

MARIN COUNTY OFFICE OF EDUCATION

**AUDIT REPORT
JUNE 30, 2020**

**MARIN COUNTY OFFICE OF EDUCATION
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JUNE 30, 2020**

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FINANCIAL SECTION



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

INDEPENDENT AUDITORS' REPORT

Governing Board
Marin County Office of Education
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marin County Office of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Marin County Office of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marin County Office of Education, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of Marin 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 Marin 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 Marin County Office of Education's internal control over financial reporting and compliance.



San Diego, California
March 29, 2021

MARIN COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

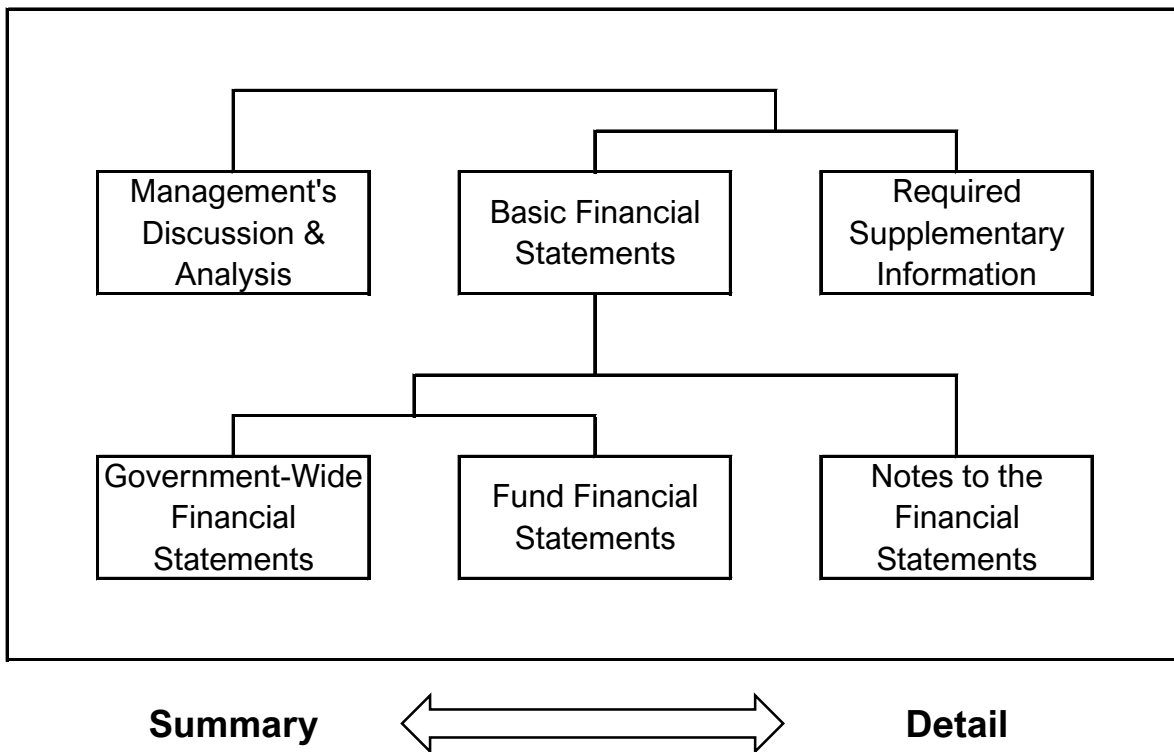
Our discussion and analysis of Marin County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the County Office of Education's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

FINANCIAL HIGHLIGHTS

- ▶ The County Office of Education's total net position for governmental activities was \$43,750,940 and its business-type activities net position was \$957,011, at June 30, 2020. This was a decrease of \$988,293 in the governmental activities and a decrease of \$878,829 in the business-type activities from the prior year.
- ▶ Overall revenues were \$71,797,856 which were exceeded by expenses of \$72,869,987 in the governmental activities. Overall revenues were \$2,100,829 which were exceeded by expenses of \$2,895,820 in the business-type activities.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of County Office of Education operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office of Education's programs.
 - ▶ **Proprietary Funds** report services for which the County Office of Education charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report balances for which the County Office of Education is a custodian or *trustee* of the funds, such as a Payroll Clearing Fund.

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

Government-Wide Statements

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

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

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

**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The County Office of Education's net position for governmental activities was \$43,750,940, and its business-type activities was \$957,011 at June 30, 2020, as reflected in the table below. Of this amount, \$4,463,997 was unrestricted for governmental activities and \$(2,282,306) was unrestricted for business-type activities. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
ASSETS						
Current and other assets	\$ 76,161,577	\$ 72,092,372	\$ 4,069,205	\$ 72,768	\$ 773,865	\$ (701,097)
Capital assets	12,190,940	11,520,789	670,151	3,239,317	3,198,097	41,220
Total Assets	88,352,517	83,613,161	4,739,356	3,312,085	3,971,962	(659,877)
DEFERRED OUTFLOWS OF RESOURCES	11,327,536	12,857,135	(1,529,599)	752,835	868,318	(115,483)
LIABILITIES						
Current liabilities	12,739,373	12,028,711	710,662	46,544	240,870	(194,326)
Long-term liabilities	41,634,955	38,640,548	2,994,407	2,891,777	2,622,453	269,324
Total Liabilities	54,374,328	50,669,259	3,705,069	2,938,321	2,863,323	74,998
DEFERRED INFLOWS OF RESOURCES	1,554,785	1,061,804	492,981	169,588	141,117	28,471
NET POSITION						
Net investment in capital assets	11,748,082	11,520,789	227,293	3,239,317	3,198,097	41,220
Restricted	27,538,861	26,012,641	1,526,220	-	-	-
Unrestricted	4,463,997	7,205,803	(2,741,806)	(2,282,306)	(1,362,257)	(920,049)
Total Net Position	\$ 43,750,940	\$ 44,739,233	\$ (988,293)	\$ 957,011	\$ 1,835,840	\$ (878,829)

**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
REVENUES						
Program revenues						
Charges for services	\$ 481,981	\$ 477,355	\$ 4,626	\$ -	\$ -	\$ -
Operating grants and contributions	30,398,009	26,116,996	4,281,013	-	-	-
General revenues						
Property taxes	32,957,392	32,240,314	717,078	-	-	-
Unrestricted federal and state aid	2,895,603	2,995,634	(100,031)	-	-	-
Other	5,064,871	8,502,638	(3,437,767)	2,100,829	3,256,972	(1,156,143)
Total Revenues	71,797,856	70,332,937	1,464,919	2,100,829	3,256,972	(1,156,143)
EXPENSES						
Instruction	18,693,838	18,276,104	417,734	-	-	-
Instruction-related services	12,264,100	10,953,230	1,310,870	-	-	-
Pupil services	1,675,415	1,479,322	196,093	-	-	-
General administration	11,272,382	10,509,610	762,772	-	-	-
Plant services	1,414,261	1,730,517	(316,256)	-	-	-
Ancillary and community services	1,548,406	1,364,602	183,804	-	-	-
Debt service	11,478	-	11,478	-	-	-
Other outgo	25,990,107	23,213,277	2,776,830	-	-	-
Depreciation	-	-	-	113,203	108,508	4,695
Enterprise activities	-	243,337	(243,337)	2,782,617	3,152,145	(369,528)
Total Expenses	72,869,987	67,769,999	5,099,988	2,895,820	3,260,653	(364,833)
Transfers & special items	83,838	400,528	(316,690)	(84,000)	(400,528)	316,528
Change in net position	(988,293)	2,963,466	(3,951,759)	(878,991)	(404,209)	(474,782)
Net Position - Beginning	44,739,233	41,775,767	2,963,466	1,835,840	2,240,049	(404,209)
Net Position - Ending	\$ 43,750,940	\$ 44,739,233	\$ (988,293)	\$ 957,011	\$ 1,835,840	\$ (878,991)

The cost of all our governmental activities this year was \$72,869,987. The amount that our taxpayers ultimately financed for these activities through taxes was \$32,957,392 and the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions. The cost of business-type activities this year was \$2,895,820 (refer to the table above).

