

**SIERRA COUNTY OFFICE OF EDUCATION
COUNTY OF SIERRA
LOYALTON, CALIFORNIA
AUDIT REPORT
JUNE 30, 2020**



SIERRA COUNTY OFFICE OF EDUCATION
TABLE OF CONTENTS
JUNE 30, 2020

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Governmental-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds - Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position	14
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Note to the Financial Statements	17

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	41
Schedule of Changes in the Net OPEB Liability and Related Ratios	42
Schedule of Contributions - OPEB	43
Schedule of the Proportionate Share of the Net Pension Liability	44
Schedule of Contributions - Pensions	45
Notes to Required Supplementary Information	46

SUPPLEMENTARY INFORMATION

Local Education Agency Organization Structure	48
Schedule of Average Daily Attendance	49
Schedule of Instructional Time	50
Schedule of Financial Trends and Analysis	51
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	52
Schedule of Charter Schools	53
Note to the Supplementary Information	54

SIERRA COUNTY OFFICE OF EDUCATION
TABLE OF CONTENTS
JUNE 30, 2020

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Independent Auditors' Report on State Compliance	57

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	60
Financial Statement Findings	61
State Award Findings and Questioned Costs	62
Summary Schedule of Prior Audit Findings	63



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sierra County Office of Education
Loyalton, 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 the Sierra County Office of Education ("the 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 the County Office of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County Office of Education'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 County Office of Education'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 Sierra 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, and budgetary comparison information and schedule of the County Office of Education's proportionate share of the net pension liability and schedule of County Office of Education pension contributions, and schedule of the County Office of Education's proportionate share of the net OPEB liability and schedule of County Office of Education OPEB contributions identified as Required Supplementary Information in the table of contents 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 the Sierra County Office of Education's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit *guide, 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

The other supplementary information is 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of Sierra County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Sierra County Office of Education's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
March 2, 2021

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

INTRODUCTION

Our discussion and analysis of Sierra County Office of Education's (County Office) financial performance provides an overview of the County Office's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the County Office's financial statements (including notes and supplementary information), which follow this section.

FINANCIAL HIGHLIGHTS

- Total Net Position was \$1,665,365 at June 30, 2020. This was an increase of \$195,299 over the prior year.
- Overall revenues were \$3,064,480 which was more than expenses of \$2,869,181.
- The fund balance of the general fund was \$2,896,330, an increase of \$386,645 from the prior year.
- Fund balance increased from prior year due to revenues exceeding expenditures.
- The total cost of the County Office's programs was \$2,869,181, a decrease of \$61,189 from prior year

OVERVIEW OF FINANCIAL STATEMENTS

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

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the County Office operations in more detail. The fund financial statements comprise the remaining statements.
- **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the County Office's budget for the year is included.

Government-Wide Statements

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

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Government-Wide Statements, continued

The two government-wide statements report the County Office's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the County Office's financial health or position.

- Over time, increases or decreases in the County Office's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County Office, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the County Office include governmental activities. Most of the County Office's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County Office's most significant funds—not the County Office as a whole. Funds are accounting devices that the County Office uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the County Office is meeting legal responsibilities for using certain revenues. The County Office has one kind of fund:

- Governmental funds - Most of the County Office's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Governmental Activities

The County Office's net position increased from \$1,470,066 at June 30, 2019 to \$1,665,365 at June 30, 2020, an increase of 13%.

	Governmental Activities		
	2020	2019	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 3,115,248	\$ 2,800,577	\$ 314,671
Capital assets	229,263	248,784	(19,521)
Deferred outflows	517,371	518,268	(897)
Total Assets and Deferred Outflows	3,861,882	3,567,629	294,253
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	160,640	124,744	35,896
Long-term liabilities	1,770,280	1,659,042	111,238
Deferred inflows	265,597	313,777	(48,180)
Total Liabilities and Deferred Inflows	2,196,517	2,097,563	98,954
NET POSITION			
Net investment in capital assets	229,263	248,784	(19,521)
Restricted	15,356	21,099	(5,743)
Unrestricted	1,420,746	1,200,183	220,563
Total Net Position	\$ 1,665,365	\$ 1,470,066	\$ 195,299

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Changes in Net Position

The County Office's total revenues were \$3,064,480. A majority of the revenue came from Unrestricted Federal and State Aid, which accounted for 44% of total revenues.

The total cost of all programs and services was \$2,869,181. The County Office's expenses are predominately related to educating and caring for students and administrative which account for a combined total cost of 51%. The remaining expenses were for plant services (maintenance and operations), ancillary services, and other outgo.

The County Office's total current year revenues exceeded total current year expenses by \$195,299.

