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SIERRA COUNTY OFFICE OF EDUCATION  
COUNTY OF SIERRA  
LOYALTON, CALIFORNIA

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**AUDIT REPORT**

June 30, 2021

**SIERRA COUNTY OFFICE OF EDUCATION**  
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**JUNE 30, 2021**

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## 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, 2021, 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.

### **Auditors' 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, 2021, 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, 2020-21 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 February 25, 2022 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  
February 25, 2022

**SIERRA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**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, 2021. 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 \$2,575,183 at June 30, 2021. This was an increase of \$909,818 over the prior year.
- Overall revenues were \$3,648,661 which was more than expenses of \$2,738,843.
- The fund balance of the general fund was \$3,725,958, an increase of \$829,628 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 \$2,738,843, a decrease of \$106,261 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, 2021**

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**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, 2021**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Governmental Activities**

The County Office's net position increased from \$1,665,365 at June 30, 2020 to \$2,575,183 at June 30, 2021, an increase of 55%.

|   | <b>Governmental Activities</b> |                     |                   |
|---|--------------------------------|---------------------|-------------------|
|   | <b>2021</b>                    | <b>2020</b>         | <b>Net Change</b> |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>           |                                |                     |                   |
| Current and other assets                      | \$ 4,105,407                   | \$ 3,115,248        | \$ 990,159        |
| Capital assets                                | 247,168                        | 229,263             | 17,905            |
| Deferred outflows                             | 522,311                        | 517,371             | 4,940             |
| <b>Total Assets and Deferred Outflows</b>     | <b>4,874,886</b>               | <b>3,861,882</b>    | <b>1,013,004</b>  |
| <b>LIABILITIES AND DEFERRED INFLOWS</b>       |                                |                     |                   |
| Current liabilities                           | 198,834                        | 160,640             | 38,194            |
| Long-term liabilities                         | 1,928,284                      | 1,770,280           | 158,004           |
| Deferred inflows                              | 172,585                        | 265,597             | (93,012)          |
| <b>Total Liabilities and Deferred Inflows</b> | <b>2,299,703</b>               | <b>2,196,517</b>    | <b>103,186</b>    |
| <b>NET POSITION</b>                           |                                |                     |                   |
| Net investment in capital assets              | 247,168                        | 229,263             | 17,905            |
| Restricted                                    | 257,830                        | 15,356              | 242,474           |
| Unrestricted                                  | 2,070,185                      | 1,420,746           | 649,439           |
| <b>Total Net Position</b>                     | <b>\$ 2,575,183</b>            | <b>\$ 1,665,365</b> | <b>\$ 909,818</b> |

**SIERRA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**Changes in Net Position**

The County Office's total revenues were \$3,648,661. A majority of the revenue came from Unrestricted Federal and State Aid, which accounted for 45% of total revenues.

The total cost of all programs and services was \$2,738,843. 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 \$909,818.

|                                    | <b>Governmental Activities</b> |                     |                   |
|------------------------------------|--------------------------------|---------------------|-------------------|
|                                    | <b>2021</b>                    | <b>2020</b>         | <b>Net Change</b> |
| <b>REVENUES</b>                    |                                |                     |                   |
| Program revenues                   |                                |                     |                   |
| Operating grants and contributions | \$ 1,498,726                   | \$ 945,855          | \$ 552,871        |
| General revenues                   |                                |                     |                   |
| Property taxes                     | 77,599                         | 75,644              | 1,955             |
| Unrestricted federal and state aid | 1,635,148                      | 1,359,857           | 275,291           |
| Other                              | 437,188                        | 683,124             | (245,936)         |
| <b>Total Revenues</b>              | <b>3,648,661</b>               | <b>3,064,480</b>    | <b>584,181</b>    |
| <b>EXPENSES</b>                    |                                |                     |                   |
| Instruction                        | 999,482                        | 968,460             | 31,022            |
| Instruction-related services       | 520,521                        | 486,419             | 34,102            |
| Pupil services                     | 160,766                        | 108,600             | 52,166            |
| General administration             | 665,250                        | 668,686             | (3,436)           |
| Plant services                     | 64,341                         | 58,347              | 5,994             |
| Ancillary services                 | 51,847                         | 65,434              | (13,587)          |
| Other outgo                        | 257,824                        | 493,714             | (235,890)         |
| Depreciation (Unallocated)         | 18,812                         | 19,521              | (709)             |
| <b>Total Expenses</b>              | <b>2,738,843</b>               | <b>2,869,181</b>    | <b>106,261</b>    |
| <b>Change in net position</b>      | <b>909,818</b>                 | <b>195,299</b>      | <b>714,519</b>    |
| <b>Net Position - Beginning</b>    | <b>1,665,365</b>               | <b>1,470,066</b>    | <b>195,299</b>    |
| <b>Net Position - Ending</b>       | <b>\$ 2,575,183</b>            | <b>\$ 1,665,365</b> | <b>\$ 909,818</b> |

**SIERRA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**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 \$2,738,843.

Some of the costs were paid directly from grants and contributions \$1,498,726.

