

# **MARIN COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2021**

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

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## **FINANCIAL SECTION**

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**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, 2021, 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, 2021, 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.

## **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 January 27, 2022 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.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California  
January 27, 2022

# MARIN COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

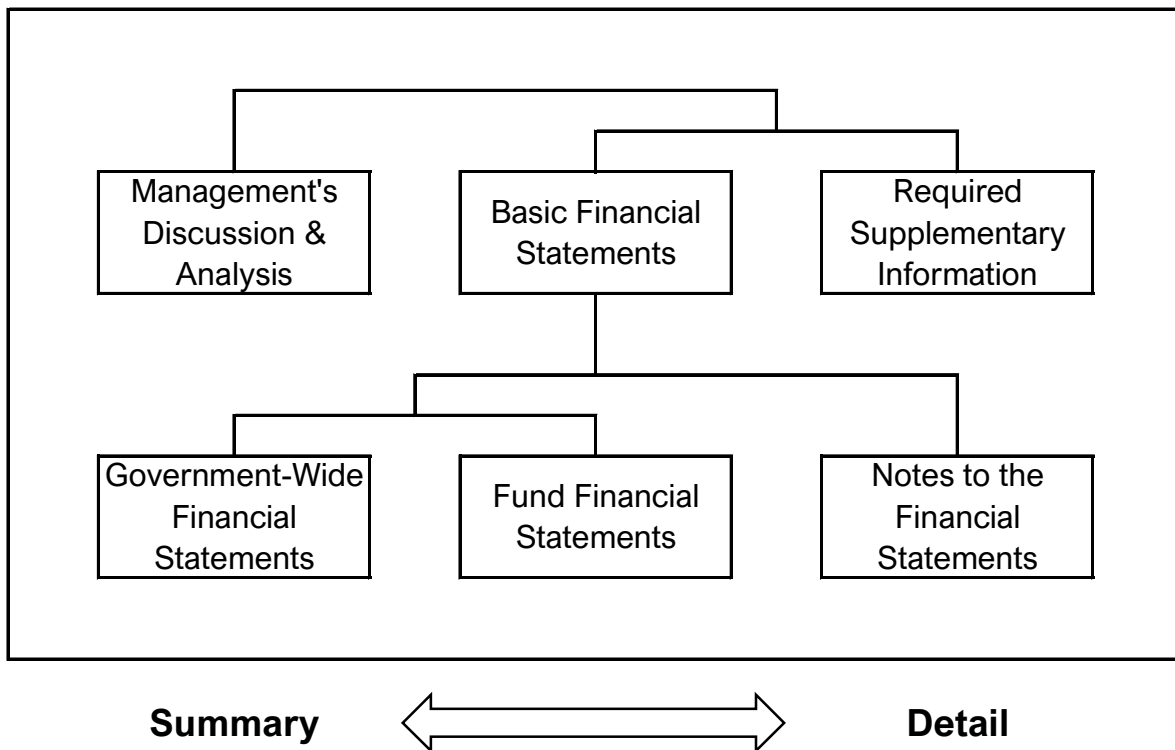
Our discussion and analysis of Marin County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The County Office of Education's total net position for governmental activities was \$45,867,537 and its business-type activities net position was \$776,288, at June 30, 2021. This was an increase of \$2,116,597 in the governmental activities and a decrease of \$180,723 in the business-type activities from the prior year.
- Overall revenues were \$72,613,839 which exceeded expenses of \$70,041,812 in the governmental activities. Overall revenues were \$24,701 which were exceeded by expenses of \$660,854 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, 2021**

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**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-term and short-term financial information.
  - **Fiduciary Funds** report resources held for the benefit of parties outside of the County Office of Education. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the County Office of Education's own programs.

