Financial Statements
June 30, 2020

Shasta County Office of Education

EideBailly

eidebailly.com

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shasta County Office of Education, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 63 through 65, schedule of changes in the County's net OPEB liability and related ratios on page 66, schedule of the County's proportionate share of the net OPEB liability – MPP program on page 67, schedule of the County's proportionate share of the net pension liability on page 68, and the schedule of County contributions on page 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shasta County Office of Education's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the 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 a report dated March 1, 2021 on our consideration of Shasta County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Shasta County Office of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shasta County Office of Education's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2021

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, 2020, with comparative information for the year ended June 30, 2019. 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 and deferred outflows of resources of the County (including capital assets), as well as all liabilities and deferred inflows of resources (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

- *Governmental Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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 and deferred outflows of resources and 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 - Most 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, 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 - Most 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 each governmental fund financial statement.

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 and vendor revolving activity. The County's fiduciary activities are reported in the *Statement of Fiduciary 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 $69,671,580. Revenues exceeded expenses by $1,883,554. Total net position in for governmental activities was $14,294,258.

The County School Services Fund reported a total fund balance of $17,646,912 at June 30, 2020.

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 $14,294,258 for the fiscal year ended June 30, 2020. Of this amount, $(10,010,025) 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	
	2020	2019
Assets		
Current and other assets	$ 36,386,706	$ 31,138,816
Net other postemployment benefits (OPEB) asset	20,605	-
Capital assets	16,380,142	17,170,247
Total assets	52,787,453	48,309,063
Deferred outflows of resources	7,394,486	7,698,212
Liabilities		
Current liabilities	12,196,211	11,876,979
Long-term liabilities		
Long-term liabilities other than OPEB and pensions due in more than one year	646,906	586,019
Other postemployment benefits (OPEB) liability	63,457	455,230
Aggregate net pension liability	31,141,622	28,872,893
Total liabilities	44,048,196	41,791,121
Deferred inflows of resources	1,839,485	1,805,450
Net Position		
Net investment in capital assets	16,380,142	17,170,247
Restricted	7,924,141	6,096,528
Unrestricted (deficit)	(10,010,025)	(10,856,071)
Total net position	$ 14,294,258	$ 12,410,704

The $(10,010,025) 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 14. Table 2 below summarizes the change in net position for the County.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 3,650,817	$ 3,983,888
Operating grants and contributions	46,800,362	43,625,577
General revenues		
Federal and State aid not restricted	7,056,754	7,755,466
Property taxes	5,747,714	5,469,958
Other general revenues	6,415,933	6,391,897
Total revenues	69,671,580	67,226,786
Expenses		
Instruction	15,384,007	13,990,004
Pupil services	7,044,643	7,428,300
Administration	7,772,522	7,116,580
Plant services	2,516,224	3,082,352
All other services	35,070,630	33,295,528
Total expenses	67,788,026	64,912,764
Change in net position	$ 1,883,554	$ 2,314,022

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $67,788,026. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $5,747,714 because the cost was paid by those who benefited from the programs ($3,650,817) or by other governments and organizations who subsidized certain programs with grants and contributions ($46,800,362). We paid for the remaining "public benefit" portion of our governmental activities with $13,472,687 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	
	2020	2019	2020	2019
Instruction	$ 15,384,007	$ 13,990,004	$ (4,380,815)	$ (4,249,878)
Pupil services	7,044,643	7,428,300	(3,431,585)	(3,368,302)
Administration	7,772,522	7,116,580	(5,490,308)	(5,085,061)
Plant services	2,516,224	3,082,352	(2,063,542)	(2,537,742)
All other services	35,070,630	33,295,528	(1,970,597)	(2,062,316)
Total	$ 67,788,026	$ 64,912,764	$ (17,336,847)	$ (17,303,299)

THE COUNTY'S FUNDS

As the County completed this year, our governmental funds reported a combined fund balance of $24,190,495, which is an increase of $4,928,658, or 25.6 percent from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
County School Service	$ 13,599,827	$ 29,250,841	$ 25,203,756	$ 17,646,912
Special Education Pass-Through	3,916,956	19,611,531	18,453,924	5,074,563
Child Development	475,642	20,744,917	20,506,910	713,649
Charter Schools	658,538	-	658,538	
Pupil Transportation Equipment	131,794	3,458	-	135,252
Forest Reserve	-	627,739	627,739	-
Capital Facilities	479,080	141,039	-	620,119
Total	$ 19,261,837	$ 70,379,525	$ 65,450,867	$ 24,190,495

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 2020-2021 as a result of the stay at home order issued in response to the pandemic. Additionally, the Charter School was voluntarily closed, and all residual assets were transferred to the General Fund.

The increase in the Special Education Pass-Through Fund resulted primarily from reduced spending needed for out-of-home student placements and 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 stay at home order.

The increase in the Pupil Transportation Equipment Fund is the result of annual interest earnings.

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 (unaudited actual report) was adopted June 24, 2020. (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 63.)

Budgeted revenues and other financing sources increased $302,716, and budgeted expenditures and other uses decreased by $1,401,425. 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 County budgeted County School Services Fund revenues and other financing sources to exceed expenditures and other financing uses by $3,166,738. However, actual revenues and other financing sources exceeded expenditures and other financing uses by $4,047,085.