**Net Cost of Governmental Activities**

|                              | <b>Net Cost of Services</b> |                     |
|------------------------------|-----------------------------|---------------------|
|                              | <b>2021</b>                 | <b>2020</b>         |
| Instruction                  | 228,677                     | 371,686             |
| Instruction-related services | 166,047                     | 398,699             |
| Pupil services               | (2,893)                     | (2,432)             |
| General administration       | 564,932                     | 639,940             |
| Plant services               | 18,702                      | 32,978              |
| Ancillary services           | (5,527)                     | (5,450)             |
| Other outgo                  | 251,367                     | 468,384             |
| Depreciation (Unallocated)   | 18,812                      | 19,521              |
|                              | <b>\$ 1,240,117</b>         | <b>\$ 1,923,326</b> |

**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 \$3,906,573 which is greater than last year's ending fund balance of \$2,954,608. This change was due to the increase in overall revenues.

**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 March 9, 2021. 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, 2021**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the County Office had invested \$804,993 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.

|                             | <b>Governmental Activities</b> |                   |                   |
|-----------------------------|--------------------------------|-------------------|-------------------|
|                             | <b>2021</b>                    | <b>2020</b>       | <b>Net Change</b> |
| <b>CAPITAL ASSETS</b>       |                                |                   |                   |
| Buildings                   | \$ 506,614                     | \$ 501,899        | \$ 4,715          |
| Equipment                   | 298,379                        | 266,377           | 32,002            |
| Accumulated depreciation    | (557,825)                      | (539,013)         | (18,812)          |
| <b>Total Capital Assets</b> | <b>\$ 247,168</b>              | <b>\$ 229,263</b> | <b>\$ 17,905</b>  |

The County Office budgeted \$35,000 capital spending for building improvements and new equipment for the 2021-22 fiscal year.

**Long-Term Debt**

Total long-term liability increased \$151,222 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.

|   | <b>Governmental Activities</b> |                     |                   |
|---|--------------------------------|---------------------|-------------------|
|   | <b>2021</b>                    | <b>2020</b>         | <b>Net Change</b> |
| <b>LONG-TERM LIABILITIES</b>            |                                |                     |                   |
| Net pension liability                   | 1,815,953                      | 1,663,367           | 152,586           |
| Net OPEB liability                      | 92,485                         | 93,849              | (1,364)           |
| Compensated absences                    | 19,846                         | 13,064              | 6,782             |
| Less: current portion of long-term debt | (19,846)                       | (13,064)            | (6,782)           |
| <b>Total Long-term Liabilities</b>      | <b>\$ 1,908,438</b>            | <b>\$ 1,757,216</b> | <b>\$ 151,222</b> |

**SIERRA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**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 2020 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 7.92% to LCFF. Reduction of 10% to all other State funding. In addition, employer rate of 16.00% and 22.91% was used in 21/22 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

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## **BASIC FINANCIAL STATEMENTS**

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

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>                                   |                                    |
| Cash and cash equivalents                       | \$ 3,153,526                       |
| Due from grantor government                     | 951,881                            |
| Capital assets, net of accumulated depreciation | 247,168                            |
| <b>Total Assets</b>                             | <b>4,352,575</b>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                    |
| Deferred outflows related to pensions           | 522,311                            |
| <b>Total Deferred Outflows of Resources</b>     | <b>522,311</b>                     |
| <b>LIABILITIES</b>                              |                                    |
| Accrued liabilities                             | 87,628                             |
| Due to grantor government                       | 178                                |
| Unearned revenue                                | 111,028                            |
| Long-term liabilities, current portion          | 19,846                             |
| Net pension liability                           | 1,815,953                          |
| Net OPEB liability                              | 92,485                             |
| <b>Total Liabilities</b>                        | <b>2,127,118</b>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                                    |
| Deferred inflows related to pensions            | 172,585                            |
| <b>Total Deferred Inflows of Resources</b>      | <b>172,585</b>                     |
| <b>NET POSITION</b>                             |                                    |
| Net investment in capital assets                | 247,168                            |
| Restricted:                                     |                                    |
| Educational programs                            | 247,040                            |
| Other restrictions                              | 10,790                             |
| Unrestricted                                    | 2,070,185                          |
| <b>Total Net Position</b>                       | <b>\$ 2,575,183</b>                |

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

| Function/Programs  | Expenses            | Program Revenues                   |  | Revenues and Changes in Net Position |
|--|---------------------|------------------------------------|--|--------------------------------------|
|  |                     | Operating Grants and Contributions |  | Governmental Activities              |
| <b>GOVERNMENTAL ACTIVITIES</b>                             |                     |                                    |  |                                      |
| Instruction  | \$ 999,482          | \$ 770,805                         |  | \$ (228,677)                         |
| Instruction-related services                               |                     |                                    |  |                                      |
| Instructional supervision and administration               | 105,530             | 62,118                             |  | (43,412)                             |
| School site administration                                 | 414,991             | 292,356                            |  | (122,635)                            |
| Pupil services   |                     |                                    |  |                                      |
| Home-to-school transportation                              | 2,313               | 2,477                              |  | 164                                  |
| All other pupil services                                   | 158,453             | 161,182                            |  | 2,729                                |
| General administration                                     |                     |                                    |  |                                      |
| Centralized data processing                                | 161,400             | 1,370                              |  | (160,030)                            |
| All other general administration                           | 503,850             | 98,948                             |  | (404,902)                            |
| Plant services   | 64,341              | 45,639                             |  | (18,702)                             |
| Ancillary services   | 51,847              | 57,374                             |  | 5,527                                |
| Other outgo  | 257,824             | 6,457                              |  | (251,367)                            |
| Depreciation (unallocated)                                 | 18,812              | -                                  |  | (18,812)                             |
| <b>Total Governmental Activities</b>                       | <b>\$ 2,738,843</b> | <b>\$ 1,498,726</b>                |  | <b>(1,240,117)</b>                   |
| General revenues   |                     |                                    |  |                                      |
| Taxes and subventions                                      |                     |                                    |  |                                      |
| Property taxes, levied for general purposes                |                     |                                    |  |                                      |
| Federal and state aid not restricted for specific purposes |                     |                                    |  |                                      |
| Interest and investment earnings                           |                     |                                    |  |                                      |
| Interagency revenues                                       |                     |                                    |  |                                      |
| Miscellaneous  |                     |                                    |  |                                      |
| <b>Subtotal, General Revenue</b>                           |                     |                                    |  | <b>2,149,935</b>                     |
| <b>Change in Net Position</b>                              |                     |                                    |  | <b>909,818</b>                       |
| <b>Net Position - Beginning</b>                            |                     |                                    |  | <b>1,665,365</b>                     |
| <b>Net Position - Ending</b>                               |                     |                                    |  | <b>\$ 2,575,183</b>                  |