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, 2021**

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

**Net Position**

The County Office of Education's net position for governmental activities was \$45,867,537, and its business-type activities was \$776,288 at June 30, 2021, as reflected in the table below. Of this amount, \$5,104,228 was unrestricted for governmental activities and \$(2,342,539) 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		
	2021	2020	Net Change	2021	2020	Net Change
<b>ASSETS</b>						
Current and other assets	\$ 92,657,573	\$ 76,161,577	\$ 16,495,996	\$ 35,020	\$ 72,768	\$ (37,748)
Capital assets	11,837,142	12,190,940	(353,798)	3,118,827	3,239,317	(120,490)
<b>Total Assets</b>	<b>104,494,715</b>	<b>88,352,517</b>	<b>16,142,198</b>	<b>3,153,847</b>	<b>3,312,085</b>	<b>(158,238)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	9,496,582	11,327,536	(1,830,954)	727,141	752,835	(25,694)
<b>LIABILITIES</b>						
Current liabilities	23,841,011	12,739,373	11,101,638	35,020	46,544	(11,524)
Long-term liabilities	42,351,659	41,634,955	716,704	2,880,454	2,891,777	(11,323)
<b>Total Liabilities</b>	<b>66,192,670</b>	<b>54,374,328</b>	<b>11,818,342</b>	<b>2,915,474</b>	<b>2,938,321</b>	<b>(22,847)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	1,931,090	1,554,785	376,305	189,226	169,588	19,638
<b>NET POSITION</b>						
Net investment in capital assets	11,533,288	11,748,082	(214,794)	3,118,827	3,239,317	(120,490)
Restricted	29,230,021	27,538,861	1,691,160	-	-	-
Unrestricted	5,104,228	4,463,997	640,231	(2,342,539)	(2,282,306)	(60,233)
<b>Total Net Position</b>	<b>\$ 45,867,537</b>	<b>\$ 43,750,940</b>	<b>\$ 2,116,597</b>	<b>\$ 776,288</b>	<b>\$ 957,011</b>	<b>\$ (180,723)</b>

**MARIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

**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		
	2021	2020	Net Change	2021	2020	Net Change
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 318,299	\$ 481,981	\$ (163,682)	\$ -	\$ -	\$ -
Operating grants and contributions	31,833,627	30,398,009	1,435,618	-	-	-
General revenues						
Property taxes	33,421,904	32,957,392	464,512	-	-	-
Unrestricted federal and state aid	3,012,163	2,895,603	116,560	-	-	-
Other	4,027,846	5,064,871	(1,037,025)	24,701	2,100,829	(2,076,128)
<b>Total Revenues</b>	<b>72,613,839</b>	<b>71,797,856</b>	<b>815,983</b>	<b>24,701</b>	<b>2,100,829</b>	<b>(2,076,128)</b>
<b>EXPENSES</b>						
Instruction	17,697,222	18,693,838	(996,616)	-	-	-
Instruction-related services	11,879,474	12,264,100	(384,626)	-	-	-
Pupil services	1,990,151	1,675,415	314,736	-	-	-
General administration	9,445,973	11,272,382	(1,826,409)	-	-	-
Plant services	1,487,796	1,414,261	73,535	-	-	-
Ancillary and community services	1,200,295	1,548,406	(348,111)	-	-	-
Debt service	-	11,478	(11,478)	-	-	-
Other outgo	26,340,901	25,990,107	350,794	-	-	-
Depreciation	-	-	-	-	113,203	(113,203)
Enterprise activities	-	-	-	660,854	2,782,617	(2,121,763)
<b>Total Expenses</b>	<b>70,041,812</b>	<b>72,869,987</b>	<b>(2,828,175)</b>	<b>660,854</b>	<b>2,895,820</b>	<b>(2,234,966)</b>
Transfers & special items	(455,430)	83,838	(539,268)	455,430	(83,838)	539,268
<b>Change in net position</b>	<b>2,116,597</b>	<b>(988,293)</b>	<b>3,104,890</b>	<b>(180,723)</b>	<b>(878,829)</b>	<b>698,106</b>
<b>Net Position - Beginning</b>	<b>43,750,940</b>	<b>44,739,233</b>	<b>(988,293)</b>	<b>957,011</b>	<b>1,835,840</b>	<b>(878,829)</b>
<b>Net Position - Ending</b>	<b>\$ 45,867,537</b>	<b>\$ 43,750,940</b>	<b>\$ 2,116,597</b>	<b>\$ 776,288</b>	<b>\$ 957,011</b>	<b>\$ (180,723)</b>

The cost of all our governmental activities this year was \$70,041,812. The amount that our taxpayers ultimately financed for these activities through taxes was \$33,421,904 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 \$660,854 (refer to the table above).

**MARIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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 governmental 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.

	<b>Net Cost of Services</b>	
	<b>2021</b>	<b>2020</b>
Instruction	\$ 11,450,591	\$ 12,010,245
Instruction-related services	3,647,042	5,103,869
Pupil services	617,168	634,645
General administration	8,186,798	9,409,701
Plant services	1,093,304	1,049,750
Ancillary and community services	725,944	1,202,727
Debt service	-	11,478
Transfers to other agencies	12,169,039	12,567,582
<b>Total Expenses</b>	<b>\$ 37,889,886</b>	<b>\$ 41,989,997</b>

**FINANCIAL ANALYSIS OF THE COUNTY OFFICE OF EDUCATION'S FUNDS**

The financial performance of the County Office of Education 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 \$67,558,393, which is greater than last year's ending fund balance of \$62,230,643. The County Office of Education's County School Service Fund had \$5,805,002 more in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's Special Education Pass-Through Fund had \$116,415 less in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's Special Reserve Fund for Capital Outlay Projects had \$201 more in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's Child Development Fund had a zero-ending fund balance for the year ended June 30, 2021. The County Office of Education's Deferred Maintenance Fund had \$13,254 more in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's Foundation Special Revenue Fund had \$34,388 more in operating revenues than expenditures for the year ended June 30, 2021. The County Office of Education's County School Facilities Fund had \$10,807 more in operating revenues than expenditures for the year ended June 30, 2021.

**CURRENT YEAR BUDGET 2020-2021**

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, 2021**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2020-2021 the County Office of Education's governmental activities had invested \$11,837,142 in capital assets, net of accumulated depreciation and the business-type activities had invested \$3,118,827 in capital assets, net of accumulated depreciation.

	Governmental Activities			Business-Type Activities		
	2021	2020	Net Change	2021	2020	Net Change
<b>CAPITAL ASSETS</b>						
Land	\$ 1,822,750	\$ 1,822,750	\$ -	\$ 1,674,221	\$ 1,674,221	\$ -
Buildings & improvements	17,687,568	17,387,774	299,794	3,422,954	3,422,954	-
Furniture & equipment	3,424,881	3,417,227	7,654	373,996	373,996	-
Accumulated depreciation	(11,098,057)	(10,436,811)	(661,246)	(2,352,344)	(2,231,854)	(120,490)
<b>Total Capital Assets</b>	<b>\$ 11,837,142</b>	<b>\$ 12,190,940</b>	<b>\$ (353,798)</b>	<b>\$ 3,118,827</b>	<b>\$ 3,239,317</b>	<b>\$ (120,490)</b>

**Long-Term Liabilities**

At year-end, the County Office of Education's governmental activities had \$42,351,659 in long-term liabilities, an increase of 1.72% from last year and the business-type activities had \$2,880,454 in long-term liabilities, a decrease of 0.39% – 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		
	2021	2020	Net Change	2021	2020	Net Change
<b>LONG-TERM LIABILITIES</b>						
Capital leases	\$ 303,854	\$ 442,858	\$ (139,004)	\$ -	\$ -	\$ -
Compensated absences	418,723	387,557	31,166	-	-	-
Total OPEB liability	1,264,757	1,102,343	162,414	-	-	-
Net pension liability	40,452,489	39,803,574	648,915	2,880,454	2,891,777	(11,323)
Less: current portion of long-term liabilities	(88,164)	(101,377)	13,213	-	-	-
<b>Total Long-term Liabilities</b>	<b>\$ 42,351,659</b>	<b>\$ 41,634,955</b>	<b>\$ 716,704</b>	<b>\$ 2,880,454</b>	<b>\$ 2,891,777</b>	<b>\$ (11,323)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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.