- Actual revenues and other financing sources were $441265 less than the final budgeted amounts; a variance of 1.5 percent.
- Actual expenditures and other financing uses were $1,321,612 (5.0 percent) less than the final budgeted amounts. Budget savings were experienced primarily in supplies and services. It is common to have a savings in this area as our program managers carefully avoid overspending their program budgets. Additionally, some planned spending was delayed and will be budgeted in the 2020-2021 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the County had $16,380,142 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $790,105, or 4.6 percent.

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 827,095	$ 827,095
Buildings and improvements	12,822,962	13,304,355
Equipment	2,730,085	3,038,797
Total	$ 16,380,142	$ 17,170,247

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pensions

At the end of this year, the County had $646,906 in long-term liability other than OPEB and pensions versus $586,019 last year, an increase of $60,887, or 10.4 percent. This liability consists solely of compensated absences.

OPEB and Pension Liabilities

At year-end, the County had a total OPEB liability of $42,852 versus $455,230 last year, a decrease of $412,378, or 90.6 percent.

At year-end, the County had $31,141,622 in net pension liability versus $28,872,893 last year, an increase of $2,268,729, or 7.9 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the County Budget for the 2020-2021 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 2019-2020 and 2020-2021.

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.

	Governmental Activities
Assets	
Deposits and investments	$ 21,449,333
Receivables	14,355,194
Prepaid expense	477,285
Stores inventories	104,894
Net other postemployment benefits (OPEB) asset	20,605
Capital assets not depreciated	827,095
Capital assets, net of accumulated depreciation	15,553,047
Total assets	52,787,453
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	7,904
Deferred outflows of resources related to pensions	7,386,582
Total deferred outflows of resources	7,394,486
Liabilities	
Accounts payable	10,873,843
Unearned revenue	1,322,368
Long-term liabilities other than OPEB and Pension	
Long-term liabilities other than OPEB and pensions due in more than one year	646,906
Net other postemployment benefits (OPEB) liability	63,457
Aggregate net pension liability	31,141,622
Total liabilities	44,048,196
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	64,459
Deferred inflows of resources related to pensions	1,775,026
Total deferred inflows of resources	1,839,485
Net Position	
Net investment in capital assets	16,380,142
Restricted for	
Capital projects	620,119
Educational programs	1,861,978
Other activities	5,442,044
Unrestricted (deficit)	(10,010,025)
Total net position	$ 14,294,258

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 7,062,930	$ 214,954	$ 5,625,713	$ (1,222,263)
Instruction-related activities				
Supervision of instruction	5,785,514	468,678	2,895,013	(2,421,823)
Instructional library, media, and technology	197,860	-	375	(197,485)
School site administration	2,337,703	77,407	1,721,052	(539,244)
Pupil services				
Home-to-school transportation	3,178,558	5,137	23,114	(3,150,307)
Food services	545,866	134	524,006	(21,726)
All other pupil services	3,320,219	295,188	2,765,479	(259,552)
Administration				
Data processing	2,371,321	-	-	(2,371,321)
All other administration	5,401,201	185,233	2,096,981	(3,118,987)
Plant services	2,516,224	25,612	427,070	(2,063,542)
Ancillary services	2,263,759	126,934	1,672,663	(464,162)
Community services	13,819,369	1,038,211	12,469,657	(311,501)
Other outgo	18,987,502	1,213,329	16,579,239	(1,194,934)
Total governmental activities	$ 67,788,026	$ 3,650,817	$ 46,800,362	(17,336,847)
General Revenues and Subventions				
Property taxes, levied for general purposes				5,621,702
Taxes levied for other specific purposes				126,012
Federal and State aid not restricted to specific purposes				7,056,754
Interest and investment earnings				335,184
Interagency revenues				3,925,325
Miscellaneous				2,155,424
Subtotal, general revenues				19,220,401
Change in Net Position				1,883,554
Net Position - Beginning				12,410,704
Net Position - Ending				$ 14,294,258

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 12,947,133	$ 6,178,593	$ 1,568,236	$ 755,371	$ 21,449,333
Receivables	5,308,074	6,808,158	2,238,962	-	14,355,194
Due from other funds	3,261,093	2,362,809	6,560	-	5,630,462
Prepaid expenditures	471,675	-	5,610	-	477,285
Stores inventories	104,894	-	-	-	104,894
Total assets	$ 22,092,869	$ 15,349,560	$ 3,819,368	$ 755,371	$ 42,017,168
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 979,829	$ 8,104,317	$ 1,789,697	$ -	$ 10,873,843
Due to other funds	2,369,369	2,170,680	1,090,413	-	5,630,462
Unearned revenue	1,096,759	-	225,609	-	1,322,368
Total liabilities	4,445,957	10,274,997	3,105,719	-	17,826,673
Fund Balances					
Nonspendable	595,277	-	5,610	-	600,887
Restricted	1,861,978	5,074,563	367,481	620,119	7,924,141
Assigned	13,421,591	-	340,558	135,252	13,897,401
Unassigned	1,768,066	-	-	-	1,768,066
Total fund balances	17,646,912	5,074,563	713,649	755,371	24,190,495
Total liabilities and fund balances	$ 22,092,869	$ 15,349,560	$ 3,819,368	$ 755,371	$ 42,017,168