**SIERRA COUNTY OFFICE OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

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|  | <b>General Fund</b> | <b>Adult Education<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|---------------------------------|---|
| <b>ASSETS</b>                              |                     |                                 |   |
| Cash and cash equivalents                  | \$ 2,994,393        | \$ 159,133                      | \$ 3,153,526                            |
| Due from grantor governments               | 928,105             | 23,776                          | 951,881                                 |
| <b>Total Assets</b>                        | <b>3,922,498</b>    | <b>182,909</b>                  | <b>4,105,407</b>                        |
| <b>LIABILITIES</b>                         |                     |                                 |   |
| Accounts Payable                           | 85,334              | 2,294                           | 87,628                                  |
| Due to grantor governments                 | 178                 | -                               | 178                                     |
| Uearned revenue                            | 111,028             | -                               | 111,028                                 |
| <b>Total Liabilities</b>                   | <b>196,540</b>      | <b>2,294</b>                    | <b>198,834</b>                          |
| <b>FUND BALANCES</b>                       |                     |                                 |   |
| Nonspendable                               | 600                 | -                               | 600                                     |
| Restricted                                 |                     |                                 |   |
| Educational programs                       | 124,653             | 122,387                         | 247,040                                 |
| Child nutrition                            | 10,790              | -                               | 10,790                                  |
| Committed                                  | 92,485              | -                               | 92,485                                  |
| Assigned                                   | -                   | 58,228                          | 58,228                                  |
| Unassigned                                 | 3,497,430           | -                               | 3,497,430                               |
| <b>Total Fund Balances</b>                 | <b>3,725,958</b>    | <b>180,615</b>                  | <b>3,906,573</b>                        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 3,922,498</b> | <b>\$ 182,909</b>               | <b>\$ 4,105,407</b>                     |

See accompanying notes to the financial statements.

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

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**Total Fund Balance - Governmental Funds** \$ 3,906,573

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           | \$ 804,993 |         |
| Accumulated depreciation | (557,825)  | 247,168 |
|                          |            |         |

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 | \$ 1,815,953 |             |
| Net OPEB liability    | 92,485       |             |
| Compensated absences  | 19,846       | (1,928,284) |
|                       |              |             |

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: | \$ 522,311 |         |
| Deferred inflows of resources relating to pensions:  | (172,585)  | 349,726 |
|  |            |         |

**Total Net Position - Governmental Activities** \$ 2,575,183

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

|  | <b>General Fund</b> | <b>Adult Education<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|---------------------------------|---|
| <b>REVENUES</b>  |                     |                                 |   |
| LCFF sources   | \$ 1,360,566        | \$ -                            | \$ 1,360,566                            |
| Federal sources  | 511,048             | 31,025                          | 542,073                                 |
| Other state sources  | 906,882             | 332,502                         | 1,239,384                               |
| Other local sources  | 445,915             | 1,503                           | 447,418                                 |
| <b>Total Revenues</b>  | <b>3,224,411</b>    | <b>365,030</b>                  | <b>3,589,441</b>                        |
| <b>EXPENDITURES</b>  |                     |                                 |   |
| Current  |                     |                                 |   |
| Instruction  | 853,282             | 83,176                          | 936,458                                 |
| Instruction-related services                                 |                     |                                 |   |
| Instructional supervision and administration                 | 94,394              | -                               | 94,394                                  |
| School site administration                                   | 219,992             | 151,152                         | 371,144                                 |
| Pupil services   |                     |                                 |   |
| All other pupil services                                     | 150,572             | -                               | 150,572                                 |
| General administration                                       |                     |                                 |   |
| Centralized data processing                                  | 160,305             | -                               | 160,305                                 |
| All other general administration                             | 512,578             | -                               | 512,578                                 |
| Plant services   | 58,910              | 4,414                           | 63,324                                  |
| Ancillary services   | 51,847              | -                               | 51,847                                  |
| Transfers to other agencies                                  | 294,541             | -                               | 294,541                                 |
| <b>Total Expenditures</b>                                    | <b>2,398,734</b>    | <b>238,742</b>                  | <b>2,637,476</b>                        |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>825,677</b>      | <b>126,288</b>                  | <b>951,965</b>                          |
| <b>Other Financing Sources (Uses)</b>                        |                     |                                 |   |
| Transfers in   | 3,951               | -                               | 3,951                                   |
| Transfers out  | -                   | (3,951)                         | (3,951)                                 |
| <b>Net Financing Sources (Uses)</b>                          | <b>3,951</b>        | <b>(3,951)</b>                  | <b>-</b>                                |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>829,628</b>      | <b>122,337</b>                  | <b>951,965</b>                          |
| <b>Fund Balance - Beginning</b>                              | <b>2,896,330</b>    | <b>58,278</b>                   | <b>2,954,608</b>                        |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 3,725,958</b> | <b>\$ 180,615</b>               | <b>\$ 3,906,573</b>                     |