**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the County Office of Education's functions. Net cost shows the total cost less operating and capital grants and contributions, and for revenues received where a charge is made for services provided. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2020	2019
Instruction	\$ 12,010,245	\$ 12,604,753
Instruction-related services	5,103,869	4,190,193
Pupil services	634,645	865,541
General administration	9,409,701	8,981,707
Plant services	1,049,750	1,510,985
Ancillary and community services	1,202,727	1,082,735
Debt service	11,478	-
Transfers to other agencies	12,567,582	11,789,014
Other	-	150,720
Total Expenses	\$ 41,989,997	\$ 41,175,648

FINANCIAL ANALYSIS OF THE COUNTY OFFICE OF EDUCATION'S FUNDS

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$62,230,643, which is greater than last year's ending fund balance of \$58,839,767. The County Office of Education's County School Service Fund had \$2,397,818 more in operating revenues than expenditures for the year ended June 30, 2020. The County Office of Education's Special Education Pass-Through Fund had \$107,847 more in operating revenues than expenditures for the year ended June 30, 2020. The County Office of Education's Special Reserve Fund for Capital Outlay Projects had \$338,944 more in operating revenues than expenditures for the year ended June 30, 2020. The County Office of Education's Child Development Fund had a zero-ending fund balance for the year ended June 30, 2020. The County Office of Education's Deferred Maintenance Fund had \$39,131 more in operating revenues than expenditures for the year ended June 30, 2020. The County Office of Education's Foundation Special Revenue Fund had \$215,628 less in operating revenues than expenditures for the year ended June 30, 2020. The County Office of Education's Foundation County School Facilities Fund had \$31,904 more in operating revenues than expenditures for the year ended June 30, 2020.

CURRENT YEAR BUDGET 2019-2020

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval when the interim reports are available and at year end to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the County Office of Education's financial projections and current budget based on State and local financial information.

**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2019-2020 the County Office of Education's governmental activities had invested \$12,190,940 in capital assets, net of accumulated depreciation and the business-type activities had invested \$3,239,317 in capital assets, net of accumulated depreciation.

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
CAPITAL ASSETS						
Land	\$ 1,822,750	\$ 1,820,000	\$ 2,750	\$ 1,674,221	\$ 1,674,221	\$ -
Buildings & improvements	17,387,774	16,824,493	563,281	3,422,954	3,292,281	130,673
Furniture & equipment	3,417,227	2,725,969	691,258	373,996	350,246	23,750
Accumulated depreciation	(10,436,811)	(9,849,673)	(587,138)	(2,231,854)	(2,118,651)	(113,203)
Total Capital Assets	\$ 12,190,940	\$ 11,520,789	\$ 670,151	\$ 3,239,317	\$ 3,198,097	\$ 41,220

Long-Term Liabilities

At year-end, the County Office of Education's governmental activities had \$41,634,955 in long-term liabilities, an increase of 7.75% from last year and the business-type activities had \$2,891,777 in long-term liabilities, an increase of 10.27% – as shown in the table below. (More detailed information about the County Office of Education's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities			Business-Type Activities		
	2020	2019	Net Change	2020	2019	Net Change
LONG-TERM LIABILITIES						
Capital leases	\$ 442,858	\$ -	\$ 442,858	\$ -	\$ -	\$ -
Compensated absences	387,557	350,705	36,852	-	-	-
Total OPEB liability	1,102,343	1,149,992	(47,649)	-	-	-
Net pension liability	39,803,574	37,139,851	2,663,723	2,891,777	2,622,453	269,324
Less: current portion of long-term liabilities	(101,377)	-	(101,377)	-	-	-
Total Long-term Liabilities	\$ 41,634,955	\$ 38,640,548	\$ 2,994,407	\$ 2,891,777	\$ 2,622,453	\$ 269,324

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

According to the UCLA Anderson Forecast, the U.S. economy is in a "depression-like crisis" and it will take at least three years before its GDP and unemployment rate return to the levels it saw before the COVID-19 pandemic struck. Between February 2020 and April 2020, California lost 2.56 million nonfarm payroll jobs, a 15% drop that is nearly double the job loss during the Great Recession in 2008 and 2009.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom and the State Legislature provided resources and support beyond the Proposition 98 requirement in 2020–21, giving one-time federal resources and pension rate relief and promising more than the minimum guarantee in 2021–22.

**MARIN COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

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

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

The County Office of Education participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The County Office of Education's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2020. The amount of the liability is material to the financial position of the County Office of Education. In response to the ongoing pandemic, the 2020-21 State Budget reduced employer contribution rates in 2020–21 and 2021–22. This will reduce the CalSTRS employer rate from 18.4% to approximately 16.15% in 2020–21 and from 18.2% to 16.0% in 2021–22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020–21 of 22.68% to 20.7% and 2021–22 estimated rate of 24.6% to 23.0%. Despite this reduction in the planned rate increases, the projected increased pension costs to school employers remain a significant fiscal factor.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with \$1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, \$355 million in Governor's Emergency Education Relief (GEER) Funds, and \$4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and \$540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). CARES Act funds will be apportioned in 2020-21, however, ESSER and GEER are to be used on eligible expenditures beginning March 13, 2020 through September 30, 2022, GF is to be used on eligible expenditures beginning March 1, 2020 through June 30, 2021, and CRF is to be used on eligible expenditures beginning March 1, 2020 through December 30, 2020. On December 27, 2020, the President signed the Consolidated Appropriations Act which extended the CRF spending deadline to December 30, 2021.

All of these factors were considered in preparing the County Office of Education's budget for the 2020-21 fiscal year.

CONTACTING THE COUNTY OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the County Office of Education's finances and to show the County Office of Education's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact: Terena Mares, Deputy Superintendent at 1111 Las Gallinas Avenue, San Rafael, California 94903.

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 59,980,798	\$ 161,570	\$ 60,142,368
Accounts receivable	15,747,037	157,638	15,904,675
Internal balances	266,570	(266,570)	-
Inventory	20,012	19,792	39,804
Prepaid expenses	147,160	338	147,498
Capital assets, not depreciated	1,822,750	1,674,221	3,496,971
Capital assets, net of accumulated depreciation	10,368,190	1,565,096	11,933,286
Total Assets	88,352,517	3,312,085	91,664,602
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	11,202,345	752,835	11,955,180
Deferred outflows related to OPEB	125,191	-	125,191
Total Deferred Outflows of Resources	11,327,536	752,835	12,080,371
LIABILITIES			
Accrued liabilities	12,504,729	46,544	12,551,273
Unearned revenue	133,267	-	133,267
Long-term liabilities, current portion	101,377	-	101,377
Long-term liabilities, non-current portion	41,634,955	2,891,777	44,526,732
Total Liabilities	54,374,328	2,938,321	57,312,649
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,468,416	169,588	1,638,004
Deferred inflows related to OPEB	86,369	-	86,369
Total Deferred Inflows of Resources	1,554,785	169,588	1,724,373
NET POSITION			
Net investment in capital assets	11,748,082	3,239,317	14,987,399
Restricted:			
Capital projects	18,840,765	-	18,840,765
Educational programs	8,698,096	-	8,698,096
Unrestricted	4,463,997	(2,282,306)	2,181,691
Total Net Position	\$ 43,750,940	\$ 957,011	\$ 44,707,951