Total Fund Balance - Governmental Funds		$ 24,190,495
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	$ 26,217,832	
Accumulated depreciation is	(9,837,690)	
Net capital assets		16,380,142
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		
Other postemployment benefits (OPEB) asset	7,904	
Net pension liability	7,386,582	
Total deferred outflows of resources to pensions		7,394,486
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		
Other postemployment benefits (OPEB) asset	(64,459)	
Net pension liability	(1,775,026)	
Total deferred inflows of resources to pensions		(1,839,485)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(31,141,622)
The County's OPEB asset/(liability) is not due and payable in the current period, and is not reported as an asset/(liability) in the funds.		
Other postemployment benefits (OPEB) asset	20,605	
Other postemployment benefits (OPEB) liability	(63,457)	
Net OPEB asset/(liability)		(42,852)
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		
Compensated absences		(646,906)
Total net position - governmental activities		$ 14,294,258

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 9,478,010	$ 2,266,147	$ -	$ -	$ 11,744,157
Federal sources	2,299,674	5,325,936	6,552,562	627,739	14,805,911
Other State sources	7,639,704	11,850,356	11,647,485	-	31,137,545
Other local sources	9,080,754	169,092	2,544,870	144,497	11,939,213
Total revenues	28,498,142	19,611,531	20,744,917	772,236	69,626,826
Expenditures					
Current					
Instruction	3,998,155	-	2,741,390	-	6,739,545
Instruction-related activities					
Supervision of instruction	4,402,725	-	1,035,410	-	5,438,135
Instructional library, media, and technology	375	-	-	-	375
School site administration	1,132,310	-	1,002,598	-	2,134,908
Pupil services					
Home-to-school transportation	2,823,674	-	-	-	2,823,674
Food services	421,951	-	103,146	-	525,097
All other pupil services	2,862,580	-	316,724	-	3,179,304
Administration					
Data processing	2,046,436	-	-	-	2,046,436
All other administration	3,404,557	-	1,557,539	-	4,962,096
Plant services	1,678,195	-	241,766	-	1,919,961
Ancillary services	2,367,830	-	-	-	2,367,830
Community services	64,968	-	13,508,337	-	13,573,305
Other outgo	-	18,453,924	-	533,578	18,987,502
Total expenditures	25,203,756	18,453,924	20,506,910	533,578	64,698,168
Excess of Revenues Over Expenditures	3,294,386	1,157,607	238,007	238,658	4,928,658
Other Financing Sources (Uses)					
Transfers in	752,699	-	-	-	752,699
Transfers out	-	-	-	(752,699)	(752,699)
Net Financing Sources (Uses)	752,699	-	-	(752,699)	-
Net Change in Fund Balances	4,047,085	1,157,607	238,007	(514,041)	4,928,658
Fund Balance - Beginning	13,599,827	3,916,956	475,642	1,269,412	19,261,837
Fund Balance - Ending	$ 17,646,912	$ 5,074,563	$ 713,649	$ 755,371	$ 24,190,495

Total Net Change in Fund Balances - Governmental Funds		$ 4,928,658
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
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 expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	$ (1,256,965)	
Capital outlays	466,860	
Net expense adjustment		(790,105)
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.		(60,887)
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 net pension liability during the year.		(2,604,132)
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.		410,020
Change in net position of governmental activities		$ 1,883,554

	Agency Funds
Assets	
Deposits and investments	$ 3,586,671
Receivables	33
Total assets	$ 3,586,704
Liabilities	
Accounts payable	$ 2,518,487
Due to other agencies	1,068,217
Total liabilities	$ 3,586,704

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 (effective July 1, 2019), 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 revenues and other financing sources and fund balance of$2,760 and $202,760, and a decrease in expenditures and other financing uses of $200,000, respectively.

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.

- **Charter School Fund** The Charter School Fund may be used by authorizing counties to account separately for the activities of county-operated charter schools that would otherwise be reported in the authorizing County's County School Service 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 assets held in trustee or agent capacity for others that cannot be used to support the County's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The County's agency 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. 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 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.

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.

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 and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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, capital 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. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, difference between contributions and the County's proportionate share of contributions, differences between projected and actual earnings on investments, and changes of assumptions.

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. The deferred amounts related to pension and OPEB relate to the differences between contributions and the County's proportionate share of contributions, differences between expected and actual experience in the measurement of the total OPEB liability, differences between expected and actual experience in the measurement of the total pension liability, and differences between projected and actual earnings on investments.

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 asset/(liability) attributable to the governmental activities will be paid primarily by the County School Service Fund.

Fund Balances - Governmental Funds

As of June 30, 2020, 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 three 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, 2020. 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 $7,924,141 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

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the County's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the County's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

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, 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

As a result of the implementation of GASB Statement No. 95, 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.

Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the County's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the County's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the County's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 21,449,333
Fiduciary funds	3,586,671
Total deposits and investments	$ 25,036,004

Deposits and investments as of June 30, 2020, consist of the following:

Cash in revolving	$ 18,708
Investments	25,017,296
Total deposits and investments	$ 25,036,004

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 $25,017,296 with the Shasta County Investment Pool. The average weighted maturity for this pool was 532 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 is not required to be rated, nor has it been rated as of June 30, 2020.

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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the County had no bank balances that were exposed to custodial credit risk.