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19-induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

**MARIN COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Landmark legislation passed in year 2013 reformed California school County Office of Education 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 May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

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, 2021. The amount of the liability is material to the financial position of the County Office of Education. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Under current law, the County Office of Education will be flat funded through the Local Control Funding Formula for decades to come, regardless of changes in enrollment in the County Office's Alternative Education schools. The County Office has therefore taken proactive steps to diversify revenue sources and become less reliant on the LCFF.

The State Board of Education approved the 2021-2026 Ross Valley Charter School Renewal Petition on March 17, 2021 and assigned the Marin County Office of Education as the authorizing entity responsible for oversight. Thereafter, the county office entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) to carry out its oversight activities on behalf of the county office.

All of these factors were considered in preparing the County Office of Education's budget for the 2021-22 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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 72,901,247	\$ 140,304	\$ 73,041,551
Accounts receivable	19,251,614	176,853	19,428,467
Internal balances	297,067	(297,067)	-
Inventory	32,090	14,647	46,737
Prepaid expenses	175,555	283	175,838
Capital assets, not depreciated	1,822,750	1,674,221	3,496,971
Capital assets, net of accumulated depreciation	10,014,392	1,444,606	11,458,998
<b>Total Assets</b>	<b>104,494,715</b>	<b>3,153,847</b>	<b>107,648,562</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	9,201,160	727,141	9,928,301
Deferred outflows related to OPEB	295,422	-	295,422
<b>Total Deferred Outflows of Resources</b>	<b>9,496,582</b>	<b>727,141</b>	<b>10,223,723</b>
<b>LIABILITIES</b>			
Accrued liabilities	22,542,394	35,020	22,577,414
Unearned revenue	1,210,453	-	1,210,453
Long-term liabilities, current portion	88,164	-	88,164
Long-term liabilities, non-current portion	42,351,659	2,880,454	45,232,113
<b>Total Liabilities</b>	<b>66,192,670</b>	<b>2,915,474</b>	<b>69,108,144</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,851,569	189,226	2,040,795
Deferred inflows related to OPEB	79,521	-	79,521
<b>Total Deferred Inflows of Resources</b>	<b>1,931,090</b>	<b>189,226</b>	<b>2,120,316</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,533,288	3,118,827	14,652,115
Restricted:			
Capital projects	18,851,773	-	18,851,773
Educational programs	10,378,248	-	10,378,248
Unrestricted	5,104,228	(2,342,539)	2,761,689
<b>Total Net Position</b>	<b>\$ 45,867,537</b>	<b>\$ 776,288</b>	<b>\$ 46,643,825</b>

