

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

Total net pension liability, including State share	
County's Proportionate share of net pension liability	\$ 4,551,967
State's proportionate share of the net pension liability	<u>2,290,373</u>
Total	<u><u>\$ 6,842,340</u></u>

The net pension liability was measured as of June 30, 2021. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating local educational agencies and the State, actuarially determined. The County's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0100% and 0.0095%, resulting in a net increase in the proportionate share of 0.0005%.

Shasta County Office of Education

Notes to Financial Statements

June 30, 2022

For the year ended June 30, 2022, the County recognized pension expense of \$117,464. In addition, the County recognized pension expense and revenue of \$78,362 for support provided by the State. At June 30, 2022, the County 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>
Pension contributions subsequent to measurement date	\$ 956,573	\$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	508,965	558,029
Differences between projected and actual earnings on pension plan investments	-	3,600,724
Differences between expected and actual experience in the measurement of the total pension liability	11,403	484,424
Changes of assumptions	<u>644,966</u>	<u>-</u>
Total	<u>\$ 2,121,907</u>	<u>\$ 4,643,177</u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (914,368)
2024	(836,349)
2025	(857,103)
2026	<u>(992,904)</u>
Total	<u>\$ (3,600,724)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and County’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 93,454
2024	144,023
2025	(93,504)
2026	18,072
2027	(27,725)
Thereafter	(11,439)
Total	<u>\$ 122,881</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's Fiduciary Net Position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the County's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 9,266,177
Current discount rate (7.10%)	4,551,967
1% increase (8.10%)	639,264

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total County contributions were \$2,958,513.

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

As of June 30, 2022, the County reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$15,955,425. The net pension liability was measured as of June 30, 2021. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating local educational agencies, actuarially determined. The County's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0785% and 0.0775%, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2022, the County recognized pension expense of \$1,611,650. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,958,513	\$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	204,259	291,070
Differences between projected and actual earnings on pension plan investments	-	6,123,217
Differences between expected and actual experience in the measurement of the total pension liability	476,310	37,613
	<u>476,310</u>	<u>37,613</u>
Total	<u>\$ 3,639,082</u>	<u>\$ 6,451,900</u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,535,698)
2024	(1,412,212)
2025	(1,472,323)
2026	(1,702,984)
Total	<u>\$ (6,123,217)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and County’s proportionate share of contributions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 265,732
2024	31,814
2025	48,965
2026	5,375
Total	<u>\$ 351,886</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the County's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 26,903,086
Current discount rate (7.15%)	15,955,425
1% increase (8.15%)	6,866,516

Alternative Retirement Plan

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The County has elected to use the MidAmerica Administrative & Retirement Solutions as its alternative plan. Contributions made by the County and an employee vest immediately. The County contributes between 3.631 to 6.650% of an employee's gross earnings. An employee is required to contribute 6.650% of his or her gross earnings to the pension plan. The County's contributions to MidAmerica Administrative & Retirement Solutions for fiscal year ending June 30, 2022 were \$867,485.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the County. These payments consist of State General Fund contributions to CalSTRS in the amount of \$643,270 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies**Grants**

The County 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 at June 30, 2022.

Litigation

The County is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County at June 30, 2022.

Construction Commitments

As of June 30, 2022, the County had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
ESC building	<u>\$ 1,406,473</u>	December 2022

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The County is a member of the Shasta-Trinity Schools Insurance Group and the Northern California Schools Insurance Group public entity risk pools. The County pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the County, the pools, and the JPA's are such that they are not component units of the County for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the County are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2022, the County made payments of \$3,476,898, \$598,530, and \$85,394 to Shasta-Trinity Schools Insurance Group and the Northern California Schools Insurance Group, respectively for annual premiums payment for health and welfare benefits, workers' compensation coverage, and property and liability coverage.