Note 3 - Receivables

Receivables at June 30, 2020, 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	$ 817,397	$ 5,366,960	$ 863,953	$ 7,048,310	$ -
State Government					
LCFF apportionment	611,867	-	-	611,867	-
Categorical aid	1,123,681	1,441,198	829,896	3,394,775	-
Lottery	23,531	-	-	23,531	-
Local Government					
Interest	3,974	-	-	3,974	-
Due from other LEAs	2,053,222	-	-	2,053,222	-
Other local sources	674,402	-	545,113	1,219,515	33
Total	$ 5,308,074	$ 6,808,158	$ 2,238,962	$ 14,355,194	$ 33

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 827,095	$ -	$ -	$ 827,095
Capital assets being depreciated				
Land improvements	2,694,112	-	-	2,694,112
Buildings and improvements	15,438,860	-	-	15,438,860
Furniture and equipment	7,901,314	466,860	(1,110,409)	7,257,765
Total capital assets being depreciated	26,034,286	466,860	(1,110,409)	25,390,737
Total capital assets	26,861,381	466,860	(1,110,409)	26,217,832
Accumulated depreciation				
Land improvements	(713,401)	(120,194)	-	(833,595)
Buildings and improvements	(4,115,216)	(361,199)	-	(4,476,415)
Furniture and equipment	(4,862,517)	(775,572)	1,110,409	(4,527,680)
Total accumulated depreciation	(9,691,134)	(1,256,965)	1,110,409	(9,837,690)
Governmental activities capital assets, net	$ 17,170,247	$ (790,105)	$ -	$ 16,380,142

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 19,449
Supervision of instruction	36,082
Instructional library, media, and technology	197,485
Home-to-school transportation	218,606
Food services	3,743
Data processing	242,297
All other administration	11,095
Plant services	508,066
Ancillary Services	16,254
Community Services	3,888
Total depreciation expenses governmental activities	$ 1,256,965

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds are as follows:

	Due From			
Due To	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Total Governmental Activities
County School Service Fund	$ -	$ 2,170,680	$ 1,090,413	$ 3,261,093
Special Education Pass-Through Fund	2,362,809	-	-	2,362,809
Child Development Fund	6,560	-	-	6,560
Total	$ 2,369,369	$ 2,170,680	$ 1,090,413	$ 5,630,462

A balance of $2,170,680 is due to the County School Service Fund from the Special Education Pass-Through Fund for the special education allocation.

A balance of $1,090,413 is due to the County School Service Fund from the Child Development Fund for indirect costs and reimbursement of operating costs.

A balance of $2,362,809 is due to the Special Education Pass-Through Fund from the County School Service Fund for the SELPA's share of property taxes.

A balance of $6,560 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, 2020, consisted of the following:

The Charter School Non-Major Governmental Fund transferred to the County School Service Fund the remaining fund balance to close the fund.	$ 658,538
The Forest Reserve Non-Major Governmental Fund transferred to the County School Service Fund the Forest Reserve allocation	94,161
Total	$ 752,699

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Child Development Fund	Total Governmental Activities	Fiduciary Funds
Salaries and benefits	$ 66,059	$ -	$ 6,521	$ 72,580	$ -
Supplies and materials	77,179	-	109,728	186,907	-
Services	430,724	-	1,532,012	1,962,736	-
Due to other LEAs	-	8,104,317	-	8,104,317	-
Other vendor payables	405,867	-	141,436	547,303	2,518,487
Total	$ 979,829	$ 8,104,317	$ 1,789,697	$ 10,873,843	$ 2,518,487

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consists of the following:

	County School Service Fund	Child Development Fund	Total Governmental Activities
Federal financial assistance	$ 614,815	$ 59,382	$ 674,197
State categorical aid	263,780	165,172	428,952
Other local	218,164	1,055	219,219
Total	$ 1,096,759	$ 225,609	$ 1,322,368

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

Compensated Absences

The compensated absences (unpaid employee vacation) for the County as of June 30, 2020, amounted to $646,906, a net increase of $60,887 from $586,019 reported in previous year. The compensated absences will be paid by the County School Service Fund and the Child Development Fund.

Note 9 - Net Other Postemployment Benefits (OPEB) (Asset)/Liability

For the fiscal year ended June 30, 2020, the County reported net OPEB (asset)/liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB (Asset)/Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
County Plan	$ (20,605)	$ 7,904	$ 64,459	$ 63,177
Medicare Premium Payment (MPP) Program	63,457	-	-	1,453
Total	$ 42,852	$ 7,904	$ 64,459	$ 64,630

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, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	128
Active employees	274
Total	402

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, 2020, the County contributed $474,650 to the Plan, of which $274,650 was used for current premiums and $200,000 was used to fund the OPEB Trust.

Net OPEB Asset of the County

The County's Net OPEB asset of $20,605 was measured as of June 30, 2020. The net OPEB asset was determined by an actuarial valuation as June 30, 2019. The components of the net OPEB asset of the County at June 30, 2020, were as follows:

Total OPEB liability	$ 3,079,822
Plan fiduciary net position	(3,100,427)
Net OPEB asset	$ (20,605)
Plan fiduciary net position as a percentage of the total OPEB liability	100.67%

Actuarial Assumptions

The net OPEB asset as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the net OPEB asset to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	3.00	percent, average, including inflation
Investment rate of return	6.00	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.00	percent

The discount rate was based on expected long-term rate of return for CERBT strategy 3 (6.22 percent) less a 0.22 percent margin for adverse deviations.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100 percent of scale MP-2016 for years 2014 through 2029, 50 percent of MP-2016 for years 2030 through 2049, and 20 percent of MP-2016 for 2050 and thereafter.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study through June 30, 2019.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
Balance, June 30, 2019	$ 3,121,294	$ 2,728,068	$ 393,226
Service cost	65,088	-	65,088
Interest	182,511	-	182,511
Employer contributions	-	474,650	(474,650)
Expected investment income	-	169,613	(169,613)
Difference between projected and actual earnings on OPEB plan investments	-	5,132	(5,132)
Difference between expected and actual experience in the measurement of the total OPEB liability	(14,421)	-	(14,421)
Benefit payments	(274,650)	(274,650)	-
Administrative expense	-	(2,386)	2,386
Net change in total OPEB (asset)/liability	(41,472)	372,359	(413,831)
Balance, June 30, 2020	$ 3,079,822	$ 3,100,427	$ (20,605)