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, 2021**

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
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 17,697,222	\$ 10,605	\$ 6,236,026	\$ (11,450,591)		
Instruction-related services						
Instructional supervision and administration	10,860,914	197,888	6,760,408	(3,902,618)		
School site administration	1,018,560	-	1,274,136	255,576		
Pupil services						
Home-to-school transportation	36,735	-	11,006	(25,729)		
Food services	2,435	-	-	(2,435)		
All other pupil services	1,950,981	61,887	1,300,090	(589,004)		
General administration						
Centralized data processing	2,024,454	4,151	41,840	(1,978,463)		
All other general administration	7,421,519	22,605	1,190,579	(6,208,335)		
Plant services	1,487,796	-	394,492	(1,093,304)		
Ancillary services	421,031	825	368,088	(52,118)		
Community services	779,264	8,525	96,913	(673,826)		
Other outgo	26,340,901	11,813	14,160,049	(12,169,039)		
<b>Total Governmental Activities</b>	<b>\$ 70,041,812</b>	<b>\$ 318,299</b>	<b>\$ 31,833,627</b>	<b>(37,889,886)</b>		
<b>BUSINESS-TYPE ACTIVITIES</b>						
Enterprise activities	\$ 660,854	\$ -	\$ -		\$ (660,854)	
<b>Total Business-Type Activities</b>	<b>660,854</b>	<b>-</b>	<b>-</b>		<b>(660,854)</b>	
<b>Total County Office of Education</b>	<b>\$ 70,702,666</b>	<b>\$ 318,299</b>	<b>\$ 31,833,627</b>			<b>\$ (38,550,740)</b>
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes				33,375,028	-	33,375,028
Property taxes, levied for other specific purposes				46,876	-	46,876
Federal and state aid not restricted for specific purposes				3,012,163	-	3,012,163
Interest and investment earnings				427,648	-	427,648
Interagency revenues				86,858	-	86,858
Miscellaneous				3,513,340	24,701	3,538,041
<b>Subtotal, General Revenue</b>				<b>40,461,913</b>	<b>24,701</b>	<b>40,486,614</b>
<b>Change in net position before transfers &amp; special items</b>				<b>2,572,027</b>	<b>(636,153)</b>	<b>1,935,874</b>
Internal transfers				(455,430)	455,430	-
<b>Total Transfers &amp; Special Items</b>				<b>(455,430)</b>	<b>455,430</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>				<b>2,116,597</b>	<b>(180,723)</b>	<b>1,935,874</b>
<b>Net Position - Beginning</b>				<b>43,750,940</b>	<b>957,011</b>	<b>44,707,951</b>
<b>Net Position - Ending</b>				<b>\$ 45,867,537</b>	<b>\$ 776,288</b>	<b>\$ 46,643,825</b>

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

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

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 48,182,136	\$ 2,119,117	\$ 17,277,134	\$ 3,973,796	\$ 71,552,183
Accounts receivable	12,896,311	5,973,154	-	382,149	19,251,614
Due from other funds	1,385,600	7,590,400	-	33	8,976,033
Stores inventory	32,090	-	-	-	32,090
Prepaid expenditures	175,555	-	-	-	175,555
<b>Total Assets</b>	<b>\$ 62,671,692</b>	<b>\$ 15,682,671</b>	<b>\$ 17,277,134</b>	<b>\$ 4,355,978</b>	<b>\$ 99,987,475</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 7,924,785	\$ 14,493,890	\$ 5,583	\$ 115,405	\$ 22,539,663
Due to other funds	7,620,447	776,763	-	281,756	8,678,966
Unearned revenue	1,210,291	-	-	162	1,210,453
<b>Total Liabilities</b>	<b>16,755,523</b>	<b>15,270,653</b>	<b>5,583</b>	<b>397,323</b>	<b>32,429,082</b>
<b>FUND BALANCES</b>					
Nonspendable	214,144	-	-	-	214,144
Restricted	9,525,974	412,018	17,271,551	2,020,478	29,230,021
Committed	31,923,646	-	-	1,938,177	33,861,823
Assigned	195,477	-	-	-	195,477
Unassigned	4,056,928	-	-	-	4,056,928
<b>Total Fund Balances</b>	<b>45,916,169</b>	<b>412,018</b>	<b>17,271,551</b>	<b>3,958,655</b>	<b>67,558,393</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 62,671,692</b>	<b>\$ 15,682,671</b>	<b>\$ 17,277,134</b>	<b>\$ 4,355,978</b>	<b>\$ 99,987,475</b>

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, 2021**

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**Total Fund Balance - Governmental Funds** \$ 67,558,393

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	\$ 22,935,199	
Accumulated depreciation	<u>(11,098,057)</u>	11,837,142

**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	\$ 303,854	
Compensated absences	418,723	
Total OPEB liability	1,264,757	
Net pension liability	<u>40,452,489</u>	(42,439,823)

**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	\$ 9,201,160	
Deferred inflows of resources related to pensions	<u>(1,851,569)</u>	7,349,591

**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	\$ 295,422	
Deferred inflows of resources related to OPEB	<u>(79,521)</u>	215,901