	Governmental Activities		
	2020	2019	Net Change
REVENUES			
Program revenues			
Operating grants and contributions	\$ 945,855	\$ 835,907	\$ 109,948
General revenues			
Property taxes	75,644	74,777	867
Unrestricted federal and state aid	1,359,857	1,165,923	193,934
Other	683,124	762,100	(78,976)
Total Revenues	3,064,480	2,838,707	225,773
EXPENSES			
Instruction	968,460	956,562	11,898
Instruction-related services	486,419	470,421	15,998
Pupil services	108,600	231,450	(122,850)
General administration	668,686	687,067	(18,381)
Plant services	58,347	45,206	13,141
Ancillary services	65,434	26,429	39,005
Other outgo	493,714	667,931	(174,217)
Depreciation (Unallocated)	19,521	19,238	283
Total Expenses	2,869,181	3,104,304	(61,189)
Change in net position	195,299	(265,597)	460,896
Net Position - Beginning	1,470,066	1,740,651	(270,585)
Prior Period Adjustment (See Note 11)	-	(4,988)	4,988
Net Position - Ending	\$ 1,665,365	\$ 1,470,066	\$ 195,299

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Governmental Activities

The table below presents the cost of each of the County Office's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The cost of all governmental activities this year was \$2,869,181.

Some of the costs were paid directly from grants and contributions \$945,855.

Net Cost of Governmental Activities

	Net Cost of Services	
	2020	2019
Instruction	371,686	406,348
Instruction-related services	398,699	389,394
Pupil services	(2,432)	106,005
General administration	639,940	662,929
Plant services	32,978	25,150
Ancillary services	(5,450)	(1,329)
Other outgo	468,384	660,662
Depreciation (Unallocated)	19,521	19,238
	\$ 1,923,326	\$ 2,268,397

FINANCIAL ANALYSIS OF THE COUNTY OFFICE'S FUNDS

The overall financial performance of the County Office as a whole is reflected in its governmental funds as well. As the County Office completed the year, its governmental funds reported a combined fund balance of \$2,954,608 which is less than last year's ending fund balance of \$2,675,833. This change was due to the increase in overall expenses.

General Fund Budgetary Highlights

Over the course of the year, the County Office revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved on June 11, 2019. A schedule of the County Office's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the County Office had invested \$768,276 in a broad range of capital assets including buildings and improvements, machinery and equipment. During the year the District invested in new energy efficient lighting. More detailed information about the County Office's capital assets is presented in the notes to the financial statements.

	Governmental Activities		
	2020	2019	Net Change
CAPITAL ASSETS			
Buildings	\$ 501,899	\$ 501,899	\$ -
Equipment	266,377	266,377	-
Accumulated depreciation	(539,013)	(519,492)	(19,521)
Total Capital Assets	\$ 229,263	\$ 248,784	\$ (19,521)

The County Office budgeted \$94,255 capital spending for building improvements and new equipment for the 2020-21 fiscal year.

Long-Term Debt

Total long-term liability increased \$103,178 due to the increase the net pension liability, as shown in the table below. More detailed information about the County Office's debt is presented in the notes to the financial statements.

	Governmental Activities		
	2020	2019	Net Change
LONG-TERM LIABILITIES			
Net pension liability	1,663,367	1,550,664	112,703
Net OPEB liability	93,849	103,374	(9,525)
Compensated absences	13,064	5,004	8,060
Less: current portion of long-term debt	(13,064)	(5,004)	(8,060)
Total Long-term Liabilities	\$ 1,757,216	\$ 1,654,038	\$ 103,178

**SIERRA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The uncertainty of federal and state funding can have a profound impact on the financial health of the County Office. Although no changes are currently anticipated, the federal and the state governments could implement budget cuts. There is presently no update on the continuance of Forest Reserve funding which if implemented could have a positive impact on the budget and reduced deficit spending patterns.
- The continuing increases in premiums for health care insurance, retirement, and worker's compensation could have a significant effect on the future financial health of the County Office. The 2020 premium for health insurance did not change over the 2019 composite premiums. However, health care premiums and retirement liabilities are predicted to continue to increase into the foreseeable future.
- The budget assumptions used to prepare the budget for 2020/2021 included a 0% cost of living allowance (COLA) and a deficit factor of 7.82% to LCFF. Reduction of 10% to all other State funding. In addition, employer rate of 16.15% and 20.7% was used in 20/21 for CalSTRS and CalPERS contributions to California certificated and classified retirement systems, respectively.
- The inevitable increases in PERS and STRS contribution rates that will be necessary to fund the Net Pension Liability will likely require careful budgeting and planning.