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

The following presents the net OPEB (asset)/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 (5.00%)	$ 211,869
Current discount rate (6.00%)	(20,605)
1% increase (7.00%)	(225,324)

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

The following presents the net OPEB asset of the County, as well as what the County's net OPEB asset 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:

Healthcare Cost Trend Rates	Net OPEB Asset
1% decrease (5.00%)*	$ (20,605)
Current healthcare cost trend rate (6.00%)*	(20,605)
1% increase (7.00%)*	(20,605)

* The Net OPEB Asset 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, 2020, the County recognized OPEB expense of $63,177. At June 30, 2020, the County reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	$ 7,904	$ 19,882
Difference between expected and actual experience in the measurement of the total OPEB liability	-	44,577
Total	$ 7,904	$ 64,459

Amounts reported as 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
2021	$ (17,195)
2022	(17,193)
2023	(18,254)
2024	(3,913)
Total	$ (56,555)

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, 2018 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, 2020, the County reported a liability of $63,457 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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 school districts, actuarially determined. The County's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0170 percent, and 0.0162 percent, resulting in a net increase in the proportionate share of 0.0008 percent.

For the year ended June 30, 2020, the County recognized OPEB expense of $1,453.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 69,246
Current discount rate (3.50%)	63,457
1% increase (4.50%)	58,134

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:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	$ 59,478
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	63,457
1% increase (4.70% Part A and 5.10% Part B)	71,405

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	$ 18,708	$ -	$ -	$ -	$ 18,708
Stores inventories	104,894	-	-	-	104,894
Prepaid expenditures	471,675	-	5,610	-	477,285
Total nonspendable	595,277	-	5,610	-	600,887
Restricted					
Legally restricted programs	1,861,978	5,074,563	367,481	-	7,304,022
Capital projects	-	-	-	620,119	620,119
Total restricted	1,861,978	5,074,563	367,481	620,119	7,924,141
Assigned					
Board priorities	13,421,591	-	-	-	13,421,591
Transportation program	-	-	-	135,252	135,252
Child development program	-	-	340,558	-	340,558
Total assigned	13,421,591	-	340,558	135,252	13,897,401
Unassigned					
Reserve for economic uncertainties	1,525,000	-	-	-	1,525,000
Remaining unassigned	243,066	-	-	-	243,066
Total unassigned	1,768,066	-	-	-	1,768,066
Total	$ 17,646,912	$ 5,074,563	$ 713,649	$ 755,371	$ 24,190,495

Note 11 - Risk Management

Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, 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 2020, 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, 2020, 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 8,699,780	$ 2,449,904	$ 1,465,830	$ 899,121
CalPERS	22,441,842	4,936,678	309,196	3,702,300
Total	$ 31,141,622	$ 7,386,582	$ 1,775,026	$ 4,601,421

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, 2018, 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 percent 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

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 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the County's total contributions were $894,523.

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

At June 30, 2020, 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	$ 8,699,780
State’s proportionate share of the net pension liability	4,746,311
Total	$ 13,446,091

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.0096 percent and 0.0090 percent, resulting in a net increase in the proportionate share of 0.0006 percent.

For the year ended June 30, 2020, the County recognized pension expense of $899,121. In addition, the County recognized pension expense and revenue of $706,828 for support provided by the State. At June 30, 2020, 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	$ 894,523	$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	433,087	885,561
Differences between projected and actual earnings on pension plan investments	-	335,119
Differences between expected and actual experience in the measurement of the total pension liability	21,962	245,150
Changes of assumptions	1,100,332	-
Total	$ 2,449,904	$ 1,465,830

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
2021	$ (33,803)
2022	(266,044)
2023	(55,234)
2024	19,962
Total	$ (335,119)

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
2021	$ 84,384
2022	84,384
2023	111,892
2024	161,958
2025	(64,716)
Thereafter	46,768
Total	$ 424,670

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed 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 (7.10 percent) and assuming 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%)	$ 12,954,693
Current discount rate (7.10%)	8,699,780
1% increase (8.10%)	5,171,647

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, 2018 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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
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	19.721%	19.721%

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 the 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, 2020, are presented above and the total County contributions were $2,218,520.

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

As of June 30, 2020, the County reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $22,441,842. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.0770 percent and 0.0772 percent, resulting in a net decrease in the proportionate share of 0.0002 percent.

For the year ended June 30, 2020, the County recognized pension expense of $3,702,300. At June 30, 2020, 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	$ 2,218,520	$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	19,677	101,044
Differences between projected and actual earnings on pension plan investments	-	208,152
Differences between expected and actual experience in the measurement of the total pension liability	1,630,179	-
Changes of assumptions	1,068,302	-
Total	$ 4,936,678	$ 309,196

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
2021	$ 205,469
2022	(410,418)
2023	(62,193)
2024	58,990
Total	$ (208,152)

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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,628,611
2022	708,094
2023	254,919
2024	25,490
Total	$ 2,617,114

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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 percent 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 percent. 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%)	$ 32,348,440
Current discount rate (7.15%)	22,441,842
1% increase (8.15%)	14,223,635

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 percent of an employee's gross earnings. An employee is required to contribute 6.650 percent 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, 2020 were $725,449.