**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, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 951,965

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: | \$ 36,717       |        |
| Depreciation expense:            | <u>(18,812)</u> | 17,905 |

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:

(6,782)

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:

(54,634)

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:

1,364

**Change in Net Position of Governmental Activities** \$ 909,818

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2019. The County has implemented GASB Statement No. 84 for the year ending June 30, 2021.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2021. 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, 2021**

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**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 (\$3,152,926 as of June 30, 2021). The fair value of the County Office of Educations portion of this pool as of that date, as provided by the pool sponsor, was \$3,185,656. 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, 2021) 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, 2021**

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**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, 2021 was as follows:

|  | Balance<br>July 01, 2020 |         | Additions | Deductions | Balance<br>June 30, 2021 |            |
|--|--------------------------|---------|-----------|------------|--------------------------|------------|
| Capital assets being depreciated       |                          |         |           |            |                          |            |
| Buildings                              | \$                       | 501,899 | \$        | 4,715      | \$                       | -          |
| Equipment                              |                          | 266,377 |           | 32,002     |                          | -          |
| Total Capital Assets Being Depreciated |                          | 768,276 |           | 36,717     |                          | -          |
| Less Accumulated Depreciation          |                          |         |           |            |                          |            |
| Buildings                              |                          | 285,057 |           | 11,496     |                          | -          |
| Equipment                              |                          | 253,956 |           | 7,316      |                          | -          |
| Total Accumulated Depreciation         |                          | 539,013 |           | 18,812     |                          | -          |
| Capital Assets, net                    | \$                       | 229,263 | \$        | 17,905     | \$                       | -          |
|  |                          |         |           |            |                          | \$ 247,168 |

**NOTE 5 - INTERFUND BALANCES AND ACTIVITIES**

**Do To/From Other Funds**

There were no balances due to and from other funds at June 30, 2021.

**Transfers To/From Other Funds**

Transfers to and from other funds at June 30, 2021 consisted of \$3,951 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, 2021, are as follows:

|                         | Balance<br>July 01, 2020 |           | Additions | Deductions | Balance<br>June 30, 2021 |       | Due in<br>One Year |
|-------------------------|--------------------------|-----------|-----------|------------|--------------------------|-------|--------------------|
| Governmental Activities |                          |           |           |            |                          |       |                    |
| Net pensions liability  | \$                       | 1,663,367 | \$        | 152,586    | \$                       | -     | \$                 |
| Net OPEB liability      |                          | 93,849    |           | -          |                          | 1,364 | 92,485             |
| Compensated absences    |                          | 13,064    |           | 6,782      |                          | -     | 19,846             |
| Total                   | \$                       | 1,770,280 | \$        | 159,368    | \$                       | 1,364 | \$                 |
|                         |                          |           |           |            |                          |       | \$ 19,846          |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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, 2021 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, 2021, 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      | \$ 1,126,441                     | \$ 388,573                                | \$ 41,087                                | \$ 195,900                 |
| CalPERS      | 689,512                          | 133,738                                   | 131,498                                  | 51,307                     |
| Total        | \$ 1,815,953                     | \$ 522,311                                | \$ 172,585                               | \$ 247,207                 |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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, 2019, 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, 2021, 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                       | 16.15%                    | 16.15%             |
| 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, 2021**

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**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, 2021, are presented above, and the District's total contributions were \$114,958.

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

At June 30, 2021, 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                           | \$        | 1,126,441        |
| State's proportionate share of the net pension liability associated with the District |           | <u>580,676</u>   |
| Total   | <u>\$</u> | <u>1,707,117</u> |

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0012 percent and 0.0011 percent, respectively, resulting in a net increase in the proportionate share of 0.0001 percent

For the year ended June 30, 2021, the District recognized pension expense of \$195,900. In addition, the District recognized pension expense and revenue of \$59,219 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ 26,749                         | \$ -                             |
| Differences between expected and actual experience                   | 1,989                             | 31,747                           |
| Changes in assumptions   | 109,824                           | -                                |
| Net changes in proportionate share of net pension liability          | 135,053                           | 9,340                            |
| District contributions subsequent to the measurement date            | 114,958                           | -                                |
| Total  | <u>\$ 388,573</u>                 | <u>\$ 41,087</u>                 |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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<br>Outflows/(Inflows)<br>of Resources |
|---------------------|--|
| 2022                | \$ 61,373                                      |
| 2023                | 57,418   |
| 2024                | 73,172   |
| 2025                | 22,914   |
| 2026                | 7,292  |
| Thereafter          | 10,359   |
|                     | \$ 232,528                                     |

**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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                     |
|---------------------------|-------------------------------------|
| Valuation date            | June 30, 2019                       |
| Measurement date          | June 30, 2020                       |
| Experience study          | July 1, 2015, through June 30, 2018 |
| Actuarial cost method     | Entry Age Normal                    |
| Discount rate             | 7.10%                               |
| Investment rate of return | 7.10%                               |
| Consumer price inflation  | 2.75%                               |
| Wage growth               | 3.50%                               |