Note 15 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position

As of July 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements	
Net Position - Beginning	\$ 17,410,692
Right-to-use intangible asset, net of amortization	286,854
Leases payable	<u>(257,754)</u>
Net Position - Beginning as Restated	<u>\$ 17,439,792</u>



Required Supplementary Information
June 30, 2022

Shasta County Office of Education

Shasta County Office of Education
 Budgetary Comparison Schedule – County School Service Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 9,232,587	\$ 9,246,800	\$ 9,074,561	\$ (172,239)
Federal sources	2,183,905	6,651,763	6,413,199	(238,564)
Other State sources	7,768,332	8,564,095	8,664,676	100,581
Other local sources	8,834,065	9,402,134	8,953,077	(449,057)
Total revenues	<u>28,018,889</u>	<u>33,864,792</u>	<u>33,105,513</u>	<u>(759,279)</u>
Expenditures				
Current				
Certificated salaries	5,166,553	4,842,101	4,847,792	(5,691)
Classified salaries	11,091,066	10,902,875	10,819,700	83,175
Employee benefits	7,232,917	6,696,997	6,633,957	63,040
Books and supplies	1,272,822	2,089,903	1,714,391	375,512
Services and operating expenditures	6,302,281	7,125,115	6,122,383	1,002,732
Other outgo	(1,365,936)	(1,364,807)	(1,481,484)	116,677
Capital outlay	261,250	1,090,269	1,023,713	66,556
Debt service				
Debt service - principal	-	-	93,800	(93,800)
Debt service - interest and other	-	-	12,824	(12,824)
Total expenditures	<u>29,960,953</u>	<u>31,382,453</u>	<u>29,787,076</u>	<u>1,595,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,942,064)</u>	<u>2,482,339</u>	<u>3,318,437</u>	<u>836,098</u>
Other Financing Sources (Uses)				
Transfers in	82,940	109,106	109,106	-
Other sources - leases	-	-	59,124	59,124
Transfers out	-	(3,000,000)	(3,000,000)	-
Net financing sources (uses)	<u>82,940</u>	<u>(2,890,894)</u>	<u>(2,831,770)</u>	<u>59,124</u>
Net Change in Fund Balances	(1,859,124)	(408,555)	486,667	895,222
Fund Balance - Beginning	<u>21,376,593</u>	<u>21,376,593</u>	<u>21,376,593</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 19,517,469</u>	<u>\$ 20,968,038</u>	<u>\$ 21,863,260</u>	<u>\$ 895,222</u>

Shasta County Office of Education
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 2,369,809	\$ 2,451,820	\$ 2,563,328	\$ 111,508
Federal sources	5,328,860	5,406,774	5,406,774	-
Other State sources	13,565,869	19,007,444	17,358,278	(1,649,166)
Other local sources	95,000	60,000	(251,675)	(311,675)
Total revenues	<u>21,359,538</u>	<u>26,926,038</u>	<u>25,076,705</u>	<u>(1,849,333)</u>
Expenditures				
Current				
Other outgo	<u>20,696,991</u>	<u>23,651,374</u>	<u>23,228,912</u>	<u>422,462</u>
Net Change in Fund Balances	662,547	3,274,664	1,847,793	(1,426,871)
Fund Balance - Beginning	<u>6,920,489</u>	<u>6,920,489</u>	<u>6,920,489</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 7,583,036</u>	<u>\$ 10,195,153</u>	<u>\$ 8,768,282</u>	<u>\$ (1,426,871)</u>

Shasta County Office of Education
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 7,013,246	\$ 10,305,600	\$ 10,248,470	\$ (57,130)
Other State sources	14,111,555	13,469,000	14,936,719	1,467,719
Other local sources	3,133,278	3,318,340	2,638,646	(679,694)
Total revenues	<u>24,258,079</u>	<u>27,092,940</u>	<u>27,823,835</u>	<u>730,895</u>
Expenditures				
Current				
Certificated salaries	1,551,639	1,457,171	1,457,238	(67)
Classified salaries	3,126,921	3,291,708	3,173,706	118,002
Employee benefits	2,106,955	2,053,815	2,001,095	52,720
Books and supplies	420,706	726,782	482,872	243,910
Services and operating expenditures	12,719,285	15,254,301	14,887,315	366,986
Other outgo	1,465,936	1,593,829	1,567,775	26,054
Capital Outlay	2,905,041	5,370,028	5,857,142	(487,114)
Debt service				
Debt service - principal	-	-	32,776	(32,776)
Debt service - interest	-	-	1,124	(1,124)
Total expenditures	<u>24,296,483</u>	<u>29,747,634</u>	<u>29,461,043</u>	<u>286,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(38,404)</u>	<u>(2,654,694)</u>	<u>(1,637,208)</u>	<u>1,017,486</u>
Other Financing Sources				
Transfers in	-	-	3,000,000	3,000,000
Other sources - leases	-	-	62,541	62,541
Net financing sources	<u>-</u>	<u>-</u>	<u>3,062,541</u>	<u>3,062,541</u>
Net Change in Fund Balances	(38,404)	(2,654,694)	1,425,333	4,080,027
Fund Balance - Beginning	<u>898,933</u>	<u>898,933</u>	<u>898,933</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 860,529</u>	<u>\$ (1,755,761)</u>	<u>\$ 2,324,266</u>	<u>\$ 4,080,027</u>