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 $495,767 (10.328 percent 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $166,297 has 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, 2020.

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, 2020.

Operating Leases

The County has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2021	$ 238,358
2022	215,364
2023	100,467
Total	$ 554,189

Lease payments for the year ended June 30, 2020, were approximately $270,521.

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, 2020, the County made payments of $3,344,392, $451,768, and $81,828 to Shasta-Trinity Schools Insurance Group and the Northern California Schools Insurance Group, respectively for annual premiums payment for health and welfare, workers' compensation benefits coverage, and property liability.

Note 15 - Subsequent Events

Subsequent to year-end, the County has been negatively impacted by the effects of the world-wide coronavirus pandemic. The County is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the County's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Shasta County Office of Education

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 9,128,812	$ 9,465,500	$ 9,478,010	$ 12,510
Federal sources	2,728,536	2,519,699	2,299,674	(220,025)
Other State sources	7,353,204	7,787,846	7,639,704	(148,142)
Other local sources	9,615,659	9,166,363	9,080,754	(85,609)
Total revenues [1]	28,826,211	28,939,408	28,498,142	(441,266)
Expenditures				
Current				
Certificated salaries	4,645,707	4,503,433	4,462,810	40,623
Classified salaries	9,575,229	9,090,667	8,991,185	99,482
Employee benefits	6,355,456	6,088,247	6,037,682	50,565
Books and supplies	1,220,276	1,176,981	997,523	179,458
Services and operating expenditures	6,664,469	6,222,832	5,805,235	417,597
Other outgo	(1,135,097)	(1,452,994)	(1,557,539)	104,545
Capital outlay	600,753	896,202	466,860	429,342
Total expenditures [1]	27,926,793	26,525,368	25,203,756	1,321,612
Excess of Revenues Over Expenditures	899,418	2,414,040	3,294,386	880,346
Other Financing Sources				
Transfers in	563,179	752,698	752,699	1
Net Change in Fund Balances	1,462,597	3,166,738	4,047,085	880,347
Fund Balance - Beginning	13,599,827	13,599,827	13,599,827	-
Fund Balance - Ending	$ 15,062,424	$ 16,766,565	$ 17,646,912	$ 880,347

[1] On behalf payments of $138,700 relating to Senate Bill 90 are included in the actual revenues and expenditures and final budgeted amounts but have not been included in the original budgeted amounts.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 2,121,439	$ 2,218,786	$ 2,266,147	$ 47,361
Federal sources	5,319,553	5,277,727	5,325,936	48,209
Other State sources	11,347,045	11,629,364	11,850,356	220,992
Other local sources	80,000	110,000	169,092	59,092
Total revenues	18,868,037	19,235,877	19,611,531	375,654
Expenditures				
Current				
Other outgo	18,781,656	19,260,922	18,453,924	806,998
Net Change in Fund Balances	86,381	(25,045)	1,157,607	1,182,652
Fund Balance - Beginning	3,916,956	3,916,956	3,916,956	-
Fund Balance - Ending	$ 4,003,337	$ 3,891,911	$ 5,074,563	$ 1,182,652

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Federal sources	$ 5,437,104	$ 6,628,306	$ 6,552,562	$ (75,744)
Other State sources	10,069,994	12,055,281	11,647,485	(407,796)
Other local sources	2,662,564	2,458,605	2,544,870	86,265
Total revenues	18,169,662	21,142,192	20,744,917	(397,275)
Expenditures				
Current				
Certificated salaries	1,252,101	1,335,306	1,334,864	442
Classified salaries	2,662,249	2,591,806	2,585,264	6,542
Employee benefits	1,726,666	1,730,548	1,723,865	6,683
Books and supplies	209,336	706,403	498,532	207,871
Services and operating expenditures	11,140,196	13,105,002	12,806,846	298,156
Other outgo	1,235,097	1,452,994	1,557,539	(104,545)
Total expenditures	18,225,645	20,922,059	20,506,910	415,149
Net Change in Fund Balances	(55,983)	220,133	238,007	17,874
Fund Balance - Beginning	475,642	475,642	475,642	-
Fund Balance - Ending	$ 419,659	$ 695,775	$ 713,649	$ 17,874

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 65,088	$ 68,843	$ 66,838
Interest	182,511	187,132	189,124
Difference between expected and actual experience in the measurement of the total OPEB liability	(14,421)	(45,434)	(14,450)
Benefit payments	(274,650)	(278,550)	(289,310)
Net change in total OPEB liability	(41,472)	(68,009)	(47,798)
Total OPEB Liability - Beginning	3,121,294	3,189,303	3,237,101
Total OPEB Liability - Ending (a)	$ 3,079,822	$ 3,121,294	$ 3,189,303
Plan Fiduciary Net Position			
Contributions - employer	$ 474,650	$ 478,550	$ 1,189,310
Expected investment income	169,613	147,328	66,655
Difference between projected and actual earnings on OPEB plan investments	5,132	26,294	-
Benefit payments	(274,650)	(278,550)	(289,310)
Administrative expense	(2,386)	(2,027)	(736)
Net change in plan fiduciary net position	372,359	371,595	965,919
Plan Fiduciary Net Position - Beginning	2,728,068	2,356,473	1,390,554
Plan Fiduciary Net Position - Ending (b)	$ 3,100,427	$ 2,728,068	$ 2,356,473
Net OPEB (Asset)/Liability - Ending (a) - (b)	$ (20,605)	$ 393,226	$ 832,830
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	100.67%	87.40%	73.89%
Covered Payroll	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]
Measurement Date	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.