CalSTRS uses 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, 2021**

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**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:

| <b>Asset Class</b>         | <b>Assumed Asset Allocation</b> | <b>Long-term Expected Real Rate of Return*</b> |
|----------------------------|---------------------------------|--|
| 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%<br>Decrease<br>(6.10%) | Current<br>Discount Rate<br>(7.10%) | 1%<br>Increase<br>(8.10%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 1,701,896              | \$ 1,126,441                        | \$ 651,322                |

**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, 2021**

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**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, 2019, 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, 2021, 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                       | 20.700%                        | 20.700%            |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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, 2021, are presented above, and the total District contributions were \$77,615.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$689,512. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0022 percent and 0.0024 percent, respectively, resulting in a net decrease the proportionate of .0002 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$51,307. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ 14,354                         | \$ -                             |
| Differences between expected and actual experience                   | 34,198                            | -                                |
| Changes in assumptions   | 2,528                             | -                                |
| Net changes in proportionate share of net pension liability          | 5,043                             | 131,498                          |
| District contributions subsequent to the measurement date            | 77,615                            | -                                |
| Total  | \$ 133,738                        | \$ 131,498                       |

**SIERRA COUNTY OFFICE OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021**

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**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<br>Outflows/(Inflows)<br>of Resources |
|---------------------|--|
| 2022                | \$ (50,995)                                    |
| 2023                | (35,848)                                       |
| 2024                | 8,935  |
| 2025                | 2,533  |
|                     | \$ (75,375)                                    |

**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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement

|                           |                                     |
|---------------------------|-------------------------------------|
| Valuation date            | June 30, 2019                       |
| Measurement date          | June 30, 2020                       |
| Experience study          | July 1, 1997, through June 30, 2015 |
| Actuarial cost method     | Entry Age Normal                    |
| Discount rate             | 7.15%                               |
| Investment rate of return | 7.15%                               |
| Consumer price inflation  | 2.50%                               |
| Wage growth               | Varies by entry age and service     |

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, 2021**

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**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:

| <b>Asset Class*</b> | <b>Assumed Asset Allocation</b> | <b>Real Return Years 1 - 10**</b> | <b>Real Return Years 11+***</b> |
|---------------------|---------------------------------|-----------------------------------|---------------------------------|
| 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, 2021**

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**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%<br>Decrease<br>(6.15%) | Current<br>Discount Rate<br>(7.15%) | 1%<br>Increase<br>(8.15%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 991,299                | \$ 689,512                          | \$ 439,044                |

**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 \$116,122 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, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued**

For the fiscal year ended June 30, 2021, 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<br>Liability (Asset) | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | OPEB<br>Expense (Benefit) |
|---------------|-------------------------------|-----------------------------------|----------------------------------|---------------------------|
| District Plan | \$ 92,485                     | \$ -                              | \$ -                             | (1,364)                   |

**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, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued**

**Employees Covered by Benefit Terms**

At the June 30, 2020 measurement date, the following retirees were covered by the benefit terms:

|                                       | Number of<br>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 \$92,485 was measured as of June 30, 2020 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, 2020   |
| 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<br>3.50% for CalSTRS                |
| Healthcare cost trend rate | 7.50% decreasing to 5.00% for years 2024<br>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, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, continued**

**Changes in Total OPEB Liability**

|                           | Increase/(Decrease)     |                                 |                               |
|---------------------------|-------------------------|---------------------------------|-------------------------------|
|                           | Total OPEB<br>Liability | Total Fiduciary<br>Net Position | Net OPEB<br>Liability (Asset) |
|                           | (a)                     | (b)                             | (a) - (b)                     |
| Balance July 1, 2019      | \$ 93,849               | \$ -                            | \$ 93,849                     |
| Changes for the year:     |                         |                                 |                               |
| Service cost              | 5,430                   | -                               | 5,430                         |
| Interest                  | 3,555                   | -                               | 3,555                         |
| Employer contributions    | -                       | 10,349                          | (10,349)                      |
| Expected benefit payments | (10,349)                | (10,349)                        | -                             |
| Net change                | (1,364)                 | -                               | (1,364)                       |
| Balance June 30, 2020     | \$ 92,485               | \$ -                            | \$ 92,485                     |

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2021.

**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<br>1% Lower<br>(2.89%) | Current<br>Discount Rate<br>(3.89%) | Discount Rate<br>1% Higher<br>(4.89%) |
|--------------------|--------------------------------------|-------------------------------------|---------------------------------------|
| Net OPEB liability | \$ 97,109                            | \$ 92,485                           | \$ 87,768                             |