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

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

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 18,693,838	\$ 23,810	\$ 6,659,783	\$ (12,010,245)		
Instruction-related services						
Instructional supervision and administration	12,180,816	318,834	6,777,303	(5,084,679)		
Instructional library, media, and technology	69,415	6,867	55,531	(7,017)		
School site administration	13,869	-	1,696	(12,173)		
Pupil services						
Home-to-school transportation	91,601	-	24,959	(66,642)		
Food services	12,751	-	-	(12,751)		
All other pupil services	1,571,063	2,137	1,013,674	(555,252)		
General administration						
Centralized data processing	2,145,939	63,372	490,768	(1,591,799)		
All other general administration	9,126,443	42,165	1,266,376	(7,817,902)		
Plant services	1,414,261	-	364,511	(1,049,750)		
Ancillary services	380,554	6,383	305,075	(69,096)		
Community services	1,167,852	3,931	30,290	(1,133,631)		
Interest on long-term debt	11,478	-	-	(11,478)		
Other outgo	25,990,107	14,482	13,408,043	(12,567,582)		
Total Governmental Activities	\$ 72,869,987	\$ 481,981	\$ 30,398,009	(41,989,997)		
BUSINESS-TYPE ACTIVITIES						
Enterprise activities	\$ 2,782,617	\$ -	\$ -	\$ (2,782,617)		
Depreciation (unallocated)	113,203	-	-	(113,203)		
Total Business-Type Activities	2,895,820	-	-	(2,895,820)		
Total County Office of Education	\$ 75,765,807	\$ 481,981	\$ 30,398,009			\$ (44,885,817)
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes				32,913,259	-	32,913,259
Property taxes, levied for other specific purposes				44,133	-	44,133
Federal and state aid not restricted for specific purposes				2,895,603	-	2,895,603
Interest and investment earnings				1,288,058	4,916	1,292,974
Interagency revenues				182,853	-	182,853
Miscellaneous				3,593,960	2,095,913	5,689,873
Subtotal, General Revenue				40,917,866	2,100,829	43,018,695
Change in net position before transfers & special items				(1,072,131)	(794,991)	(1,867,122)
Internal transfers				83,838	(83,838)	-
Total Transfers & Special Items				83,838	(83,838)	-
CHANGE IN NET POSITION				(988,293)	(878,829)	(1,867,122)
Net Position - Beginning				44,739,233	1,835,840	46,575,073
Net Position - Ending				\$ 43,750,940	\$ 957,011	\$ 44,707,951

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

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

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 36,753,396	\$ 650,707	\$ 17,280,991	\$ 4,001,082	\$ 58,686,176
Accounts receivable	10,793,349	4,714,237	-	239,113	15,746,699
Due from other funds	516,970	1,864,456	-	30,831	2,412,257
Stores inventory	20,012	-	-	-	20,012
Prepaid expenditures	147,160	-	-	-	147,160
Total Assets	\$ 48,230,887	\$ 7,229,400	\$ 17,280,991	\$ 4,271,026	\$ 77,012,304
LIABILITIES					
Accrued liabilities	\$ 5,435,044	\$ 6,700,967	\$ 9,641	\$ 357,055	\$ 12,502,707
Due to other funds	2,132,084	-	-	13,603	2,145,687
Unearned revenue	133,105	-	-	162	133,267
Total Liabilities	7,700,233	6,700,967	9,641	370,820	14,781,661
FUND BALANCES					
Nonspendable	173,671	-	-	-	173,671
Restricted	7,763,795	528,433	17,271,350	1,975,283	27,538,861
Committed	28,381,087	-	-	1,924,923	30,306,010
Assigned	194,140	-	-	-	194,140
Unassigned	4,017,961	-	-	-	4,017,961
Total Fund Balances	40,530,654	528,433	17,271,350	3,900,206	62,230,643
Total Liabilities and Fund Balances	\$ 48,230,887	\$ 7,229,400	\$ 17,280,991	\$ 4,271,026	\$ 77,012,304

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

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

Total Fund Balance - Governmental Funds \$ 62,230,643

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	\$ 22,627,751	
Accumulated depreciation	<u>(10,436,811)</u>	12,190,940

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:

Capital leases	\$ 442,858	
Compensated absences	387,557	
Total OPEB liability	1,102,343	
Net pension liability	<u>39,803,574</u>	(41,736,332)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 11,202,345	
Deferred inflows of resources related to pensions	<u>(1,468,416)</u>	9,733,929

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 125,191	
Deferred inflows of resources related to OPEB	<u>(86,369)</u>	38,822

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

1,292,938

Total Net Position - Governmental Activities	<u>\$ 43,750,940</u>
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**MARIN COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 18,924,656	\$ 16,772,148	\$ -	\$ -	\$ 35,696,804
Federal sources	2,630,837	6,741,625	-	345,044	9,717,506
Other state sources	6,703,620	1,368,984	-	195,945	8,268,549
Other local sources	17,934,786	-	351,335	963,478	19,249,599
Total Revenues	46,193,899	24,882,757	351,335	1,504,467	72,932,458
EXPENDITURES					
Current					
Instruction	17,009,785	-	-	-	17,009,785
Instruction-related services					
Instructional supervision and administration	11,486,787	-	-	171,864	11,658,651
Instructional library, media, and technology	70,638	-	-	-	70,638
School site administration	13,869	-	-	-	13,869
Pupil services					
Home-to-school transportation	91,601	-	-	-	91,601
Food services	12,751	-	-	-	12,751
All other pupil services	1,254,299	-	-	332,487	1,586,786
General administration					
Centralized data processing	2,456,955	-	-	-	2,456,955
All other general administration	7,737,206	-	-	-	7,737,206
Plant services	1,326,604	-	-	-	1,326,604
Facilities acquisition and maintenance	553,741	-	12,391	-	566,132
Ancillary services	370,175	-	-	-	370,175
Community services	57,469	-	-	1,108,071	1,165,540
Transfers to other agencies	1,215,197	24,774,910	-	-	25,990,107
Debt service					
Principal	127,526	-	-	-	127,526
Interest and other	11,478	-	-	-	11,478
Total Expenditures	43,796,081	24,774,910	12,391	1,612,422	70,195,804
Excess (Deficiency) of Revenues Over Expenditures	2,397,818	107,847	338,944	(107,955)	2,736,654
Other Financing Sources (Uses)					
Transfers in	331,530	-	-	-	331,530
Other sources	570,384	-	-	-	570,384
Transfers out	(211,054)	-	-	(36,638)	(247,692)
Net Financing Sources (Uses)	690,860	-	-	(36,638)	654,222
NET CHANGE IN FUND BALANCE	3,088,678	107,847	338,944	(144,593)	3,390,876
Fund Balance - Beginning	37,441,976	420,586	16,932,406	4,044,799	58,839,767
Fund Balance - Ending	\$ 40,530,654	\$ 528,433	\$ 17,271,350	\$ 3,900,206	\$ 62,230,643

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

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

Net Change in Fund Balances - Governmental Funds \$ 3,390,876

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:	\$	1,257,289	
Depreciation expense:		<u>(587,138)</u>	670,151

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

127,526

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(570,384)

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:

(36,852)

Postemployment benefits other than pensions (OPEB):

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

32,027

Pensions:

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

(4,670,681)

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

69,044

Change in Net Position of Governmental Activities		<u>\$ (988,293)</u>
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**MARIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	<u>Business-Type Activities Other Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
ASSETS		
Current assets		
Cash and investments	\$ 161,570	\$ 1,294,622
Accounts receivable	157,638	338
Due from other funds	236,797	-
Stores inventory	19,792	-
Prepaid expenses	338	-
Total current assets	<u>576,135</u>	<u>1,294,960</u>
Non-current assets		
Capital assets, not depreciated	1,674,221	-
Capital assets, net of accumulated depreciation	<u>1,565,096</u>	<u>-</u>
Total non-current assets	<u>3,239,317</u>	<u>-</u>
Total Assets	<u>3,815,452</u>	<u>1,294,960</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>752,835</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>752,835</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	46,544	2,022
Due to other funds	<u>503,367</u>	<u>-</u>
Total current liabilities	<u>549,911</u>	<u>2,022</u>
Non-current liabilities		
Net pension liability	<u>2,891,777</u>	<u>-</u>
Total non-current liabilities	<u>2,891,777</u>	<u>-</u>
Total Liabilities	<u>3,441,688</u>	<u>2,022</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>169,588</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>169,588</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	3,239,317	-
Restricted	-	1,292,938
Unrestricted	<u>(2,282,306)</u>	<u>-</u>
Total Net Position	<u>\$ 957,011</u>	<u>\$ 1,292,938</u>

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

**MARIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Other Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 2,080,227	\$ 96,313
Other local revenues	15,686	-
Total operating revenues	<u>2,095,913</u>	<u>96,313</u>
OPERATING EXPENSES		
Salaries and benefits	2,191,359	-
Supplies and materials	317,328	-
Professional services	273,930	52,935
Depreciation	113,203	-
Total operating expenses	<u>2,895,820</u>	<u>52,935</u>
Operating income/(loss)	<u>(799,907)</u>	<u>43,378</u>
NON-OPERATING REVENUES/(EXPENSES)		
Interest income	4,916	25,666
Transfers in	211,054	-
Transfers out	(294,892)	-
Total non-operating revenues/(expenses)	<u>(78,922)</u>	<u>25,666</u>
CHANGE IN NET POSITION	(878,829)	69,044
Net Position - Beginning	<u>1,835,840</u>	<u>1,223,894</u>
Net Position - Ending	<u>\$ 957,011</u>	<u>\$ 1,292,938</u>