**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:

1,346,333

<b>Total Net Position - Governmental Activities</b>	<u>\$ 45,867,537</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, 2021**

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 19,666,324	\$ 16,608,046	\$ -	\$ -	\$ 36,274,370
Federal sources	3,747,777	5,973,153	-	183,610	9,904,540
Other state sources	8,113,142	2,309,852	-	240,283	10,663,277
Other local sources	15,750,804	-	118,633	736,797	16,606,234
<b>Total Revenues</b>	<b>47,278,047</b>	<b>24,891,051</b>	<b>118,633</b>	<b>1,160,690</b>	<b>73,448,421</b>
<b>EXPENDITURES</b>					
Current					
Instruction	16,219,456	-	-	-	16,219,456
Instruction-related services					
Instructional supervision and administration	10,273,823	-	-	210,452	10,484,275
School site administration	954,370	-	-	-	954,370
Pupil services					
Home-to-school transportation	36,735	-	-	-	36,735
Food services	2,435	-	-	-	2,435
All other pupil services	1,744,601	-	-	177,498	1,922,099
General administration					
Centralized data processing	1,895,629	-	-	-	1,895,629
All other general administration	6,768,142	-	-	-	6,768,142
Plant services	1,415,641	-	-	-	1,415,641
Facilities acquisition and maintenance	181,362	-	118,432	-	299,794
Ancillary services	407,655	-	-	-	407,655
Community services	100,757	-	-	678,348	779,105
Transfers to other agencies	1,333,435	25,007,466	-	-	26,340,901
Debt service					
Principal	139,004	-	-	-	139,004
<b>Total Expenditures</b>	<b>41,473,045</b>	<b>25,007,466</b>	<b>118,432</b>	<b>1,066,298</b>	<b>67,665,241</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>5,805,002</b>	<b>(116,415)</b>	<b>201</b>	<b>94,392</b>	<b>5,783,180</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	96,503	-	-	-	96,503
Transfers out	(515,990)	-	-	(35,943)	(551,933)
<b>Net Financing Sources (Uses)</b>	<b>(419,487)</b>	<b>-</b>	<b>-</b>	<b>(35,943)</b>	<b>(455,430)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,385,515</b>	<b>(116,415)</b>	<b>201</b>	<b>58,449</b>	<b>5,327,750</b>
<b>Fund Balance - Beginning</b>	<b>40,530,654</b>	<b>528,433</b>	<b>17,271,350</b>	<b>3,900,206</b>	<b>62,230,643</b>
<b>Fund Balance - Ending</b>	<b>\$ 45,916,169</b>	<b>\$ 412,018</b>	<b>\$ 17,271,551</b>	<b>\$ 3,958,655</b>	<b>\$ 67,558,393</b>

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, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 5,327,750

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:	\$	307,448	
Depreciation expense:		(661,246)	(353,798)

**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: 139,004

**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: (31,166)

**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: 14,665

**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: (3,033,253)

**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: 53,395

<b>Change in Net Position of Governmental Activities</b>	\$	2,116,597
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**MARIN COUNTY OFFICE OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<b>Business-Type Activities Other Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>		
Current assets		
Cash and investments	\$ 140,304	\$ 1,349,064
Accounts receivable	176,853	-
Due from other funds	30,014	-
Stores inventory	14,647	-
Prepaid expenses	283	-
Total current assets	362,101	1,349,064
Non-current assets		
Capital assets, not depreciated	1,674,221	-
Capital assets, net of accumulated depreciation	1,444,606	-
Total non-current assets	3,118,827	-
<b>Total Assets</b>	<b>3,480,928</b>	<b>1,349,064</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	727,141	-
<b>Total Deferred Outflows of Resources</b>	<b>727,141</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities		
Accrued liabilities	35,020	2,731
Due to other funds	327,081	-
Total current liabilities	362,101	2,731
Non-current liabilities		
Net pension liability	2,880,454	-
Total non-current liabilities	2,880,454	-
<b>Total Liabilities</b>	<b>3,242,555</b>	<b>2,731</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	189,226	-
<b>Total Deferred Inflows of Resources</b>	<b>189,226</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	3,118,827	-
Restricted	-	1,346,333
Unrestricted	(2,342,539)	-
<b>Total Net Position</b>	<b>\$ 776,288</b>	<b>\$ 1,346,333</b>