**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<br>1% Lower<br>(6.50% decreasing<br>to 4.00%) | Current<br>Trend Rate<br>(7.50% decreasing<br>to 5.00%) | Trend Rate<br>1% Higher<br>(8.50% decreasing<br>to 6.00%) |
|--------------------|--|---|---|
| Net OPEB liability | \$ 84,901  | \$ 92,485   | \$ 104,508  |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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, 2021 the County Office of Education recognized OPEB expense of \$(1,364). At June 30, 2021 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, 2021 through February 25, 2022 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**SIERRA COUNTY OFFICE OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

|  | Budgeted Amounts    |                     | Actual<br>(Budgetary Basis) | Variances -<br>Final to Actual |
|--|---------------------|---------------------|-----------------------------|--------------------------------|
|  | Original            | Final               |                             |                                |
| <b>REVENUES</b>  |                     |                     |                             |                                |
| LCFF sources   | \$ 805,845          | \$ 805,845          | \$ 1,360,566                | \$ 554,721                     |
| Federal sources  | 173,924             | 173,924             | 164,529                     | (9,395)                        |
| Other state sources  | 788,028             | 788,028             | 906,882                     | 118,854                        |
| Other local sources  | 321,293             | 321,293             | 445,915                     | 124,622                        |
| <b>Total Revenues</b>  | <b>2,089,090</b>    | <b>2,089,090</b>    | <b>2,877,892</b>            | <b>788,802</b>                 |
| <b>EXPENDITURES</b>  |                     |                     |                             |                                |
| Certificated salaries  | 609,216             | 609,216             | 591,048                     | (18,168)                       |
| Classified salaries  | 499,935             | 499,935             | 416,032                     | (83,903)                       |
| Employee benefits  | 643,801             | 643,801             | 556,890                     | (86,911)                       |
| Books and supplies   | 69,204              | 69,204              | 24,327                      | (44,877)                       |
| Services and other operating expenditures                    | 525,380             | 525,380             | 466,164                     | (59,216)                       |
| Capital outlay   | 94,255              | 94,255              | 49,732                      | (44,523)                       |
| Other outgo  |                     |                     |                             |                                |
| Excluding transfers of indirect costs                        | 49,428              | 49,428              | -                           | (49,428)                       |
| <b>Total Expenditures</b>                                    | <b>2,491,219</b>    | <b>2,491,219</b>    | <b>2,104,193</b>            | <b>(387,026)</b>               |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(402,129)</b>    | <b>(402,129)</b>    | <b>773,699</b>              | <b>401,776</b>                 |
| <b>Other Financing Sources (Uses):</b>                       |                     |                     |                             |                                |
| Transfers in   | 62,340              | 62,340              | 55,929                      | (6,411)                        |
| <b>Net Financing Sources (Uses)</b>                          | <b>62,340</b>       | <b>62,340</b>       | <b>55,929</b>               | <b>(6,411)</b>                 |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(339,789)</b>    | <b>(339,789)</b>    | <b>829,628</b>              | <b>1,169,417</b>               |
| <b>Fund Balance - Beginning</b>                              | <b>2,896,330</b>    | <b>2,896,330</b>    | <b>2,896,330</b>            | <b>-</b>                       |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 2,556,541</b> | <b>\$ 2,556,541</b> | <b>\$ 3,725,958</b>         | <b>\$ 1,169,417</b>            |

**SIERRA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | 2021         | 2020         | 2019         | 2018       |
|---|--------------|--------------|--------------|------------|
| Total OPEB liability  |              |              |              |            |
| Service cost  | \$ 5,430     | \$ 5,260     | \$ 5,094     | \$ 5,796   |
| Interest  | 3,555        | 3,763        | 3,938        | 3,261      |
| Changes of assumptions  | -            | -            | -            | (8,789)    |
| Benefit payments  | (10,349)     | (18,548)     | (3,571)      | (27,681)   |
| Other   | -            | -            | (1,993)      | -          |
| Net change in total OPEB liability                                      | (1,364)      | (9,525)      | 3,468        | (27,413)   |
| Total OPEB liability, beginning of year                                 | 93,849       | 103,374      | 99,906       | 127,319    |
| Total OPEB liability, end of year (a)                                   | \$ 92,485    | \$ 93,849    | \$ 103,374   | \$ 99,906  |
| Plan fiduciary net position   |              |              |              |            |
| Employer contributions  | \$ 10,349    | \$ 18,548    | \$ 3,571     | \$ 27,681  |
| Expected benefit payments   | (10,349)     | (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)                                    | \$ 92,485    | \$ 93,849    | \$ 103,374   | \$ 99,906  |
| Covered payroll   | \$ 1,171,148 | \$ 1,134,284 | \$ 1,098,580 | \$ 861,043 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0%           | 0%           | 0%           | 0%         |
| Net OPEB liability as a percentage of covered payroll                   | 8%           | 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, 2021**

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|   | 2021         | 2020         | 2019         | 2018        |
|---|--------------|--------------|--------------|-------------|
| Actuarially determined contribution                                   | \$ 13,703    | \$ 10,349    | \$ 18,548    | \$ 8,671    |
| Contributions in relations to the actuarially determined contribution | -            | 6,624        | 18,548       | 20,760      |
| Contribution deficiency (excess)                                      | \$ 13,703    | \$ 3,725     | -            | \$ (12,089) |
| <br>  |              |              |              |             |
| Covered-employee payroll  | \$ 1,171,148 | \$ 1,134,284 | \$ 1,098,580 | \$ 861,043  |
| Contribution as a percentage of covered-employee payroll              | 0.00%        | 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, 2021**