Shasta County Office of Education
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 51,380	\$ 67,041	\$ 65,088	\$ 68,843	\$ 66,838
Interest	161,191	178,561	182,511	187,132	189,124
Changes of benefit terms	445,006	-	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	(8,913)	102,446	(14,421)	(45,434)	(14,450)
Changes of assumptions	-	(223,578)	-	-	-
Benefit payments	(270,000)	(291,662)	(274,650)	(278,550)	(289,310)
Net change in total OPEB (asset)/liability	378,664	(167,192)	(41,472)	(68,009)	(47,798)
Total OPEB Liability - Beginning	2,912,630	3,079,822	3,121,294	3,189,303	3,237,101
Total OPEB Liability - Ending (a)	<u>\$ 3,291,294</u>	<u>\$ 2,912,630</u>	<u>\$ 3,079,822</u>	<u>\$ 3,121,294</u>	<u>\$ 3,189,303</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 270,000	\$ 291,662	\$ 474,650	\$ 478,550	\$ 1,189,310
Expected investment income	202,256	185,941	169,613	147,328	66,655
Difference between projected and actual earnings on OPEB plan investments	(576,229)	235,440	5,132	26,294	-
Benefit payments	(270,000)	(291,662)	(274,650)	(278,550)	(289,310)
Administrative expense	(6,036)	(2,816)	(2,386)	(2,027)	(736)
Net change in plan fiduciary net position	(380,009)	418,565	372,359	371,595	965,919
Plan Fiduciary Net Position - Beginning	3,518,992	3,100,427	2,728,068	2,356,473	1,390,554
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,138,983</u>	<u>\$ 3,518,992</u>	<u>\$ 3,100,427</u>	<u>\$ 2,728,068</u>	<u>\$ 2,356,473</u>
Net OPEB (Asset)/Liability - Ending (a) - (b)	<u>\$ 152,311</u>	<u>\$ (606,362)</u>	<u>\$ (20,605)</u>	<u>\$ 393,226</u>	<u>\$ 832,830</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.37%	120.82%	100.67%	87.40%	73.89%
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Net OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