Year ended June 30,	2020	2019
Proportion of the net OPEB liability	0.0170%	0.0162%
Proportionate share of the net OPEB liability	$ 63,457	$ 62,004
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0096%	0.0090%	0.0098%	0.0100%	0.0110%	0.0110%
Proportionate share of the net pension liability	$ 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	4,746,311	4,748,998	3,437,482	2,934,363	2,561,833	2,420,168
Total	$ 13,446,091	$ 13,043,513	$ 12,685,482	$ 11,022,463	$ 9,967,473	$ 8,848,238
Covered payroll	$ 5,212,162	$ 4,797,845	$ 5,248,243	$ 5,104,529	$ 5,073,649	4,859,821
Proportionate share of the net pension liability as a percentage of its covered payroll	166.91%	172.88%	176.21%	158.45%	145.96%	132.27%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	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	0.0770%	0.0772%	0.0768%	0.0787%	0.0805%	0.0829%
Proportionate share of the net pension liability	$ 22,441,842	$ 20,578,378	$ 18,336,574	$ 15,543,299	$ 11,865,779	$ 9,411,168
Covered payroll	$ 10,704,058	$ 10,252,514	$ 9,761,578	$ 9,429,662	$ 8,853,283	8,572,661
Proportionate share of the net pension liability as a percentage of its covered payroll	209.66%	200.72%	187.84%	164.83%	134.03%	109.78%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 894,523	$ 848,540	$ 692,329	$ 660,229	$ 547,716	$ 450,540
Less contributions in relation to the contractually required contribution	894,523	848,540	692,329	660,229	547,716	450,540
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,231,129	$ 5,212,162	$ 4,797,845	$ 5,248,243	$ 5,104,529	$ 5,073,649
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 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	2,218,520	1,933,367	1,592,318	1,355,688	1,117,132	1,042,120
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 11,249,531	$ 10,704,058	$ 10,252,514	$ 9,761,578	$ 9,429,662	$ 8,853,283
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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 State 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* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – There were no changes in economic assumptions.

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* – There were no changes in economic assumptions.

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 County 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, 2020

Shasta County Office of Education

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA 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	$ 5,181,833	$ 5,140,043
Preschool Grants, Part B, Sec 619	84.173	13430	144,103	144,103
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	276,675	-
Alternate Dispute Resolution	84.173A	13007	13,047	-
Subtotal Special Education (IDEA) Cluster:			5,615,658	5,284,146
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	297,745	-
Title I, Part D, Local Delinquent Programs	84.010	14357	158,872	-
School Improvement Funding for LEAs	84.010	15438	129,015	-
School Improvement Funding for COEs	84.010	15439	94,885	-
Subtotal			680,517	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	14,727	-
Title IV, Part A, Student Support and Academic Enrichment Grant Program (Competitive)	84.424	15391	470,353	-
Subtotal			485,080	-
Early Intervention Grants	84.181	23761	113,027	-
Title II, Part A, Supporting Effective Instruction	84.367	14341	10,888	-
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14535	232,946	-
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	55,670	-
Total U.S. Department of Education			7,193,786	5,284,146
U.S. Department of Agriculture				
Passed through CDE:				
CACFP Claims - Centers and Family Day Care	10.558	13393	1,553,367	-
Forest Service Schools and Roads Cluster:				
Forest Reserve Funds	10.665	10044	627,739	533,578
Subtotal Forest Service Schools and Roads Cluster:			627,739	533,578
Passed Through California State University, Chico Research Foundation:				
Supplemental Nutrition Assistance Program	10.561	Sub18-016	47,068	-
Total U.S. Department of Agriculture			2,228,174	533,578

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through CDE:				
Quality Improvement Activities	93.434	15442	$ 18,569	$ -
Child Care and Development Fund Cluster				
Federal Alternative Payment, Stage 3	93.575	13881	2,010,830	-
Local Planning Councils	93.575	13946	53,117	-
Quality Improvement Activities	93.575	14092	88,548	-
Quality Improvement Activities	93.575	14130	139,448	-
Quality Improvement Activities	93.575	14140	6,656	-
Federal Alternative Payment, Stage 2	93.575	14178	482,273	-
Quality Improvement Activities	93.575	14871	116,715	-
Quality Improvement Activities	93.575	14872	210,287	-
Federal Alternative Payment, Stage 3	93.575	14984	21,118	-
Quality Improvement Activities	93.575	14990	25,181	-
Federal Child Care, Center-based	93.575	15136	67,828	-
Federal Alternative Payment	93.575	15400	310,038	-
Federal Child Care, Center-based	93.596	13609	147,551	-
Federal Alternative Payment	93.596	13694	704,004	-
Federal Alternative Payment, Stage 3	93.596	14040	32,747	-
Federal Alternative Payment	93.596	14153	698,628	-
Federal Alternative Payment, Stage 3	93.596	14985	22,080	-
Subtotal Child Care and Development Fund Cluster			5,137,049	-
Passed through County of Shasta:				
Foster Care-Title IV-E	93.658	2018-290	147,972	-
Passed through Tehama County Social Services:				
Foster Care-Title IV-E	93.658	2019-339	80,361	-
Subtotal			228,333	-
Total U.S. Department of Health and Human Services			5,383,951	-
Total Expenditures of Federal Awards			$ 14,805,911	$ 5,817,724

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.