|   | Reporting Fiscal Year<br>(Measurement Date) |                |                |                |
|---|---|----------------|----------------|----------------|
|   | 2021<br>(2020)                              | 2020<br>(2019) | 2019<br>(2018) | 2018<br>(2017) |
| CalSTRS   |   |                |                |                |
| District's proportion of the net pension liability  | 0.0012%                                     | 0.0011%        | 0.0010%        | 0.0010%        |
| District's proportionate share of the net pension liability   | \$ 1,126,441                                | \$ 973,498     | \$ 919,609     | \$ 889,661     |
| State's proportionate share of the net pension liability associated with the District                 | 580,676                                     | 531,112        | 526,545        | 528,221        |
| Total   | \$ 1,707,117                                | \$ 1,504,610   | \$ 1,446,154   | \$ 1,417,882   |
| District's covered - employee payroll   | \$ 711,814                                  | \$ 641,556     | \$ 618,833     | \$ 548,850     |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 158%  | 152%           | 149%           | 162%           |
| Plan fiduciary net position as a percentage of the total pension liability                            | 72%   | 73%            | 71%            | 69%            |

|   | Reporting Fiscal Year<br>(Measurement Date) |                |                |                |
|---|---|----------------|----------------|----------------|
|   | 2021<br>(2020)                              | 2020<br>(2019) | 2019<br>(2018) | 2018<br>(2017) |
| CalPERS   |   |                |                |                |
| District's proportion of the net pension liability  | 0.0022%                                     | 0.0024%        | 0.0024%        | 0.0025%        |
| District's proportionate share of the net pension liability   | \$ 689,512                                  | \$ 689,869     | \$ 631,055     | \$ 607,454     |
| District's covered - employee payroll   | \$ 374,952                                  | \$ 371,655     | \$ 374,028     | \$ 312,193     |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 184%  | 186%           | 169%           | 248%           |
| Plan fiduciary net position as a percentage of the total pension liability                            | 70%   | 70%            | 71%            | 72%            |

*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, 2021**

|  | Reporting Fiscal Year<br>(Measurement Date) |                |                |
|--|---|----------------|----------------|
|  | 2017<br>(2016)                              | 2016<br>(2015) | 2015<br>(2014) |
| CaSTRS   |   |                |                |
| District's proportion of the net pension liability   | 0.0007%                                     | 0.0011%        | 0.0007%        |
| District's proportionate share of the net pension liability  | \$ 620,236                                  | \$ 497,299     | \$ 269,092     |
| State's proportionate share of the net pension liability<br>associated with the District                 | 323,525                                     | 268,306        | 139,965        |
| Total  | \$ 943,761                                  | \$ 765,605     | \$ 409,057     |
| District's covered - employee payroll  | \$ 508,613                                  | \$ 341,351     | \$ 336,050     |
| District's proportionate Share of the net pension liability as<br>percentage of covered-employee payroll | 122%  | 146%           | 80%            |
| Plan fiduciary net position as a percentage of the<br>total pension liability                            | 70%   | 74%            | 77%            |

|  | Reporting Fiscal Year<br>(Measurement Date) |                |                |
|--|---|----------------|----------------|
|  | 2017<br>(2016)                              | 2016<br>(2015) | 2015<br>(2014) |
| CalPERS  |   |                |                |
| District's proportion of the net pension liability   | 0.0026%                                     | 0.0027%        | 0.0029%        |
| District's proportionate share of the net pension liability  | \$ 523,055                                  | \$ 390,964     | \$ 329,221     |
| District's covered - employee payroll  | \$ 313,538                                  | \$ 294,962     | \$ 294,958     |
| District's proportionate Share of the net pension liability as<br>percentage of covered-employee payroll | 243%  | 133%           | 112%           |
| Plan fiduciary net position as a percentage of the<br>total pension liability                            | 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, 2021**

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| CaISTRS   | Reporting Fiscal Year |            |            |            |
|---|-----------------------|------------|------------|------------|
|   | 2021                  | 2020       | 2019       | 2018       |
| Statutorily required contribution   | \$ 114,958            | \$ 109,706 | \$ 100,746 | \$ 79,199  |
| District's contributions in relation to the statutorily required contribution | 114,958               | 109,706    | 100,746    | 79,199     |
| District's contribution deficiency (excess)                                   | \$ -                  | \$ -       | \$ -       | \$ -       |
| District's covered-employee payroll   | \$ 711,814            | \$ 641,556 | \$ 618,833 | \$ 548,850 |
| District's contributions as a percentage of covered-employee payroll          | 16.15%                | 17.10%     | 16.28%     | 14.43%     |

  

| CaIPERS   | Reporting Fiscal Year |            |            |            |
|---|-----------------------|------------|------------|------------|
|   | 2021                  | 2020       | 2019       | 2018       |
| Statutorily required contribution   | \$ 77,615             | \$ 73,294  | \$ 67,557  | \$ 57,268  |
| District's contributions in relation to the statutorily required contribution | 77,615                | 73,294     | 67,557     | 57,268     |
| District's contribution deficiency (excess)                                   | \$ -                  | \$ -       | \$ -       | \$ -       |
| District's covered-employee payroll   | \$ 374,952            | \$ 371,655 | \$ 374,028 | \$ 368,995 |
| District's contributions as a percentage of covered-employee payroll          | 20.70%                | 19.72%     | 18.06%     | 15.52%     |

*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, 2021**

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| CalSTRS  | Reporting Fiscal Year |            |            |
|--|-----------------------|------------|------------|
|  | 2017                  | 2016       | 2015       |
| Statutorily required contribution  | \$ 38,811             | \$ 30,312  | \$ 27,015  |
| District's contributions in relation to<br>the statutorily required contribution | 38,811                | 30,312     | 27,015     |
| District's contribution deficiency (excess)                                      | \$ -                  | \$ -       | \$ -       |
| District's covered-employee payroll  | \$ 508,613            | \$ 381,088 | \$ 336,050 |
| District's contributions as a percentage of<br>covered-employee payroll          | 7.63%                 | 7.95%      | 8.04%      |