¹ The County's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Shasta County Office of Education
Schedule of the County's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year ended June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net OPEB liability	0.0150%	0.0166%	0.0170%	0.0162%
Proportionate share of the net OPEB liability	\$ 59,971	\$ 70,417	\$ 63,457	\$ 62,004
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Shasta County Office of Education
Schedule of the County's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0100%	0.0095%	0.0096%	0.0090%	0.0098%	0.0100%	0.0110%	0.0110%
Proportionate share of the net pension liability	\$ 4,551,967	\$ 9,241,301	\$ 8,699,780	\$ 8,294,515	\$ 9,248,000	\$ 8,088,100	\$ 7,405,640	\$ 6,428,070
State's proportionate share of the net pension liability	2,290,373	4,763,892	4,746,311	4,748,998	3,437,482	2,934,363	2,561,833	2,420,168
Total	<u>\$ 6,842,340</u>	<u>\$ 14,005,193</u>	<u>\$ 13,446,091</u>	<u>\$ 13,043,513</u>	<u>\$ 12,685,482</u>	<u>\$ 11,022,463</u>	<u>\$ 9,967,473</u>	<u>\$ 8,848,238</u>
Covered payroll	<u>\$ 5,410,854</u>	<u>\$ 5,231,129</u>	<u>\$ 5,212,162</u>	<u>\$ 4,797,845</u>	<u>\$ 5,248,243</u>	<u>\$ 5,104,529</u>	<u>\$ 5,073,649</u>	<u>4,859,821</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>84.13%</u>	<u>176.66%</u>	<u>166.91%</u>	<u>172.88%</u>	<u>176.21%</u>	<u>158.45%</u>	<u>145.96%</u>	<u>132.27%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0785%	0.0775%	0.0770%	0.0772%	0.0768%	0.0787%	0.0805%	0.0829%
Proportionate share of the net pension liability	\$ 15,955,425	\$ 23,783,584	\$ 22,441,842	\$ 20,578,378	\$ 18,336,574	\$ 15,543,299	\$ 11,865,779	\$ 9,411,168
Covered payroll	<u>\$ 11,257,821</u>	<u>\$ 11,249,531</u>	<u>\$ 10,704,058</u>	<u>\$ 10,252,514</u>	<u>\$ 9,761,578</u>	<u>\$ 9,429,662</u>	<u>\$ 8,853,283</u>	<u>8,572,661</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>141.73%</u>	<u>211.42%</u>	<u>209.66%</u>	<u>200.72%</u>	<u>187.84%</u>	<u>164.83%</u>	<u>134.03%</u>	<u>109.78%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Shasta County Office of Education
Schedule of the County's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 956,573	\$ 873,853	\$ 894,523	\$ 848,540	\$ 692,329	\$ 660,229	\$ 547,716	\$ 450,540
Less contributions in relation to the contractually required contribution	<u>956,573</u>	<u>873,853</u>	<u>894,523</u>	<u>848,540</u>	<u>692,329</u>	<u>660,229</u>	<u>547,716</u>	<u>450,540</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,653,505</u>	<u>\$ 5,410,854</u>	<u>\$ 5,231,129</u>	<u>\$ 5,212,162</u>	<u>\$ 4,797,845</u>	<u>\$ 5,248,243</u>	<u>\$ 5,104,529</u>	<u>\$ 5,073,649</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS								
Contractually required contribution	\$ 2,958,513	\$ 2,330,369	\$ 2,218,520	\$ 1,933,367	\$ 1,592,318	\$ 1,355,688	\$ 1,117,132	\$ 1,042,120
Less contributions in relation to the contractually required contribution	<u>2,958,513</u>	<u>2,330,369</u>	<u>2,218,520</u>	<u>1,933,367</u>	<u>1,592,318</u>	<u>1,355,688</u>	<u>1,117,132</u>	<u>1,042,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,913,632</u>	<u>\$ 11,257,821</u>	<u>\$ 11,249,531</u>	<u>\$ 10,704,058</u>	<u>\$ 10,252,514</u>	<u>\$ 9,761,578</u>	<u>\$ 9,429,662</u>	<u>\$ 8,853,283</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The County employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the County's Net OPEB Asset and Related Ratios

This schedule presents information on the County's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – The County's contribution has been changed from \$300 per month after five years of service to a schedule based on service: \$300 per month for five to nine years, \$450 per month for 10 to 14 years, and \$600 per month for 15 years or more.
- *Changes of Assumptions* – There were no changes in economic assumptions since the previous valuation.

Schedule of the County's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the County's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

This schedule presents information on the County's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the County. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the County's Contributions

This schedule presents information on the County's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2022

Shasta County Office of Education

Shasta County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed through California Department of Education (CDE):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	\$ 5,262,645	\$ 5,025,051
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	280,665	-
COVID-19 - ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,006,233	-
Alternate Dispute Resolution	84.027A	13007	16,154	-
COVID-19 - Alternate Dispute Resolution	84.027A	15539	36,401	-
Subtotal			<u>6,602,098</u>	<u>5,025,051</u>
Preschool Grants, Part B, Sec 619	84.173	13430	144,129	144,129
Subtotal Special Education (IDEA) Cluster			<u>6,746,227</u>	<u>5,169,180</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	362,120	-
Title I, Part D, Local Delinquent Programs	84.010	14357	98,486	-
School Improvement Funding for LEAs	84.010	15438	513,198	-
School Improvement Funding for COEs	84.010	15439	138,312	-
Subtotal			<u>1,112,116</u>	<u>-</u>
COVID-19 - California Community Schools Partnership Program	84.425D	15537	1,560,095	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	11,177	-
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425U	15547	841,264	-
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	353,640	-
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	134,935	-
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	25,679	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	84,802	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	20,247	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	57,476	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	50,140	-
COVID-19 - American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425U	15564	1,615	-
Subtotal			<u>3,141,070</u>	<u>-</u>
Early Intervention Grants	84.181	23761	113,027	-
Title II, Part A, Supporting Effective Instruction	84.367	14341	6,363	-
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14535	247,297	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	23,293	-
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	81,552	-
Total U.S. Department of Education			<u>11,470,945</u>	<u>5,169,180</u>