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

**MARIN COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Other Enterprise Fund</u>	<u>Internal Service Fund</u>
Cash flows from operating activities		
Cash received from user charges	\$ 2,107,661	\$ 95,975
Cash received (paid) from assessments made to (from) other funds	-	-
Cash payments for payroll, insurance, and operating costs	<u>(2,444,254)</u>	<u>(54,136)</u>
Net cash provided by (used for) operating activities	<u>(336,593)</u>	<u>41,839</u>
Cash flows from non-capital financing activities		
Interfund transfers in (out)	<u>(83,838)</u>	-
Net cash provided by (used for) non-capital financing activities	<u>(83,838)</u>	-
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(154,423)</u>	-
Net cash provided by (used for) in capital and related financing activities	<u>(154,423)</u>	-
Cash flows from investing activities		
Interest received	<u>4,916</u>	<u>25,666</u>
Net cash provided by (used for) investing activities	<u>4,916</u>	<u>25,666</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(569,938)</u>	<u>67,505</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>731,508</u>	<u>1,227,117</u>
End of year	<u>\$ 161,570</u>	<u>\$ 1,294,622</u>
Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	\$ (799,907)	\$ 43,378
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	113,203	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	259,798	(338)
(Increase) decrease in due from other funds	(219,874)	-
(Increase) decrease in stores inventory	(5,248)	-
(Increase) decrease in prepaid expenses	20,395	-
(Increase) decrease in deferred outflows related to pensions	115,483	-
Increase (decrease) in accrued liabilities	(69,667)	(1,201)
Increase (decrease) in due to other funds	76,088	-
Increase (decrease) in unearned revenue	(124,659)	-
Increase (decrease) in net pension liability	269,324	-
Increase (decrease) in deferred inflows related to pensions	<u>28,471</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ (336,593)</u>	<u>\$ 41,839</u>

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

**MARIN COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	<u>Trust Fund</u>	<u>Agency Fund</u>
	<u>Private-Purpose</u>	<u>Payroll Clearing</u>
	<u>Trust Fund</u>	<u>Fund</u>
ASSETS		
Cash and investments	\$ 66	\$ 25,402
Total Assets	<u>66</u>	<u>\$ 25,402</u>
LIABILITIES		
Accrued liabilities	-	\$ 25,402
Total Liabilities	<u>-</u>	<u>\$ 25,402</u>
NET POSITION		
Restricted	66	
Total Net Position	<u>\$ 66</u>	

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

**MARIN COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Trust Fund</u> <u>Private-Purpose</u> <u>Trust Fund</u>
ADDITIONS	
Investment earnings	\$ 1
Total Additions	<u>1</u>
CHANGE IN NET POSITION	1
Net Position - Beginning	<u>65</u>
Net Position - Ending	<u>\$ 66</u>

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

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The County Office of Education operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the County Office of Education consists of all funds, departments and agencies that are not legally separate from the County Office of Education. For the County Office of Education, this includes general operations and student-related activities.

B. Component Units

Component units are legally separate organizations for which the County Office of Education is financially accountable. Component units may also include organizations that are fiscally dependent on the County Office of Education in that the County Office of Education approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the County Office of Education is not financially accountable but the nature and significance of the organization's relationship with the County Office of Education is such that exclusion would cause the County Office of Education's financial statements to be misleading or incomplete. The County Office of Education has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the County Office of Education). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the County Office of Education's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the County Office of Education.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the County Office of Education's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the County Office of Education, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the County Office of Education in a trustee or agency capacity for others that cannot be used to support the County Office of Education's own programs.

Major Governmental Funds

County School Service Fund: The County School Service Fund is the main operating fund of the County Office of Education. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the County Office of Education's activities are reported in the County School Service Fund unless there is a compelling reason to account for an activity in another fund. A County Office of Education may have only one County School Service Fund.

Special Education Pass-Through Fund: This fund is used by the Administrative Unit (AU) of a multi-Local Education Agency (LEA) Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEA's.

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of County School Service Fund moneys for capital outlay purposes (*Education Code Section 42840*).

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The County Office of Education maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the County Office of Education for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the County Office of Education's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school County Office of Education may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the County Office of Education (*Education Code Sections 17582 and 17583*).

Foundation Special Revenue Fund: This fund is used to account for resources received from gifts or bequests pursuant to *Education Code Section 41031* under which both earnings and principal may be used for purposes that support the County Office of Education's own programs and where there is a formal trust agreement with the donor.

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

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Other Enterprise Fund: This fund is used to account for the operation of the outdoor education and conference programs at Walker Creek Ranch, which are financed and operated in a manner similar to business enterprises, where the intent is to recover the cost of providing the services through user charges.

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the County Office of Education on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the County Office of Education. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the County Office of Education's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Payroll Clearing Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

Private-Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code Section 41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the County Office of Education's own programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school County Office of Educations and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school County Office of Educations as collectible within one year.

Non-exchange transactions, in which the County Office of Education receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the County Office of Education must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the County Office of Education on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the County Office of Education’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

Cash and Cash Equivalents

The County Office of Education’s cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories

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

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20-40 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the County Office of Education will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the County Office of Education will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County Office of Education is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

Unassigned - In the County School Service Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the County School Service Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The County Office of Education applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The County Office of Education governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The County Office of Education has not yet determined the impact on the financial statements.

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

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

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

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard's primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately. The County Office of Education has implemented GASB Statement No. 95.

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>
Investment in county treasury	\$ 58,679,677	\$ 1,294,622	\$ 59,974,299	\$ 110,575	\$ 25,468
Cash on hand and in banks	-	-	-	45,845	-
Cash in revolving fund	6,499	-	6,499	5,150	-
Total	\$ 58,686,176	\$ 1,294,622	\$ 59,980,798	\$ 161,570	\$ 25,468

B. Policies and Practices

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

Investment in County Treasury – The County Office of Education maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the County Office of Education’s investment in the pool is based upon the County Office of Education’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest County Office of Education funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment with the County Treasury with a fair value of approximately \$60,416,507 and an amortized book value of \$60,110,342. The average weighted maturity for this pool is 220 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were rated AAA/V1.

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the County Office of Education's bank balance was not exposed to custodial credit risk.

G. Fair Value

The County Office of Education categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the County Office of Education's own data. The County Office of Education should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the County Office of Education are not available to other market participants.

Uncategorized - Investments in the Marin County Treasury Investment Pool are not measured using the input levels above because the County Office of Education's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The County Office of Education's fair value measurements at June 30, 2020 were as follows for governmental activities:

	<u>Uncategorized</u>
Investment in county treasury	\$ 60,416,507
Total	<u>\$ 60,416,507</u>

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities	Business-Type Activities
Federal Government						
Categorical aid	\$ 2,099,132	\$ 4,669,767	\$ 118,303	\$ -	\$ 6,887,202	\$ -
State Government						
Apportionment	7,585,656	-	-	-	7,585,656	-
Categorical aid	2,987	44,470	4,114	-	51,571	-
Lottery	10,224	-	-	-	10,224	-
Local Government						
Other local sources	1,095,350	-	116,696	338	1,212,384	157,638
Total	\$ 10,793,349	\$ 4,714,237	\$ 239,113	\$ 338	\$ 15,747,037	\$ 157,638