CONTACTING THE COUNTY OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the County Office's finances and to demonstrate the County Office's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Nona Griesert, Business Manager
Sierra County Office of Education
Post Office Box 955
109 Beckwith Road
Loyalton, CA 96118

BASIC FINANCIAL STATEMENTS

**SIERRA COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,891,689
Accounts receivable	28,405
Due from grantor government	195,154
Capital assets, net of accumulated depreciation	229,263
Total Assets	3,344,511
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	517,371
Total Deferred Outflows of Resources	517,371
LIABILITIES	
Accrued liabilities	54,541
Due to grantor government	178
Unearned revenue	105,921
Long-term liabilities, current portion	13,064
Net pension liability	1,663,367
Net OPEB liability	93,849
Total Liabilities	1,930,920
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	265,597
Total Deferred Inflows of Resources	265,597
NET POSITION	
Net investment in capital assets	229,263
Restricted:	
Educational programs	8,190
Other restrictions	7,166
Unrestricted	1,420,746
Total Net Position	\$ 1,665,365

**SIERRA COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Programs	Expenses	Program Revenues		Revenues and Changes in Net Position
		Operating Grants and Contributions		Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 968,460	\$ 596,774		\$ (371,686)
Instruction-related services				
Instructional supervision and administration	137,722	49,937		(87,785)
School site administration	348,697	37,783		(310,914)
Pupil services				
All other pupil services	108,600	111,032		2,432
General administration				
Centralized data processing	159,557	768		(158,789)
All other general administration	509,129	27,978		(481,151)
Plant services	58,347	25,369		(32,978)
Ancillary services	65,434	70,884		5,450
Other outgo	493,714	25,330		(468,384)
Depreciation (unallocated)	19,521	-		(19,521)
Total Governmental Activities	\$ 2,869,181	\$ 945,855		(1,923,326)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				
				75,644
Federal and state aid not restricted for specific purposes				
				1,359,857
Interest and investment earnings				
				51,480
Interagency revenues				
				359,305
Miscellaneous				
				272,339
Subtotal, General Revenue				
				2,118,625
Change in Net Position				
				195,299
Net Position - Beginning				
				1,470,066
Net Position - Ending				
				\$ 1,665,365

**SIERRA COUNTY OFFICE OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Adult Education Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,831,092	\$ 60,597	\$ 2,891,689
Accounts receivable	28,405	-	28,405
Due from grantor governments	195,154		195,154
Total Assets	3,054,651	60,597	3,115,248
LIABILITIES			
Accounts Payable	52,222	2,319	54,541
Due to grantor governments	178	-	178
Uearned revenue	105,921	-	105,921
Total Liabilities	158,321	2,319	160,640
FUND BALANCES			
Nonspendable	600	-	600
Restricted			
Educational programs	8,190	-	8,190
Child nutrition	7,166	-	7,166
Committed	93,849	-	93,849
Assigned	50,000	58,278	108,278
Unassigned	2,736,525	-	2,736,525
Total Fund Balances	2,896,330	58,278	2,954,608
Total Liabilities and Fund Balances	\$ 3,054,651	\$ 60,597	\$ 3,115,248

**SIERRA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds \$ 2,954,608

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

Capital assets:

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

Capital assets	\$ 768,276	
Accumulated depreciation	(539,013)	229,263

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities relating to governmental activities consist of:

Net pension liability	\$ 1,663,367	
Net OPEB liability	93,849	
Compensated absences	13,064	(1,770,280)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods.

In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions:	\$ 517,371	
Deferred inflows of resources relating to pensions:	(265,597)	251,774

Total Net Position - Governmental Activities \$ 1,665,365

**SIERRA COUNTY OFFICE OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Adult Education Fund	Total Governmental Funds
REVENUES			
LCFF sources	\$ 1,004,442	\$ -	\$ 1,004,442
Federal sources	553,409	-	553,409
Other state sources	789,339	10,637	799,976
Other local sources	451,947	240,174	692,121
Total Revenues	2,799,137	250,811	3,049,948
EXPENDITURES			
Current			
Instruction	818,553	124,976	943,529
Instruction-related services			
Instructional supervision and administration	121,563	-	121,563
School site administration	190,727	136,716	327,443
Pupil services			
All other pupil services	104,733	-	104,733
General administration			
Centralized data processing	158,979	-	158,979
All other general administration	497,431	-	497,431
Plant services	51,580	6,767	58,347
Facilities acquisition and maintenance	45,316	88,801	134,117
Ancillary services	65,434	-	65,434
Transfers to other agencies	359,597	-	359,597
Total Expenditures	2,413,913	357,260	2,771,173
Excess (Deficiency) of Revenues Over Expenditures	385,224	(106,449)	278,775
Other Financing Sources (Uses)			
Transfers in	1,421	-	1,421
Transfers out	-	(1,421)	(1,421)
Net Financing Sources (Uses)	1,421	(1,421)	-
NET CHANGE IN FUND BALANCE	386,645	(107,870)	278,775
Fund Balance - Beginning	2,509,685	166,148	2,675,833
Fund Balance - Ending	\$ 2,896,330	\$ 58,278	\$ 2,954,608