  

| CalPERS  | Reporting Fiscal Year |            |            |
|--|-----------------------|------------|------------|
|  | 2017                  | 2016       | 2015       |
| Statutorily required contribution  | \$ 37,641             | \$ 34,720  | \$ 34,421  |
| District's contributions in relation to<br>the statutorily required contribution | 37,641                | 34,720     | 34,421     |
| District's contribution deficiency (excess)                                      | \$ -                  | \$ -       | \$ -       |
| District's covered-employee payroll  | \$ 270,994            | \$ 317,658 | \$ 294,958 |
| District's contributions as a percentage of<br>covered-employee payroll          | 13.89%                | 10.93%     | 11.67%     |

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

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**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, 2021**

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**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.

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**OTHER SUPPLEMENTARY INFORMATION**

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

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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    | Member         | December 2024 |
| Allen Wright     | Vice President | December 2022 |
| Christina Potter | Clerk          | December 2024 |
| Mike Moore       | President      | December 2022 |
| Nicole Stannard  | Member         | December 2024 |

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ADMINISTRATION

James T. Berardi  
*Superintendent*

Nona Griesert  
*Business Manager*



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

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| <b>Grade Level</b> | <b>Number of Days</b>           |                                | <b>Status</b> |
|--------------------|---------------------------------|--------------------------------|---------------|
|                    | <b>Traditional<br/>Calendar</b> | <b>Multitrack<br/>Calendar</b> |               |
| Kindergarten       | 180                             | N/A                            | Complied      |
| Grade 1            | 180                             | N/A                            | Complied      |
| Grade 2            | 180                             | N/A                            | Complied      |
| Grade 3            | 180                             | N/A                            | Complied      |
| Grade 4            | 180                             | N/A                            | Complied      |
| Grade 5            | 180                             | N/A                            | Complied      |
| Grade 6            | 180                             | N/A                            | Complied      |
| Grade 7            | 180                             | N/A                            | Complied      |
| Grade 8            | 180                             | N/A                            | Complied      |
| Grade 9            | 180                             | N/A                            | Complied      |
| Grade 10           | 180                             | N/A                            | Complied      |
| Grade 11           | 180                             | N/A                            | Complied      |
| Grade 12           | 180                             | N/A                            | Complied      |

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

|  | <b>2022 (Budget)</b> | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  |
|--|----------------------|--------------|--------------|--------------|
| General Fund - Budgetary Basis**               |                      |              |              |              |
| Revenues and Other Financing Sources           | \$ 2,677,989         | 2,933,822    | 2,460,919    | 2,188,760    |
| Expenditures and Other Financing Uses          | 2,431,987            | 2,104,194    | 2,074,274    | 2,525,134    |
| Net Change in Fund Balance                     | 246,002              | 829,628      | 386,645      | (336,374)    |
| Ending Fund Balance                            | \$ 3,971,960         | \$ 3,725,958 | \$ 2,896,330 | \$ 2,509,685 |
| Available Reserves*                            | \$ 3,743,534         | \$ 3,497,432 | \$ 2,736,525 | \$ 2,384,712 |
| Available Reserves as a<br>Percentage of Outgo | 153.9%               | 166.2%       | 131.9%       | 94.4%        |
| Long-term Debt                                 | \$ 1,928,284         | \$ 1,928,284 | \$ 1,770,280 | \$ 1,659,042 |
| Average Daily<br>Attendance at P-2             | 20                   | 20           | 20           | 14           |

\* 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 increased by \$1,216,712 over the past two years. The fiscal year 2021-2022 budget projects a budget increase of \$246,002. 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 \$269,242 over the past two years.

Average daily attendance has increase by 6 over the past two years. No change in ADA is anticipated during fiscal year 2021-2022.

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

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There were no adjustments to the Unaudited Actual Financial Report which require reconciliation to the audited financial statements for the year ended June 30, 2021.

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

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| <b>Charter School</b> | <b>Included in<br/>Audit Report</b> |
|-----------------------|-------------------------------------|
| None                  | N/A                                 |

**SIERRA COUNTY OFFICE OF EDUCATION  
NOTE TO THE SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**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 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.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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, 2021, 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 February 25, 2022.

**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  
February 25, 2022





## 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 *2020-21 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, 2021.

### **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, 2020-21 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, *2020-21 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:

| <b>PROGRAM NAME</b>   | <b>PROCEDURES PERFORMED</b> |
|---|-----------------------------|
| Attendance  | Yes                         |
| Teacher Certification and Misassignments                    | Yes                         |
| Kindergarten Continuance                                    | Yes                         |
| 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                         |
| 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              |
| Charter Schools:  |                             |
| Independent Study-Course Based                              | Not applicable              |
| 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 "Not Applicable" 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, 2021.

## 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 2020-21 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  
February 25, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**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> |
|---|-------------------|

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

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| <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, 2021.***

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

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| <u>FIVE DIGIT CODE</u> | <u>AB3627 FINDING TYPES</u>       |
|------------------------|-----------------------------------|
| 10000                  | Attendance                        |
| 40000                  | State Compliance                  |
| 42000                  | Charter School Facilities Program |
| 60000                  | Miscellaneous                     |
| 61000                  | Classroom Teacher Salaries        |
| 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, 2021.***

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

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