NAME	OFFICE	TERM EXPIRES
Judy Flores	Superintendent of Schools	2022

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Rhonda Hull	President	2022
Denny Mills	Vice President	2020
Robert Brown	Member	2022
Laura Manuel	Member	2022
Steve MacFarland	Member	2022
Kathy Barry	Member	2020
Jennifer Snider	Member	2020

Administration

NAME	TITLE
Adam Hillman	Associate Superintendent, Administrative Services (CBO)
Brien McCall	Associate Superintendent, Instructional Services

Shasta County Office of Education Report of Schools and Classes:

	Final Report	
	Second Period Report	Annual Report
County Office of Education		
Juvenile Halls, Homes, and Camps		
Elementary	7.27	9.04
High School	31.42	39.08
Total Juvenile Halls, Homes, and Camps	38.69	48.12
Probation Referred, on Probation or Parole, Expelled		
Elementary	-	-
High School	4.30	4.17
Total Probation Referred, on Probation or Parole, Expelled	4.30	4.17
Total ADA	42.99	52.29

District Funded County Programs:

	Final Report	
	Second Period Report	Annual Report
County Community Schools		
Fourth through sixth	2.51	2.44
Seventh and eighth	5.97	5.79
Ninth through twelfth	95.80	93.02
Total County Community School	104.28	101.25
Special Education - Special Day Class		
Transitional kindergarten through third	15.33	15.33
Fourth through sixth	12.26	12.26
Seventh and eighth	7.17	7.17
Total Special Education - Special Day Class	34.76	34.76
Total ADA	34.76	34.76

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
County School Service Fund [3]				
Revenues	$ 26,990,265	$ 28,495,382	$ 28,352,076	$ 28,170,500
Other sources	94,160	752,699	90,576	513,810
Total Revenues and Other Sources	27,084,425	29,248,081	28,442,652	28,684,310
Expenditures	26,493,933	25,203,756	25,634,953	29,339,017
Other uses and transfers out	393,481	200,000	107,191	64,027
Total Expenditures and Other Uses	26,887,414	25,403,756	25,742,144	29,403,044
Increase/(Decrease) in Fund Balance	197,011	3,844,325	2,700,508	(718,734)
Ending Fund Balance	$ 17,641,163	$ 17,444,152	$ 13,599,827	$ 10,899,319
Available Reserves [2]	$ 1,914,000	$ 1,768,066	$ 1,508,660	$ 1,583,000
Available Reserves as a Percentage of Total Outgo [4]	7.12%	6.96%	6.10%	5.38%
Long-Term Liabilities inlcuding OPEB and Pensions	N/A	$ 31,851,985	$ 29,914,142	$ 28,962,705
K-12 Average Daily Attendance at annual	37	52	30	22

The County Service Fund balance has increased by $6,544,833 over the past two years. The fiscal year 2020-2021 budget projects a further increase of $197,011 (1.1 percent). For a county this size, the State recommends available reserves of at least three percent of total County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have increased by $2,889,280 over the past two years.

Average daily attendance has increased by 30 over the past two years; however, a decline of 15 ADA is anticipated during fiscal year 2020-2021.

3 Budget 2021 is 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.

[3] On behalf payments of $1,016,522 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

Name of Charter School and Charter Number	Included in Audit Report
Chrysalis Charter School (Charter No. 0778)	No
Northern Summit Academy Shasta (Charter No. 2076)	No
Redding STEM Academy (Charter No. 1770)	No

	Charter Schools Fund	Pupil Transportation Equipment Fund	Forest Reserve Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ -	$ 135,252	$ -	$ 620,119	$ 755,371
Fund Balances					
Restricted	$ -	$ -	$ -	$ 620,119	$ 620,119
Assigned	-	135,252	-	-	135,252
Total fund balances	$ -	$ 135,252	$ -	$ 620,119	$ 755,371

	Charter Schools Fund	Pupil Transportation Equipment Fund	Forest Reserve Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ 627,739	$ -	$ 627,739
Other local sources	-	3,458	-	141,039	144,497
Total revenues	-	3,458	627,739	141,039	772,236
Expenditures					
Current					
Other outgo	-	-	533,578	-	533,578
Excess of Revenues Over Expenditures	-	3,458	94,161	141,039	238,658
Other Financing Uses					
Transfers out	(658,538)	-	(94,161)	-	(752,699)
Net Change in Fund Balances	(658,538)	3,458	-	141,039	(514,041)
Fund Balance - Beginning	658,538	131,794	-	479,080	1,269,412
Fund Balance - Ending	$ -	$ 135,252	$ -	$ 620,119	$ 755,371

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, 2020. 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 the County.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. 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, 2020, the County did not report any commodities in inventory.

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 counties. 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 charted 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

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

Independent Auditor's Reports
June 30, 2020

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 Board of Directors 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Shasta County Office of Education's basic financial statements and have issued our report thereon dated March 1, 2021.

Internal Control over Financial Reporting

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

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2021

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

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

Report on Compliance for Each Major Federal Program
We have audited Shasta County Office of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shasta County Office of Education's major federal programs for the year ended June 30, 2020. Shasta County Office of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, Shasta County Office of Education's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2021

Independent Auditor's Report on State Compliance

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

Report on State Compliance
We have audited Shasta County Office of Education's (the County) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on the County's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the County's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the County's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	No, see below
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, se 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:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction 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 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 of 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 does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety 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.

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

Unmodified Opinion
In our opinion, Shasta County Office of Education complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

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:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Care and Development Fund Cluster	93.575 and 93.596
CACFP Claims - Centers and Family Day Care	10.558

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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.