Shasta County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through California Department of Social Services (CDSS):				
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	\$ 1,101,864	\$ -
CCFP Family Day Care Sponsor Admin	10.558	13665	137,232	-
CCFP Cash in Lieu of Commodities	10.558	13534	22,990	-
COVID-19 - Emergency Operational Costs Reimbursement	10.558	15577	<u>65,737</u>	<u>-</u>
Subtotal			<u>1,327,823</u>	<u>-</u>
Passed through CDE:				
Forest Service Schools and Roads Cluster:				
Forest Reserve Funds	10.665	10044	<u>727,376</u>	<u>618,270</u>
Subtotal Forest Service Schools and Roads Cluster			<u>727,376</u>	<u>618,270</u>
Passed Through California State University, Chico Research Foundation:				
Supplemental Nutrition Assistance Program	10.561	Sub18-016	95,555	-
Passed Through Chico State Enterprises				
Pandemic Electronic Benefit Transfer (P-EBT)	10.561	Sub18-016	<u>20,000</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>2,170,754</u>	<u>618,270</u>
U.S. Department of Health and Human Services				
Passed through CDSS:				
Child Care and Development Fund Cluster				
Quality Counts California Workforce Pathways Grant	93.575	15472	103,533	-
Federal Alternative Payment, Stage 3	93.575	13881	1,266,254	-
Federal Local Planning Councils	93.575	13946	53,117	-
Quality Improvement Activities	93.575	14130	109,488	-
Quality Improvement Activities	93.575	14140	6,656	-
Federal Alternative Payment, Stage 2	93.575	14178	570,317	-
Child Development Programs	93.575	14551	349,083	-
Federal Alternative Payment, Stage 3	93.575	14984	11,861	-
Federal Child Care, Center-based	93.575	15136	28,216	-
Federal Alternative Payment	93.575	15400	577,799	-
Child Development Programs	93.575	15551	147,813	-
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- Alternative Payment	93.575	15554	365,919	-
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	13,230	-
Child Development Programs	93.575	15558	986,734	-
Quality Counts California Block Grant	93.575	21430	143,356	-
Quality Counts California Block Grant	93.575	24092	43,004	-
Child Care Initiative Project Expansion Grant	93.575	24553	6,270	-
Personal Protective Equipment (PPE) - Distribution to Child Care Providers Grant	93.575	24872	53,524	-
Child Care and Development Programs - Stipend	93.575	[1]	<u>847,770</u>	<u>-</u>
Subtotal			<u>5,683,944</u>	<u>-</u>

[1] PCA Number Not Available

Shasta County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures	Amounts Passed Through to Subrecipients
Federal Child Care, Center-based	93.596	13609	\$ 33,721	\$ -
Federal Alternative Payment	93.596	13694	1,044,009	-
Federal Alternative Payment, Stage 3	93.596	14040	4,903	-
Federal Alternative Payment	93.596	14153	746,770	-
Federal Alternative Payment, Stage 3	93.596	15452	<u>153,268</u>	<u>-</u>
Subtotal			<u>1,982,671</u>	<u>-</u>
Child Care Disaster Relief Fund	93.489	[1]	<u>852,656</u>	<u>-</u>
Subtotal Child Care and Development Fund Cluster			<u>8,519,271</u>	<u>-</u>
Passed through California Department of Public Health: ELC Reopening School Grant	93.323	[1]	86,667	-
Passed through County of Shasta: Foster Care-Title IV-E	93.658	[1]	350,600	-
Passed through Tehama County Social Services: Foster Care-Title IV-E	93.658	[1]	<u>88,382</u>	<u>-</u>
Subtotal			<u>438,982</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>9,044,920</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 22,686,619</u>	<u>\$ 5,787,450</u>

[1] PCA Number Not Available

Organization

The Shasta County Office of Education was established in 1866. There were no changes in the boundaries of the County during the current year.