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,820,000	\$ 2,750	\$ -	\$ 1,822,750
Total Capital Assets not Being Depreciated	1,820,000	2,750	-	1,822,750
Capital assets being depreciated				
Buildings & improvements	16,824,493	563,281	-	17,387,774
Furniture & equipment	2,725,969	691,258	-	3,417,227
Total Capital Assets Being Depreciated	19,550,462	1,254,539	-	20,805,001
Less Accumulated Depreciation				
Buildings & improvements	7,370,734	513,881	-	7,884,615
Furniture & equipment	2,478,939	73,257	-	2,552,196
Total Accumulated Depreciation	9,849,673	587,138	-	10,436,811
Governmental Activities				
Capital Assets, net	\$ 11,520,789	\$ 670,151	\$ -	\$ 12,190,940
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 1,674,221	\$ -	\$ -	\$ 1,674,221
Total Capital Assets not Being Depreciated	1,674,221	-	-	1,674,221
Capital assets being depreciated				
Buildings & improvements	3,292,281	130,673	-	3,422,954
Furniture & equipment	350,246	23,750	-	373,996
Total Capital Assets Being Depreciated	3,642,527	154,423	-	3,796,950
Less Accumulated Depreciation				
Buildings & improvements	1,858,758	98,242	-	1,957,000
Furniture & equipment	259,893	14,961	-	274,854
Total Accumulated Depreciation	2,118,651	113,203	-	2,231,854
Business-Type Activities				
Capital Assets, net	\$ 3,198,097	\$ 41,220	\$ -	\$ 3,239,317

Depreciation expense in governmental activities was charged to instruction in the governmental activities. Depreciation expense in business-type activities was allocated to enterprise activities.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2020 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>				
	<u>County School Service Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
County School Service Fund	\$ -	\$ 1,864,456	\$ 30,831	\$ 236,797	\$ 2,132,084
Non-Major Governmental Funds	13,603	-	-	-	13,603
Other Enterprise Fund	503,367	-	-	-	503,367
Total	\$ 516,970	\$ 1,864,456	\$ 30,831	\$ 236,797	\$ 2,649,054

County School Service Fund due to the Special Education Pass-Through Fund for property tax transfer.	\$ 1,864,456
County School Service Fund due to the Foundation Special Revenue Fund for contribution to the fund.	30,831
Child Development Fund due to the County School Service Fund for expenses.	13,603
Other Enterprise Fund due to the County School Service Fund for computer lease, indirect costs and loan.	503,367
County School Service Fund due to Other Enterprise Fund for expenses.	236,797
Total	\$ 2,649,054

B. Operating Transfers

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>		
	<u>County School Service Fund</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
County School Service Fund	\$ -	\$ 211,054	\$ 211,054
Non-Major Governmental Funds	36,638	-	36,638
Other Enterprise Fund	294,892	-	294,892
Total	\$ 331,530	\$ 211,054	\$ 542,584

Transfer from the County School Service Fund to the Other Enterprise Fund for contribution and nutrition transfer to Walker Creek Ranch.	\$ 211,054
Transfer from the Child Development Fund to the County School Service Fund for closing and indirect costs.	36,638
Transfer from the Other Enterprise Fund to the County School Service Fund for indirect costs.	294,892
Total	\$ 542,584

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consisted of the following:

	<u>County School Service Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>
Payroll	\$ 96,941	\$ -	\$ -	\$ -	\$ -	\$ 96,941	\$ -	\$ -
Construction	-	-	9,641	-	-	9,641	-	-
Vendors payable	5,338,103	-	-	357,055	2,022	5,697,180	46,544	25,402
Due to other agencies	-	6,700,967	-	-	-	6,700,967	-	-
Total	\$ 5,435,044	\$ 6,700,967	\$ 9,641	\$ 357,055	\$ 2,022	\$ 12,504,729	\$ 46,544	\$ 25,402

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 7 – UNEARNED REVENUE

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

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 44,721	\$ -	\$ 44,721
State categorical sources	80,508	162	80,670
Local sources	7,876	-	7,876
Total	\$ 133,105	\$ 162	\$ 133,267

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2020 consisted of the following:

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Balance Due In One Year
Governmental Activities					
Capital leases	\$ -	\$ 570,384	\$ 127,526	\$ 442,858	\$ 101,377
Compensated absences	350,705	36,852	-	387,557	-
Total OPEB liability	1,149,992	-	47,649	1,102,343	-
Net pension liability	37,139,851	2,663,723	-	39,803,574	-
Total	\$ 38,640,548	\$ 3,270,959	\$ 175,175	\$ 41,736,332	\$ 101,377
Business-Type Activities					
Net pension liability	\$ 2,622,453	\$ 269,324	\$ -	\$ 2,891,777	\$ -
Total	\$ 2,622,453	\$ 269,324	\$ -	\$ 2,891,777	\$ -

- Payments for capital leases are typically liquidated in the County School Service Fund.
- Payments for compensated absences are typically liquidated in the County School Service Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to \$442,858. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Net Pension Liability

The County Office of Education's combined beginning net pension liability was \$39,762,304 and increased by \$2,933,047 during the year ended June 30, 2020. The combined ending net pension liability at June 30, 2020 was \$42,695,351. See Note 11 for additional information regarding the net pension liability.

C. Other Postemployment Benefits

The County Office of Education's beginning total OPEB liability was \$1,149,992 and decreased by \$47,649 during the year ended June 30, 2020. The ending total OPEB liability at June 30, 2020 was \$1,102,343. See Note 10 for additional information regarding the total OPEB liability.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Capital Lease

During fiscal year 2019-20, the County Office of Education entered into a lease agreement with Dell Financial Services for a data center for a total cost of \$570,384 matures in 2024 as follows:

Year Ended June 30,	Lease Payment
2021	\$ 127,527
2022	127,527
2023	127,527
2024	127,527
Total minimum lease payments	510,108
Less amount representing interest	(67,250)
Present value of minimum lease payments	<u>\$ 442,858</u>

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2020:

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 6,499	\$ -	\$ -	\$ -	\$ 6,499
Stores inventory	20,012	-	-	-	20,012
Prepaid expenditures	147,160	-	-	-	147,160
Total non-spendable	<u>173,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,671</u>
Restricted					
Educational programs	7,763,795	528,433	-	405,868	8,698,096
Capital projects	-	-	17,271,350	1,569,415	18,840,765
Total restricted	<u>7,763,795</u>	<u>528,433</u>	<u>17,271,350</u>	<u>1,975,283</u>	<u>27,538,861</u>
Committed					
Stabilization	28,381,087	-	-	-	28,381,087
Deferred maintenance	-	-	-	1,924,923	1,924,923
Total committed	<u>28,381,087</u>	<u>-</u>	<u>-</u>	<u>1,924,923</u>	<u>30,306,010</u>
Assigned					
Other than capital outlay	194,140	-	-	-	194,140
Total assigned	<u>194,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,140</u>
Unassigned	4,017,961	-	-	-	4,017,961
Total Fund Balance	<u>\$ 40,530,654</u>	<u>\$ 528,433</u>	<u>\$ 17,271,350</u>	<u>\$ 3,900,206</u>	<u>\$ 62,230,643</u>

The County Office of Education is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The County Office of Education’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 6 percent of County School Service Fund expenditures and other financing uses.

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Marin County Office of Education’s defined benefit OPEB plan, Marin County Office of Education Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the County Office of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

	<u>Certificated and</u> <u>Certificated Management</u>	<u>Classified and Classified</u> <u>Management</u>
Benefit types provided	Medical Only	Medical Only
Duration of Benefits	To age 65	To age 65
Required Service	10 years	10 years
Minimum Age	55	55
Dependent Coverage	No	No
County Office Contribution %	100%	100%
	\$100 per month for 10 to 14 years of service;	\$51.06 per month for 10 to 14 years of service;
County Office Cap	\$200 per month for 15 or more years of service	\$102.12 per month for 15 or more years of service

C. Contributions

For fiscal year 2019-20, the County Office of Education contributed \$62,852 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of</u> <u>participants</u>
Inactive employees receiving benefits	5
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>249</u>
Total number of participants**	<u>254</u>

*Information not provided

**As of the June 30, 2019 valuation date

E. Total OPEB Liability

The Marin County Office of Education’s total OPEB liability of \$1,102,343 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that same date.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

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

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	3.50%
Healthcare cost trend rates	4.00%

Non-economic assumptions:

Mortality:

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

Retirement rates:

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

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

The discount rate assumption reflects a municipal bond rate. We used the Bond Buyer 20 Index at June 30, 2019 and rounded the rate resulting in a rate of 3.50%.