**SIERRA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Governmental Funds \$ 278,775

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

Capital outlay:

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

Expenditures for capital outlay:	\$	-	
Depreciation expense:		(19,521)	(19,521)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(8,060)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(65,420)

Postemployment benefits other than pensions (OPEB):

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

9,525

Change in Net Position of Governmental Activities

\$ 195,299

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County Office of Education's combined financial statements include the accounts of all its operations. The County Office of Education evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County Office of Education's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County Office of Education holds the corporate powers of the organization
- the County Office of Education appoints a voting majority of the organization's board
- the County Office of Education is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County Office of Education
- there is fiscal dependency by the organization on the County Office of Education

The County Office of Education also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County Office of Education to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County Office of Education, its component units or its constituents; and 2) The County Office of Education or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County Office of Education.

Based on these criteria, the County Office of Education has no component units. Additionally, the County Office of Education is not a component unit of any other reporting entity as defined by the GASB Statement.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Presentation, Basis of Accounting, continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County Office of Education's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County Office of Education does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County Office of Education's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County Office of Education reports the following major governmental funds:

General Fund: This is the County Office of Education's primary operating fund. It accounts for all financial resources of the County Office of Education except those required to be accounted for in another fund.

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

C. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County Office of Education gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting, continued

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County Office of Education considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily, of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County Office of Education incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County Office of Education's policy to use restricted resources first, then unrestricted resources.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the County Office of Education's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The County Office of Education's governing board satisfied these requirements.

These budgets are revised by the County Office of Education's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The County Office of Education employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the County Office of Education maintains substantially all its cash in the Sierra County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Sierra County Treasury was not available.

Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not 'available for appropriation and expenditure' even though they are a component of net current assets.

The County Office of Education has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The County Office of Education has chosen to report the expenditure when incurred.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

**SIERRA COUNTY OFFICE OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Capital Assets

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	30 years
Buildings	50 years
Bulding Improvements	20 years
Vehicles	2-15 years
Office Equipment	3-15 years
Computer Equipment	3-15 years

Receivable and Payable Balances

The County Office of Education believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the County Office of Education. The current portion of the liabilities is recognized in the general fund at year end.

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

Unearned Revenue

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

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Sierra bills and collects the taxes for the County Office of Education.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the County Office of Education's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Fund Balances – Governmental Funds, continued

Fund balances of the governmental funds are classified as follows:

Assigned Fund Balance - represents amounts which the County Office of Education intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the funds primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County Office of Education itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County Office of Education 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 Office of Education considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly

Level 3 Inputs: Unobservable inputs for an asset or liability

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The County has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The County has not determined the impact on the financial statements.

**SIERRA COUNTY OFFICE OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with I GASB Statement No. 38, 'Certain Financial Statement Note Disclosures,' violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 3 – CASH AND INVESTMENTS

Cash in County Treasury

In accordance with Education Code Section 41001, the County Office of Education maintains substantially all of its cash in the Sierra County Treasury as part of the common investment pool (\$2,891,089 as of June 30, 2020). The fair value of the County Office of Educations portion of this pool as of that date, as provided by the pool sponsor, was \$2,981,922. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$0 as of June 30, 2020) and in the revolving fund (\$600) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

The County Office of Education is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The County Office of Educations general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 – CASH AND INVESTMENTS, continued

The County Office of Education's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2019		Additions	Deductions	Balance June 30, 2020	
Capital assets being depreciated						
Buildings	\$	501,899	\$	-	\$	501,899
Equipment		266,377		-		266,377
Total Capital Assets Being Depreciated		768,276		-		768,276
Less Accumulated Depreciation						
Buildings		273,561		11,496		285,057
Equipment		245,931		8,025		253,956
Total Accumulated Depreciation		519,492		19,521		539,013
Capital Assets, net	\$	248,784	\$	(19,521)	\$	229,263

NOTE 5 - INTERFUND BALANCES AND ACTIVITIES

Do To/From Other Funds

There were no balances due to and from other funds at June 30, 2020.

Transfers To/From Other Funds

Transfers to and from other funds at June 30, 2020 consisted of \$1,421 transferred from the Adult Education Fund to the General fund.