The County provides a wide range of services to local school districts and operates a variety of programs for area youth and adults. Available to Shasta County’s 25 school districts are business and information technology services, personnel, administrative, and curricular assistance. The County is currently operating one juvenile court school, one independent study school, and one special education school. The County is the sponsoring local educational agency for three charter schools.

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Judy Flores	Superintendent of Schools	2026

Governing Board

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Denny Mills	President	2024
Kathy Barry	Vice President	2024
Robert Brown	Member	2022
Rhonda Hull	Member	2022
Steve MacFarland	Member	2022
Laura Manuel	Member	2022
Nick Webb	Member	2022

Administration

<u>NAME</u>	<u>TITLE</u>
Adam Hillman	Associate Superintendent, Administrative Services (CBO)
Mike Freeman	Associate Superintendent, Instructional Services

Shasta County Office of Education
 Schedule of Average Daily Attendance
 Year Ended June 30, 2022

	Final Report	
	Second Period Report	Annual Report
	87755AAC	5CB743A6
County Office of Education		
Juvenile Halls, Homes, and Camps		
Elementary	1.85	2.83
High School	26.64	27.30
Total ADA	28.49	30.13

Shasta County Office of Education
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

Shasta County Office of Education
Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
County School Service Fund ³				
Revenues	\$ 32,607,068	\$ 33,183,596	\$ 28,704,832	\$ 28,495,382
Other sources	109,106	109,106	82,940	752,699
Total revenues and other sources	<u>32,716,174</u>	<u>33,292,702</u>	<u>28,787,772</u>	<u>29,248,081</u>
Expenditures	31,482,396	29,787,076	25,056,679	25,203,756
Other uses	200,000	3,200,000	200,000	200,000
Total expenditures and other uses	<u>31,682,396</u>	<u>32,987,076</u>	<u>25,256,679</u>	<u>25,403,756</u>
Increase/(Decrease) in Fund Balance	<u>1,033,778</u>	<u>305,626</u>	<u>3,531,093</u>	<u>3,844,325</u>
Ending Fund Balance	<u>\$ 22,314,649</u>	<u>\$ 21,280,871</u>	<u>\$ 20,975,245</u>	<u>\$ 17,444,152</u>
Available Reserves ²	<u>\$ 2,201,000</u>	<u>\$ 2,280,000</u>	<u>\$ 1,816,000</u>	<u>\$ 1,768,066</u>
Available Reserves as a Percentage of Total Outgo	<u>6.95%</u>	<u>6.91%</u>	<u>7.19%</u>	<u>6.96%</u>
Long-Term Liabilities including OPEB and Pensions	<u>N/A</u>	<u>\$ 21,674,550</u>	<u>\$ 33,984,455</u>	<u>\$ 31,851,985</u>
K-12 Average Daily Attendance at annual	<u>32</u>	<u>30</u>	<u>52</u>	<u>52</u>

The County Service Fund balance has increased by \$3,836,719 over the past two years. The fiscal year 2022-2023 budget projects a further increase of \$1,033,778 (4.9%). For a county this size, the State recommends available reserves of at least five percent of total County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County has incurred operating surpluses in the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$10,177,435 over the past two years.

Average daily attendance has decreased by 22 over the past two years; however, a growth of two ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the County School Service Fund.

³ County School Service Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

Shasta County Office of Education

Schedule of Charter Schools

Year Ended June 30, 2022

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Chrysalis Charter School	0778	No
Northern Summit Academy Shasta	2076	No
Redding STEM Academy	1770	No

Shasta County Office of Education
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Pupil Transportation Equipment Fund	Forest Reserve Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 131,210	\$ -	\$ 876,108	\$ 1,007,318
Fund Balances				
Restricted	\$ -	\$ -	\$ 876,108	\$ 876,108
Assigned	131,210	-	-	131,210
Total fund balances	\$ 131,210	\$ -	\$ 876,108	\$ 1,007,318