G. Changes in Total OPEB Liability

	<u>June 30, 2020</u>
Total OPEB Liability	
Service cost	\$ 25,947
Interest on total OPEB liability	42,999
Difference between expected and actual experience	(84,809)
Changes of assumptions	31,066
Benefits payments	<u>(62,852)</u>
Net change in total OPEB liability	(47,649)
Total OPEB liability - beginning	<u>1,149,992</u>
Total OPEB liability - ending	<u>\$ 1,102,343</u>
Covered-employee payroll	\$ 20,428,059
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	5.40%

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

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

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(2.5%)	(3.5%)	(4.5%)
Total OPEB liability	\$ 1,215,815	\$ 1,102,343	\$ 1,004,388

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

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

	1% Decrease	Valuation Trend Rate	1% Increase
	(3.0%)	(4.0%)	(5.0%)
Total OPEB liability	\$ 1,024,490	\$ 1,102,343	\$ 1,192,327

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

For the fiscal year ended June 30, 2020, the Marin County Office of Education recognized OPEB expense of \$64,286. At June 30, 2020, the Marin County Office of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,323
Changes in assumptions	28,878	29,046
County Office of Education contributions subsequent to the measurement date	96,313	-
Total	\$ 125,191	\$ 86,369

The \$96,313 reported as deferred outflows of resources related to OPEB resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB will be recognized in OPEB expense noted on the following page.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

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

J. OPEB Expense and Deferred Outflows of Resources Related to OPEB (continued)

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 2,188	\$ 6,848
2022	2,188	6,848
2023	2,188	6,848
2024	2,188	6,848
2025	2,188	6,848
Thereafter	17,938	52,129
Total	\$ 28,878	\$ 86,369

NOTE 11 – PENSION PLANS

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

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 18,546,608	\$ 6,564,555	\$ 1,326,299	\$ 2,669,512
PERS Pension	24,148,743	5,390,625	311,705	6,275,275
Total	\$ 42,695,351	\$ 11,955,180	\$ 1,638,004	\$ 8,944,787

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2020, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2020 was 18.13% of annual payroll reduced to 17.10% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$1,888,404 for the year ended June 30, 2020.

On-Behalf Payments

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,411,439 to CalSTRS.

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

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

County Office of Education's proportionate share of the net pension liability	\$	18,546,608
State's proportionate share of the net pension liability associated with the County Office of Education		10,118,494
Total	\$	<u>28,665,102</u>

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The County Office of Education’s proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2019, the County Office of Education’s proportion was 0.021 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County Office of Education recognized pension expense of \$2,669,512. In addition, the County Office of Education recognized pension expense and revenue of \$276,837 for support provided by the State. At June 30, 2020, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 714,421
Differences between expected and actual experience	46,820	522,622
Changes in assumptions	2,345,741	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	2,283,590	89,256
County Office of Education contributions subsequent to the measurement date	1,888,404	-
Total	<u>\$ 6,564,555</u>	<u>\$ 1,326,299</u>

The \$1,888,404 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 1,053,229	\$ 292,753
2022	1,053,229	788,743
2023	1,053,229	170,983
2024	1,053,847	(19,716)
2025	423,311	39,357
2026	39,306	54,179
Total	<u>\$ 4,676,151</u>	<u>\$ 1,326,299</u>

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

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

*20-year geometric average

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County Office of Education’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the County Office of Education’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
County Office of Education's proportionate share of the net pension liability	\$ 27,617,434	\$ 18,546,608	\$ 11,025,165

Pension Plan Fiduciary Net Position

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2020 was 20.733% of annual payroll reduced to 19.721% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the County Office of Education were \$1,972,423 for the year ended June 30, 2020.

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

At June 30, 2020, the County Office of Education reported a liability of \$24,148,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2019, the County Office of Education's proportion was 0.083 percent, which was increase of 0.003 percent from its proportion measured as of June 30, 2018.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2020, the County Office of Education recognized pension expense of \$6,275,275. At June 30, 2020, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 223,984
Differences between expected and actual experience	1,754,168	-
Changes in assumptions	1,149,555	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	514,479	87,721
County Office of Education contributions subsequent to the measurement date	<u>1,972,423</u>	<u>-</u>
Total	<u>\$ 5,390,625</u>	<u>\$ 311,705</u>

The \$1,972,423 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 2,071,700	\$ 294,312
2022	979,293	(427,129)
2023	338,940	(66,924)
2024	28,269	511,446
Total	<u>\$ 3,418,202</u>	<u>\$ 311,705</u>

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
County Office of Education's proportionate share of the net pension liability	\$ 34,808,826	\$ 24,148,743	\$ 15,305,469

Pension Plan Fiduciary Net Position

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

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2020.

B. Litigation

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2020.

C. Construction Commitments

As of June 30, 2020, the County Office of Education had no material commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The County Office of Education participates in the Marin Schools Authority (MSIA), which is a common risk management and insurance program providing workers' compensation and property and liability insurance. The relationships between the County Office of Education and the JPA are such that the JPA is a not component unit of the County Office of Education for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the County Office of Education are included in these statements. The audited financial statements are generally available from the respective entities.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2020, total deferred outflows related to pensions was \$11,955,180 and total deferred inflows related to pensions was \$1,638,004.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education -wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2020, total deferred outflows related to other postemployment benefits was \$125,191 and total deferred inflows related to other postemployment benefits was \$86,369.

NOTE 15 – ADMINISTRATIVE AGENT

The Marin County Office of Education served as the fiscal agent for the California Collaborative for Educational Excellence (CCEE) during the 2017-18 fiscal year pursuant to a contract with the California Department of Education authorized by California Education Code Section 52074. Pursuant to changes in Education Code 52074(e) enacted with the Budget Act of 2018, the Marin County Office of Education's role changed to that of an administrative agent beginning with the 2018-19 fiscal year. The CCEE was established by the Governor and State Legislature in 2013 to advise and assist school County Office of Educations, county offices of education, and charter schools in achieving the goals set forth in their respective Local Control and Accountability Plans. As administrative agent, Marin County Office of Education's duties included contracting with individuals, local educational agencies, or organizations with the expertise, experience, and a record of success to carry out the statutorily defined purposes of the CCEE. The CCEE is a separate entity and has its own financial statements which can be obtained by contacting the Marin County Office of Education.

REQUIRED SUPPLEMENTARY INFORMATION

**MARIN COUNTY OFFICE OF EDUCATION
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 18,968,223	\$ 19,084,042	\$ 18,924,656	\$ (159,386)
Federal sources	2,351,322	2,758,445	2,630,837	(127,608)
Other state sources	6,932,486	7,056,118	6,703,620	(352,498)
Other local sources	18,172,669	18,261,135	17,930,840	(330,295)
Total Revenues	46,424,700	47,159,740	46,189,953	(969,787)
EXPENDITURES				
Certificated salaries	11,732,486	12,134,603	11,019,789	1,114,814
Classified salaries	12,041,093	12,104,223	11,301,981	802,242
Employee benefits	10,606,895	10,244,896	9,633,836	611,060
Books and supplies	836,369	898,798	566,169	332,629
Services and other operating expenditures	10,877,649	11,984,775	8,725,457	3,259,318
Capital outlay	1,029,209	1,198,085	1,194,648	3,437
Other outgo				
Excluding transfers of indirect costs	551,469	1,007,989	1,354,201	(346,212)
Total Expenditures	47,675,170	49,573,369	43,796,081	5,777,288
Excess (Deficiency) of Revenues Over Expenditures	(1,250,470)	(2,413,629)	2,393,872	4,807,501
Other Financing Sources (Uses)				
Transfers in	411,225	410,316	331,530	(78,786)
Other sources	-	-	570,384	570,384
Transfers out	(177,500)	(225,000)	(211,054)	13,946
Net Financing Sources (Uses)	233,725	185,316	690,860	505,544
NET CHANGE IN FUND BALANCE	(1,016,745)	(2,228,313)	3,084,732	5,313,045
Fund Balance - Beginning	31,313,247	37,251,782	37,251,782	-
Fund Balance - Ending	\$ 30,296,502	\$ 35,023,469	\$ 40,336,514	\$ 5,313,045

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- Actual amounts reported in this schedule are for the County School Services Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**MARIN COUNTY OFFICE OF EDUCATION
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 16,604,860	\$ 16,604,860	\$ 16,772,148	\$ 167,288
Federal sources	5,699,376	5,699,376	6,741,625	1,042,249
Other state sources	923,634	923,634	1,368,984	445,350
Total Revenues	23,227,870	23,227,870	24,882,757	1,654,887
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	23,227,870	23,227,870	24,774,910	(1,547,040)
Total Expenditures	23,227,870	23,227,870	24,774,910	(1,547,040)
NET CHANGE IN FUND BALANCE				
	-	-	107,847	107,847
Fund Balance - Beginning	396,124	420,586	420,586	-
Fund Balance - Ending	\$ 396,124	\$ 420,586	\$ 528,433	\$ 107,847

See accompanying notes to required supplementary information.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability			
Service cost	\$ 25,947	\$ 26,344	\$ 25,639
Interest on total OPEB liability	42,999	43,920	40,105
Difference between expected and actual experience	(84,809)	-	-
Changes of assumptions	31,066	(34,056)	-
Benefits payments	(62,852)	(57,644)	(55,427)
Net change in total OPEB liability	(47,649)	(21,436)	10,317
Total OPEB liability - beginning	1,149,992	1,171,428	1,161,111
Total OPEB liability - ending	<u>\$ 1,102,343</u>	<u>\$ 1,149,992</u>	<u>\$ 1,171,428</u>
Covered-employee payroll	\$ 20,428,059	\$ 19,241,941	\$ 16,581,363
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	5.40%	5.98%	7.06%

See accompanying note to required supplementary information.

**MARIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.021%	0.020%	0.016%	0.016%	0.016%	0.017%
County Office of Education's proportionate share of the net pension liability	\$ 18,546,608	\$ 18,417,624	\$ 15,164,830	\$ 13,024,424	\$ 10,906,047	\$ 10,183,000
State's proportionate share of the net pension liability associated with the County Office of Education	10,118,494	10,545,002	8,971,459	7,415,664	5,768,081	6,148,335
Total	<u>\$ 28,665,102</u>	<u>\$ 28,962,626</u>	<u>\$ 24,136,289</u>	<u>\$ 20,440,088</u>	<u>\$ 16,674,128</u>	<u>\$ 16,331,335</u>
County Office of Education's covered payroll	\$ 10,286,855	\$ 11,030,535	\$ 9,260,401	\$ 7,960,962	\$ 7,761,000	\$ 7,761,127
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	180.3%	167.0%	163.8%	163.6%	140.5%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**MARIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.083%	0.080%	0.071%	0.070%	0.070%	0.070%
County Office of Education's proportionate share of the net pension liability	\$ 24,148,743	\$ 21,344,680	\$ 17,021,965	\$ 13,805,478	\$ 10,357,700	\$ 7,958,000
County Office of Education's covered payroll	\$ 10,611,520	\$ 10,812,337	\$ 9,096,142	\$ 8,312,012	\$ 7,780,000	\$ 7,388,472
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	227.6%	197.4%	187.1%	166.1%	133.1%	107.7%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**MARIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,888,404	\$ 1,664,540	\$ 1,344,016	\$ 1,088,966	\$ 867,961	\$ 655,827
Contributions in relation to the contractually required contribution*	(1,888,404)	(1,664,540)	(1,344,016)	(1,088,966)	(867,961)	(655,827)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 11,415,397	\$ 10,286,855	\$ 11,030,535	\$ 7,960,962	\$ 7,761,000	\$ 7,761,127
Contributions as a percentage of covered payroll	16.54%	16.18%	12.18%	13.68%	11.18%	8.45%

*Amounts do not include on-behalf contributions

**MARIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,972,423	\$ 1,698,361	\$ 1,367,186	\$ 1,119,097	\$ 983,608	\$ 915,770
Contributions in relation to the contractually required contribution*	(1,972,423)	(1,698,361)	(1,367,186)	(1,119,097)	(983,608)	(915,770)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 11,256,045	\$ 10,611,520	\$ 10,812,337	\$ 9,096,142	\$ 8,312,012	\$ 7,780,000
Contributions as a percentage of covered payroll	17.52%	16.00%	12.64%	12.30%	11.83%	11.77%

*Amounts do not include on-behalf contributions

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the County School Service Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the County Office of Education's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions

The Discount rate changed from 3.8% to 3.5% since the previous valuations for OPEB.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of County Office of Education Contributions

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

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, the County Office of Education incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
County School Service Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 1,007,989	\$ 1,354,201	\$ 346,212
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	23,227,870	24,774,910	\$ 1,547,040

SUPPLEMENTARY INFORMATION

**MARIN COUNTY OFFICE OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U. S. DEPARTMENT OF EDUCATION:				
<i>Passed through California Department of Education:</i>				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 137,145	\$ -
Comprehensive Support and Improvement for LEAs	84.010	15438	150,044	-
Comprehensive Support and Improvement for COEs	84.010	15439	14,447	-
Title I, Part D, Local Delinquent Programs	84.010	14357	120,106	-
Subtotal Title I, Part A			<u>421,742</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	10,302	-
Title III, English Learner Student Program	84.365	14346	40,365	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	185,175	-
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	79,100	-
Special Education Cluster [1]				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	7,873,126	6,565,353
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	176,272	176,272
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	273,331	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	3,542	-
IDEA Alternate Dispute Resolution	84.027	13007	16,455	-
Subtotal Special Education Cluster			<u>8,342,726</u>	<u>6,741,625</u>
IDEA Early Intervention Grants, Part C	84.181	23761	252,596	-
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	29,401	-
Total U. S. Department of Education			<u>9,361,407</u>	<u>6,741,625</u>
U. S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through California Department of Education:</i>				
National School Lunch Program	10.555	13391	11,054	-
Total U. S. Department of Agriculture			<u>11,054</u>	<u>-</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<i>Passed through California Department of Education:</i>				
Child Care and Development Block Grant				
Child Care Initiative Project (CCIP) / Resource & Referral Contracts (CRRP)	93.575	13942	309,942	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	35,103	-
Subtotal Child Care and Development Block Grant			<u>345,045</u>	<u>-</u>
Total U. S. Department of Health & Human Services			<u>345,045</u>	<u>-</u>
U. S. DEPARTMENT OF THE TREASURY:				
<i>Passed through California Department of Education:</i>				
COVID-19 Emergency Acts Funding:				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	363,593	-
Total U. S. Department of the Treasury			<u>363,593</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 10,081,099</u>	<u>\$ 6,741,625</u>

[1] - Major Program

**MARIN COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2020**

	Second Period Report	Annual Report
COUNTY OFFICE OF EDUCATION		
TK/K through Third		
Special Education - Special Day Class	56.96	59.32
Special Education - Nonpublic Schools	2.78	2.80
Extended Year Special Education - Nonpublic Schools	9.96	6.74
Total TK/K through Third	69.70	68.86
Fourth through Sixth		
Special Education - Special Day Class	33.65	34.09
Special Education - Nonpublic Schools	8.93	9.02
Extended Year Special Education - Nonpublic Schools	4.13	2.60
Total Fourth through Sixth	46.71	45.71
Seventh through Eighth		
County Community School	0.88	-
Special Education - Special Day Class	18.56	13.12
Special Education - Nonpublic Schools	4.11	4.09
Extended Year Special Education - Nonpublic Schools	2.14	1.33
Total Seventh through Eighth	25.69	18.54
Ninth through Twelfth		
County Community School	12.55	12.40
Special Education - Special Day Class	83.70	83.77
Special Education - Nonpublic Schools	4.76	4.82
Extended Year Special Education - Nonpublic Schools	10.64	7.05
Total Ninth through Twelfth	111.65	108.04
Juvenile Court Schools		
Juvenile Halls, Homes, and Camps - Elementary	1.30	1.03
Juvenile Halls, Homes, and Camps - High School	18.07	14.64
County Funded Non-Juvenile Court Schools		
Probation Referred, On Probation or Parole, Expelled - Elementary	1.75	1.69
Probation Referred, On Probation or Parole, Expelled - High School	28.41	28.30
Total Alternative Education	49.53	45.66
Adults in Correctional Facilities	20.78	16.83
TOTAL COUNTY OFFICE OF EDUCATION	324.06	303.64
	Second Period Report	Annual Report
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based Elementary		
Probation Referred, On Probation or Parole, Expelled	0.96	1.01
Total Classroom-based Elementary	0.96	1.01
Classroom-based High School		
Probation Referred, On Probation or Parole, Expelled	12.47	13.17
Total Classroom-based High School	12.47	13.17
TOTAL CLASSROOM-BASED CHARTER SCHOOL	13.43	14.18

See accompanying note to supplementary information.