NOTE 6 – LONG-TERM OBLIGATIONS

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance July 01, 2019		Additions	Deductions	Balance June 30, 2020		Due in One Year	
Governmental Activities								
Net pensions liability	\$	1,550,664	\$	112,703	\$	1,663,367	\$	-
Net OPEB liability		103,374		-		93,849		-
Compensated absences		5,004		8,060		13,064		13,064
Total	\$	1,659,042	\$	120,763	\$	1,770,280	\$	13,064

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 – JOINT VENTURES (JOINT POWERS AGREEMENTS)

The County Office participates in two Joint Powers Agreements (JPA's), the Tn-Counties Schools Insurance Group and the Northeastern JPA. The insurance groups arrange for and provide property, liability, health and worker's compensation insurance for their members. The County Office pays premiums commensurate with the level of coverage requested. These are partial self-insurance programs.

An executive committee consisting of representatives from each member's County Office/District governs the JPA's. The governing boards control the operations of their JPA's independent of any influence by the County Office beyond the County Office's representation on the governing boards.

The JPA's are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. The budget is not subject to any approval other than that of the executive committee. The relationship between the County Office and the JPA's is such that the JPA's are not component units of the County Office for financial reporting purposes.

Condensed financial information for the JPA's for June 30, 2020 was not available as of our report date.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2020, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 973,498	\$ 354,400	\$ 78,915	\$ 161,841
CalPERS	689,869	162,971	186,682	86,579
Total	\$ 1,663,367	\$ 517,371	\$ 265,597	\$ 248,420

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by 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 District 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 Plan	
	On or before	On or after
Hire date	December 31, 2012	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%	9.205%*
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution 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 District's total contributions were \$109,706.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	973,498
State's proportionate share of the net pension liability associated with the District		531,112
Total	\$	<u>1,504,610</u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0011 percent and 0.0010 percent, respectively, resulting in a net increase in the proportionate share of 0.0001 percent

For the year ended June 30, 2020, the District recognized pension expense of \$161,841. In addition, the District recognized pension expense and revenue of \$14,531 for support provided by the State. At June 30, 2020, the District 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 37,491
Differences between expected and actual experience	2,456	27,414
Changes in assumptions	123,112	-
Net changes in proportionate share of net pension liability	119,126	14,010
District contributions subsequent to the measurement date	109,706	-
Total	<u>\$ 354,400</u>	<u>\$ 78,915</u>

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflows of resources related to pensions resulting from District 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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 61,645
2022	35,648
2023	29,686
2024	44,633
2025	(2,989)
Thereafter	(2,844)
	\$ 165,779

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a 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 custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

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 District'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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 1,449,619	\$ 973,498	\$ 578,703

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued Comprehensive Annual Financial Report (CAFR).

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under 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 plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) 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 age 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	7.000%	6.500%
Required employer contribution rate	19.721%	19.721%

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$73,294.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$689,869. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0024 percent and 0.0024 percent, respectively, resulting in no change the proportionate share percentage.

For the year ended June 30, 2020, the District recognized pension expense of \$86,579. At June 30, 2020, the District 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 6,400
Differences between expected and actual experience	50,113	-
Changes in assumptions	32,840	-
Net changes in proportionate share of net pension liability	6,724	180,282
District contributions subsequent to the measurement date	73,294	-
Total	\$ 162,971	\$ 186,682

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

The deferred outflows of resources related to pensions resulting from District 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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (5,706)
2022	(55,300)
2023	(40,301)
2024	4,302
	<u>\$ (97,005)</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a 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, 2011
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

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions , continued

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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. 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	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Discount Rate, continued

The following presents the District'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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 994,401	\$ 689,869	\$ 437,239

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued Comprehensive Annual Financial Report (CAFR).

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$74,084 to CalSTRS.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The County Office of Education's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the County Office of Education. The Plan is a single-employer defined benefit OPEB plan administered by the County Office of Education. Authority to establish and amend the benefit terms and financing requirements lies with the County Office of Education's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**SIERRA COUNTY OFFICE OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ 93,849	\$ -	\$ -	(9,525)

Plan Description

The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Confidential and Classified Employees with a minimum of 25 years of experience 5 years with the County, who have reached the age of 55, may elect to take advantage of their choice of one of the following offers:

- A. 1 year of retiree benefits (at the Tiered Rate) for medical, dental, and vision plans for the retiree, spouse and family, or
- B. \$13,840 for the term of 1 year

Certificated employees with a minimum of 25 years of experience 5 years with the County Office, who have reached the age of 55, may elect to take advantage of their choice of one of the following offers:

- A. 3 years of retiree benefits (at the Tiered Rate) for medical, dental, and vision plans for the retiree, spouse and family, capped at the employer dollar contribution in the year of the unit member's final year of service, or
- B. A lump sum dollar amount per year for 3 years set up at the dollar contribution per paragraph "a" above made by the employer in the year of the unit members final year of service.