Shasta County Office of Education

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Pupil Transportation Equipment Fund	Forest Reserve Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ 727,376	\$ -	\$ 727,376
Other local sources	(4,164)	-	119,167	115,003
Total revenues	(4,164)	727,376	119,167	842,379
Expenditures				
Current				
Other outgo	-	618,270	-	618,270
Excess (Deficiency) of Revenues Over Expenditures	(4,164)	109,106	119,167	224,109
Other Financing Uses				
Transfers out	-	(109,106)	-	(109,106)
Net Change in Fund Balances	(4,164)	-	119,167	115,003
Fund Balance - Beginning	135,374	-	756,941	892,315
Fund Balance - Ending	\$ 131,210	\$ -	\$ 876,108	\$ 1,007,318

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Shasta County Office of Education (the County) under programs of the federal government for the year ended June 30, 2022. The information 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). Because the schedule presents only a selected portion of the operations of the Shasta County Office of Education, it is not intended to and does not present the financial position of the County.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The County has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the County did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consist of Child Care and Development Programs – Stipend proceeds that have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	<u>Federal Financial Assistance Listing Number</u>	<u>Amount</u>
Description		
Total Federal Revenues reported on the financial statements		\$ 22,795,819
Child Care and Development Programs - Stipend	93.575	<u>(109,200)</u>
Total Federal Financial Assistance		<u>\$ 22,686,619</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

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 Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the County and displays information for each Charter School on whether or not the Charter School is included in the County audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

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



Independent Auditor's Reports
June 30, 2022

Shasta County Office of Education



Independent Auditor’s 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*

To the Governing Board and
Superintendent of Schools
Shasta County Office of Education
Redding, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shasta County Office of Education (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated December 15, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the County has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
December 15, 2022



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board and
Superintendent of Schools
Shasta County Office of Education
Redding, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shasta County Office of Education’s (the County) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2022. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Eide Sully LLP

Rancho Cucamonga, California
December 15, 2022



Independent Auditor's Report on State Compliance

To the Governing Board and
Superintendents of Schools
Shasta County Office of Education
Redding, California

Report on Compliance

Opinion on State Compliance

We have audited Shasta County Office of Education's (the County) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the County's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the County's internal controls over compliance. Accordingly, we express no such opinion; and.
- Select and test transactions and records to determine the County's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Yes
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
 School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
 Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The County's kindergarten students are retained using an Individualized Education Program based on the identified special needs; therefore, we did not perform procedures related to Kindergarten Continuance.

The County did not offer an Independent Study Program; therefore, we did not perform any procedures related to the Independent Study Program.

The County did not offer a Continuation Education Program; therefore, we did not perform any procedures related to the Continuation Education Program.

The County was not required to meet the Instructional Time requirements; therefore, we did not perform procedures related to the Instructional Time.

The County was not required to meet the Ratio of Administrative Employees to Teachers requirement; therefore, we did not perform procedures related to the Ratio of Administrative Employees to Teachers.

The County was not required to meet the Classroom Teacher Salaries requirement; therefore, we did not perform procedures related to the Classroom Teacher Salaries.

The County did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program

The County does not have a Middle or Early College High School Program; therefore, we did not perform any procedures related to Middle or Early College High School Program.

The County was not required to meet the K-3 Grade Span Adjustment requirement; therefore, we did not perform procedures related to the K-3 Grade Span Adjustment.

The County received funds for the Apprenticeship Program; however, the funds are passed-through to the Shasta-Trinity Regional Occupational Program; therefore, we did not perform any procedures related to the Apprenticeship Program.

The County did not offer a District of Choice Program; therefore, we did not perform any procedures related to the District of Choice Program.

The County did not have any expenditures related to California Clean Energy Jobs Act Program nor was the County required to complete a final project completion report during the fiscal year; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act Program.

The County did not offer an Independent Study-Course Based Program; therefore, we did not perform any procedures related to the Independent Study-Course Based Program.

We did not perform Career Technical Education Incentive Grant procedures because the County did not receive funding for this grant.

The County does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 15, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Shasta County Office of Education

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Child Care and Development Fund Cluster	93.489, 93.575, 93.596
COVID-19 - California Community Schools Partnership Program	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
COVID-19 - American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425U
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.