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

Grade Level	Minutes Requirement	2019-20 Planned Instructional Minutes	2019-20 Planned Number of Days	2019-20 Actual Instructional Minutes	2019-20 Actual Number of Days	Instructional Minutes Closed due to COVID-19	Number of Days Certified Closed due to COVID-19*	Status
Grade 8	54,000	55,600	180	38,610	125	16,990	55	Complied
Grade 9	64,800	65,170	180	45,255	125	19,915	55	Complied
Grade 10	64,800	65,170	180	45,255	125	19,915	55	Complied
Grade 11	64,800	65,170	180	45,255	125	19,915	55	Complied
Grade 12	64,800	65,170	180	45,255	125	19,915	55	Complied

*On August 24, 2020 the County Office of Education certified that all schools were closed from March 16, 2020 to June 11, 2020 for a total of 55 instructional days due to COVID-19.

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

	2021 (Budget)	2020	2019	2018
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 45,174,337	\$ 47,091,867	\$ 45,922,435	\$ 38,817,790
Expenditures And Other Financing Uses	48,008,403	44,007,135	41,191,461	34,833,916
Net change in Fund Balance	<u>\$ (2,834,066)</u>	<u>\$ 3,084,732</u>	<u>\$ 4,730,974</u>	<u>\$ 3,983,874</u>
Ending Fund Balance	<u>\$ 37,502,448</u>	<u>\$ 40,336,514</u>	<u>\$ 37,251,782</u>	<u>\$ 32,520,808</u>
Available Reserves*	<u>\$ 1,163,022</u>	<u>\$ 4,017,961</u>	<u>\$ 4,253,812</u>	<u>\$ 3,849,781</u>
Available Reserves As A Percentage Of Outgo	<u>2.42%</u>	<u>9.13%</u>	<u>10.33%</u>	<u>11.05%</u>
Long-term Liabilities	<u>\$ 41,634,955</u>	<u>\$ 41,736,332</u>	<u>\$ 38,640,548</u>	<u>\$ 31,524,922</u>
Average Daily Attendance At Annual	<u>304</u>	<u>304</u>	<u>324</u>	<u>310</u>

The County School Service Fund balance has increased by \$7,815,706 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$2,834,066. For a County Office of Education this size, the State recommends available reserves of at least 3% of County School Service Fund expenditures, transfers out, and other uses (total outgo), but the County Office of Education's policy is to maintain two times the minimum which is 6%.

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2020-21 fiscal year. Total long-term obligations have increased by \$10,211,410 over the past two years.

Average daily attendance has decreased by 6 ADA over the past two years. No change in ADA is anticipated during the 2020-21 fiscal year.

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

**The actual amounts reported in this schedule are for the County School Service Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

	County School Service Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2020, annual financial and budget report fund balance	\$ 40,336,514	\$ 194,140
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	194,140	(194,140)
Net adjustments and reclassifications	194,140	(194,140)
June 30, 2020, audited financial statement fund balance	<u>\$ 40,530,654</u>	<u>\$ -</u>

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

Charter #	Charter School	Status	Included in Audit Report
0087	Phoenix Academy Charter	Active	Included in County Office of Education's financial statements in the County School Service Fund

See accompanying note to supplementary information.

**MARIN COUNTY OFFICE OF EDUCATION
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Child Development Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 207,750	\$ 1,924,923	\$ 298,994	\$ 1,569,415	\$ 4,001,082
Accounts receivable	122,417	-	116,696	-	239,113
Due from other funds	-	-	30,831	-	30,831
Total Assets	\$ 330,167	\$ 1,924,923	\$ 446,521	\$ 1,569,415	\$ 4,271,026
LIABILITIES					
Accrued liabilities	\$ 316,402	\$ -	\$ 40,653	\$ -	\$ 357,055
Due to other funds	13,603	-	-	-	13,603
Unearned revenue	162	-	-	-	162
Total Liabilities	330,167	-	40,653	-	370,820
FUND BALANCES					
Restricted	-	-	405,868	1,569,415	1,975,283
Committed	-	1,924,923	-	-	1,924,923
Total Fund Balances	-	1,924,923	405,868	1,569,415	3,900,206
Total Liabilities and Fund Balance	\$ 330,167	\$ 1,924,923	\$ 446,521	\$ 1,569,415	\$ 4,271,026

See accompanying note to supplementary information.

**MARIN COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Child Development Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 345,044	\$ -	\$ -	\$ -	\$ 345,044
Other state sources	195,945	-	-	-	195,945
Other local sources	-	39,131	892,443	31,904	963,478
Total Revenues	<u>540,989</u>	<u>39,131</u>	<u>892,443</u>	<u>31,904</u>	<u>1,504,467</u>
EXPENDITURES					
Current					
Instruction-related services					
Instructional supervision and administration	171,864	-	-	-	171,864
Pupil services					
All other pupil services	332,487	-	-	-	332,487
Community services	-	-	1,108,071	-	1,108,071
Total Expenditures	<u>504,351</u>	<u>-</u>	<u>1,108,071</u>	<u>-</u>	<u>1,612,422</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>36,638</u>	<u>39,131</u>	<u>(215,628)</u>	<u>31,904</u>	<u>(107,955)</u>
Other Financing Sources (Uses)					
Transfers out	(36,638)	-	-	-	(36,638)
Net Financing Sources (Uses)	<u>(36,638)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,638)</u>
NET CHANGE IN FUND BALANCE	-	39,131	(215,628)	31,904	(144,593)
Fund Balance - Beginning	-	1,885,792	621,496	1,537,511	4,044,799
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,924,923</u>	<u>\$ 405,868</u>	<u>\$ 1,569,415</u>	<u>\$ 3,900,206</u>

See accompanying note to supplementary information.

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

The Marin County Office of Education was established in 1854 and has responsibility for an area of approximately 520 square miles located in Marin County. There were no changes in the boundaries of the County Office of Education during the current year. The County Office of Education services thirteen elementary school districts, two joint union elementary school districts, two unified school districts, two high school districts, and one community college.

The County Office of Education supervises the activities and financial affairs of each school district to ensure that requirements of the California Education Code are met. It also provides administrative and budgetary assistance, furnishes education specialists, facilitates the development or improvement of instructional programs, coordinates inter district activities, and performs other services, as needed, to improve the quality of education throughout the County.

GOVERNING BOARD

Member	Office	Term Expires
Curtis Robinson (Area 6)	President	December 2022
Patricia Garbarino (Area 2)	Vice President	December 2024
Patricia A. Warren (Area 1)	Member	December 2024
David M. Hellman (Area 3)	Member	December 2022
Marilyn L. Nemzer (Area 5)	Member	December 2022
Clairette Wilson (Area 7)	Member	December 2024
Felicia Agrelius (Area 4)	Member	December 2024

COUNTY OFFICE OF EDUCATION ADMINISTRATORS

Mary Jane Burke
County Superintendent of Schools

Terena Mares
Deputy Superintendent, Business

**MARIN COUNTY OFFICE OF EDUCATION
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County Office of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2020 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2020.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 9,717,506
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	<u>363,593</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$10,081,099</u>

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the County Office of Education and whether the County Office of Education complied with the provisions of *Education Code Sections 46200 through 46208*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**MARIN COUNTY OFFICE OF EDUCATION
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of Charter Schools

This schedule lists all charter schools chartered by the County Office of Education and displays information for each charter school on whether or not the charter school is included in the County Office of Education audit.

Combining Statements – Non-Major Funds

These statements provide information on the County Office of Education's non-major funds.

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Marin County Office of Education
San Rafael, 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 Marin County Office of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Marin County Office of Education's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marin County Office of Education's internal control over financial reporting (internal control) as a basis for designing 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 Marin County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Marin County Office of Education's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
March 29, 2021

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

Governing Board
Marin County Office of Education
San Rafael, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



San Diego, California
March 29, 2021

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Marin County Office of Education
San Rafael, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marin County Office of Education's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Marin County Office of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on State Compliance

In our opinion, Marin County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2020.

Procedures Performed

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

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

San Diego, California
 March 29, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

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

STATE AWARDS

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

**MARIN COUNTY OFFICE OF EDUCATION
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

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

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

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

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

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

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

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

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