All contracts with County Office employees will be renegotiated periodically in the future, thus costs and benefits are subject to change. Benefits and contribution requirements for the Other Post-Employment Benefits (OPEB) plan are established by various labor agreements.

For the County Office, OPEB benefits are administered by its personnel. No separate financial statements are issued.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued

Employees Covered by Benefit Terms

At June 30, 2019, the measurement date, the following retirees were covered by the benefit terms:

	Number of Participants
Inactive Employees Receiving Benefits	1
Active Employees	11
	<u>12</u>

Total OPEB Liability

The County Office of Education's total OPEB liability of \$93,849 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Discount rate	3.89%
Payroll increase	3.25% for CalPERS 3.50% for CalSTRS
Healthcare cost trend rate	7.50% decreasing to 5.00% for years 2021 and after

Discount Rate

The discount rate of 3.89% based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. The CalPERS mortality tables created by CalPERS are modified versions of the Society of Actuaries Scale BB mortality table, as adjusted for data from CalSTRS members.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued

Changes in Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2018	\$ 103,374	\$ -	\$ 103,374
Changes for the year:			
Service cost	5,260	-	5,260
Interest	3,763	-	3,763
Employer contributions	-	18,548	(18,548)
Expected benefit payments	(18,548)	(18,548)	-
Net change	(9,525)	-	(9,525)
Balance June 30, 2019	\$ 93,849	\$ -	\$ 93,849

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2020.

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

The following presents the total OPEB liability of the District, as well as what the County Office of Education's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point-higher (4.89%) than the current discount rate:

	Discount Rate 1% Lower (2.89%)	Current Discount Rate (3.89%)	Discount Rate 1% Higher (4.89%)
Net OPEB liability	\$ 98,541	\$ 93,849	\$ 89,063

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be, if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (6.50% per year) or 1-percentage-point higher (8.50% per year) than the current healthcare cost trend rates:

	Trend Rate 1% Lower (6.50% decreasing to 4.00%)	Current Trend Rate (7.50% decreasing to 5.00%)	Trend Rate 1% Higher (8.50% decreasing to 6.00%)
Net OPEB liability	\$ 86,153	\$ 93,849	\$ 106,049

**SIERRA COUNTY OFFICE OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued

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

For the year ended June 30, 2020 the County Office of Education recognized OPEB expense of \$(9,525). At June 30, 2020 the County Office of Education did not report any deferred outflows of resources or deferred inflows of resources relating to OPEB.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation

The County Office of Education is not involved in litigation.

State and Federal Allowances. Awards. and Grants

The County Office of Education has received state and federal funds for specific purposes that are subject to view and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

NOTE 11 – SUBSEQUENT EVENTS

Sierra County Office of Education has evaluated subsequent events for the period from June 30, 2020 through March 1, 2021 the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SIERRA COUNTY OFFICE OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 843,570	\$ 843,570	\$ 1,004,442	\$ 160,872
Federal sources	162,418	162,418	153,834	(8,584)
Other state sources	678,741	678,741	789,339	110,598
Other local sources	307,293	307,293	451,947	144,654
Total Revenues	1,992,022	1,992,022	2,399,562	407,540
EXPENDITURES				
Certificated salaries	559,561	559,561	563,831	4,270
Classified salaries	414,447	414,447	400,060	(14,387)
Employee benefits	496,901	496,901	511,330	14,429
Books and supplies	104,053	104,053	33,156	(70,897)
Services and other operating expenditures	615,871	615,871	462,156	(153,715)
Capital outlay	317,664	317,664	83,783	(233,881)
Other outgo				
Excluding transfers of indirect costs	24,428	24,428	19,958	(4,470)
Total Expenditures	2,532,925	2,532,925	2,074,274	(458,651)
Excess (Deficiency) of Revenues Over Expenditures	(540,903)	(540,903)	325,288	(51,111)
Other Financing Sources (Uses):				
Transfers in	52,121	52,121	61,357	9,236
Net Financing Sources (Uses)	52,121	52,121	61,357	9,236
NET CHANGE IN FUND BALANCE	(488,782)	(488,782)	386,645	875,427
Fund Balance - Beginning	2,509,685	2,509,685	2,509,685	-
Fund Balance - Ending	\$ 2,020,903	\$ 2,020,903	\$ 2,896,330	\$ 875,427

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 5,260	\$ 5,094	\$ 5,796
Interest	3,763	3,938	3,261
Changes of assumptions	-	-	(8,789)
Benefit payments	(18,548)	(3,571)	(27,681)
Other	-	(1,993)	-
Net change in total OPEB liability	(9,525)	3,468	(27,413)
Total OPEB liability, beginning of year	103,374	99,906	127,319
Total OPEB liability, end of year (a)	\$ 93,849	\$ 103,374	\$ 99,906
Plan fiduciary net position			
Employer contributions	\$ 18,548	\$ 3,571	\$ 27,681
Expected benefit payments	(18,548)	(3,571)	(27,681)
Change in plan fiduciary net position	-	-	-
Fiduciary trust net position, beginning of year	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -
Net OPEB liability, ending (a) - (b)	\$ 93,849	\$ 103,374	\$ 99,906
Covered payroll	\$ 1,134,284	\$ 1,098,580	\$ 861,043
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Net OPEB liability as a percentage of covered payroll	8%	9%	12%

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

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
Actuarially determined contribution	\$ 10,349	\$ 18,548	\$ 8,671
Contributions in relations to the actuarially determined contribution	6,624	18,548	20,760
Contribution deficiency (excess)	\$ 3,725	\$ -	\$ (12,089)
Covered-employee payroll	\$ 1,134,284	\$ 1,098,580	\$ 861,043
Contribution as a percentage of covered-employee payroll	0.58%	1.69%	2.41%

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

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

CaSTRS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0011%	0.0010%	0.0010%	0.0007%	0.0011%	0.0007%
District's proportionate share of the net pension liability	\$ 973,498	\$ 919,609	\$ 889,661	\$ 620,236	\$ 497,299	\$ 269,092
State's proportionate share of the net pension liability associated with the District	531,112	526,545	528,221	323,525	268,306	139,965
Total	\$ 1,504,610	\$ 1,446,154	\$ 1,417,882	\$ 943,761	\$ 765,605	\$ 409,057
District's covered - employee payroll	\$ 641,556	\$ 618,833	\$ 548,850	\$ 508,613	\$ 341,351	\$ 336,050
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	152%	149%	162%	122%	146%	80%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CaPERS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0024%	0.0024%	0.0025%	0.0026%	0.0027%	0.0029%
District's proportionate share of the net pension liability	\$ 689,869	\$ 631,055	\$ 607,454	\$ 523,055	\$ 390,964	\$ 329,221
District's covered - employee payroll	\$ 371,655	\$ 374,028	\$ 312,193	\$ 313,538	\$ 294,962	\$ 294,958
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	186%	169%	248%	243%	133%	112%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

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

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020**

CalSTRS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 109,706	\$ 100,746	\$ 79,199	\$ 38,811	\$ 30,312	\$ 27,015
District's contributions in relation to the statutorily required contribution	109,706	100,746	79,199	38,811	30,312	27,015
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 641,556	\$ 618,833	\$ 548,850	\$ 508,613	\$ 381,088	\$ 336,050
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	7.63%	7.95%	8.04%
CalPERS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 73,294	\$ 67,557	\$ 57,268	\$ 37,641	\$ 34,720	\$ 34,421
District's contributions in relation to the statutorily required contribution	73,294	67,557	57,268	37,641	34,720	34,421
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 371,655	\$ 374,028	\$ 368,995	\$ 270,994	317,658	294,958
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.52%	13.89%	10.93%	11.67%

**SIERRA COUNTY OFFICE OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents 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 Net OPEB Liability and Related Ratios

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

Change in Benefit Terms - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

Change of Assumptions - There were no change in assumptions since the previous valuation for other postemployment benefits.

Schedule of Contributions – OPEB

A 10-year schedule presenting for each year the information indicated in subparagraphs (1)–(6), if an actuarially determined contribution is calculated for employers or non-employer contributing entities. The schedule should identify whether the information relates to the employers, non-employer contributing entities, or both. An actuarially determined contribution was not calculated, therefore the Schedule of OPEB Contributions is not applicable and not presented.

**SIERRA COUNTY OFFICE OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES, contributions

Schedule of the Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes of assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of Contributions – Pensions

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

OTHER SUPPLEMENTARY INFORMATION

**SIERRA COUNTY OFFICE OF EDUCATION
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2020**

The Sierra County Office of Education was established in 1956 and operates in an area of approximately 1,600 square miles in Plumas and Sierra Counties. There were no changes in the area of operation during the year. The County Office provides Special Education, Counseling, and County School services. Sierra County has one school district, the Sierra-Plumas Joint Unified School District.

GOVERNING BOARD		
Name	Office	Term Expires
Patricia Hall	President	December 2024
Allen Wright	Vice President	December 2022
Christina Potter	Clerk	December 2024
Mike Moore	Member	December 2022
Nicole Stannard	Member	December 2024

ADMINISTRATION

James T. Berardi
Superintendent

Nona Griesert
Business Manager

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Second Period Report	Annual Report
	Certification No. (85,343,949)	Certification No. (F157087D)
County School Tuition		
Transitional Kindergarten through third	6.23	6.23
Fourth through Sixth	2.01	2.01
Ninth through twelfth	7.12	7.12
Total County School Tuition	15.36	15.36
Extended Year Special Education		
Transitional Kindergarten through third	0.17	0.17
Fourth through Sixth	0.24	0.24
Ninth through twelfth	0.02	0.02
Total Extended Year Special Education	0.43	0.43
Special Education - Special Day Class		
Transitional Kindergarten through third	0.76	0.76
Fourth through Sixth	3.88	3.88
Total Special Education - Special Day Class	4.64	4.64
ADA Totals	20.43	20.43

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2020**

Grade Level	Minutes Requirement	2019-20	Number of Days		Status
		Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	39,330	180	N/A	Complied
Grade 1	50,400	52,390	180	N/A	Complied
Grade 2	50,400	52,390	180	N/A	Complied
Grade 3	50,400	52,390	180	N/A	Complied
Grade 4	54,000	55,730	180	N/A	Complied
Grade 5	54,000	55,730	180	N/A	Complied
Grade 6	54,000	55,730	180	N/A	Complied
Grade 7	54,000	64,875	180	N/A	Complied
Grade 8	54,000	64,875	180	N/A	Complied
Grade 9	64,800	64,875	180	N/A	Complied
Grade 10	64,800	64,875	180	N/A	Complied
Grade 11	64,800	64,875	180	N/A	Complied
Grade 12	64,800	64,875	180	N/A	Complied

The County Office of Education participated in Longer Day incentives and is funded at a level for a County Office of Education that has not met or exceeded its LCFF target funding.

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

	2021 (Budget)	2020	2019	2018
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	\$ 2,151,430	2,460,919	2,188,760	2,079,520
Expenditures and Other Financing Uses	2,491,256	2,074,274	2,525,134	1,964,378
Net Change in Fund Balance	(339,826)	386,645	(336,374)	115,142
Ending Fund Balance	\$ 2,556,504	\$ 2,896,330	\$ 2,509,685	\$ 2,846,059
Available Reserves*	\$ 2,398,699	\$ 2,736,525	\$ 2,384,712	\$ 2,656,903
Available Reserves as a Percentage of Outgo	96.3%	131.9%	94.4%	135.3%
Long-term Debt	\$ 1,770,280	\$ 1,770,280	\$ 1,659,042	\$ 1,460,640
Average Daily Attendance at P-2	20	20	14	17

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

**This schedule reflects General Fund budgetary fund basis, which excludes the Forest Reserve Fund.

The General Fund balance has decreased by \$50,271 over the past two years. The fiscal year 2020-2021 budget projects a budget decrease of \$339,826. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

Total long-term obligations have increased by \$309,640 over the past two years.

Average daily attendance has increase by 3 over the past two years. No change in ADA is anticipated during fiscal year 2020-2021.

**SIERRA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no adjustments to the Unaudited Actual Financial Report which require reconciliation to the audited financial statements for the year ended June 30, 2020.

**SIERRA COUNTY OFFICE OF EDUCATION
SCHEDULE CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2020**

Charter School	Included in Audit Report
None	N/A

**SIERRA COUNTY OFFICE OF EDUCATION
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 – PURPOSES OF SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District neither met nor exceeded its targeted funding.

Districts must maintain their instructional minutes at the 1986-87 requirement as required by *Education Code* Section 46201.

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

Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Sierra County Office of Education
Loyalton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra 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 Sierra County Office of Education's basic financial statements and have issued our report thereon dated March 2, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sierra 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 determination of financial statement amounts. 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.

CWDL, Certified Public Accountants

San Diego, California
March 2, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Sierra County Office of Education
Loyalton, California

Report on State Compliance

We have audited the County Office's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the County Office's state programs identified below for the fiscal year ended June 30, 2020.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *State's audit guide, 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the County Office'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. Our audit does not provide a legal determination of the County Office's compliance with those requirements.

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not applicable
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
California Clean Energy Jobs Act	Not applicable
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Not applicable
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

The term "N/A" is used above to mean either the County Office did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, the Sierra County Office of Education complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2020.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit *performed in accordance with the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
March 2, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SIERRA COUNTY OFFICE OF EDUCATION
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS

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

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**SIERRA COUNTY OFFICE OF EDUCATION
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statements findings for the year ended June 30, 2020.

**SIERRA COUNTY OFFICE OF EDUCATION
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs identified for the year ended June 30, 2020.

**SIERRA COUNTY OFFICE OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings or questioned costs identified for the year ended June 30, 2019.