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, 2021**

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	<b>Business-Type Activities Other Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 8,785	\$ 84,166
Other local revenues	15,916	-
<b>Total operating revenues</b>	<b>24,701</b>	<b>84,166</b>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	342,109	-
Supplies and materials	24,474	-
Professional services	173,781	39,696
Depreciation	120,490	-
<b>Total operating expenses</b>	<b>660,854</b>	<b>39,696</b>
<b>Operating income/(loss)</b>	<b>(636,153)</b>	<b>44,470</b>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>		
Interest income	-	8,925
Transfers in	515,990	-
Transfers out	(60,560)	-
<b>Total non-operating revenues/(expenses)</b>	<b>455,430</b>	<b>8,925</b>
<b>CHANGE IN NET POSITION</b>	<b>(180,723)</b>	<b>53,395</b>
<b>Net Position - Beginning</b>	<b>957,011</b>	<b>1,292,938</b>
<b>Net Position - Ending</b>	<b>\$ 776,288</b>	<b>\$ 1,346,333</b>

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, 2021**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Other Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Cash flows from operating activities</b>		
Cash received from user charges	\$ 8,785	\$ 84,166
Cash received (paid) from assessments made to (from) other funds	46,413	338
Cash payments for payroll, insurance, and operating costs	(531,894)	(38,987)
Net cash provided by (used for) operating activities	(476,696)	45,517
<b>Cash flows from non-capital financing activities</b>		
Interfund transfers in (out)	455,430	-
Net cash provided by (used for) non-capital financing activities	455,430	-
<b>Cash flows from investing activities</b>		
Interest received	-	8,925
Net cash provided by (used for) investing activities	-	8,925
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(21,266)	54,442
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	161,570	1,294,622
End of year	\$ 140,304	\$ 1,349,064
<b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>		
Operating income/(loss)	\$ (636,153)	\$ 44,470
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	120,490	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	(19,215)	338
(Increase) decrease in due from other funds	206,783	-
(Increase) decrease in stores inventory	5,145	-
(Increase) decrease in prepaid expenses	55	-
(Increase) decrease in deferred outflows related to pensions	25,694	-
Increase (decrease) in accrued liabilities	(11,524)	709
Increase (decrease) in due to other funds	(176,286)	-
Increase (decrease) in net pension liability	(11,323)	-
Increase (decrease) in deferred inflows related to pensions	19,638	-
<b>Net cash provided by (used for) operating activities</b>	\$ (476,696)	\$ 45,517

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

**MARIN COUNTY OFFICE OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

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	<b><u>Custodial Fund</u></b>
	<b><u>Warrant/Pass-through Fund</u></b>
<b>ASSETS</b>	
Cash and investments	\$ 47,865
<b>Total Assets</b>	<b>47,865</b>
<b>LIABILITIES</b>	
Accrued liabilities	47,865
<b>Total Liabilities</b>	<b>47,865</b>
<b>NET POSITION</b>	
<b>Total Net Position</b>	<b>\$ -</b>

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, 2021**

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	<u>Custodial Fund</u>
	<u>Warrant/Pass- through Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 47,865
<b>Total Additions</b>	<u>47,865</u>
<b>DEDUCTIONS</b>	
Payments	<u>47,865</u>
<b>Total Deductions</b>	<u>47,865</u>
<b>CHANGE IN NET POSITION</b>	-
<b>Net Position - Beginning</b>	-
<b>Net Position - Ending</b>	<u>\$ -</u>

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



**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**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, 2021**

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**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 resources held for the benefit of parties outside of the County Office of Education 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*).

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, 2021

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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

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

**Warrant/Pass-Through 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 for Ross Valley Charter School.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide, Proprietary, and Fiduciary Fund 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, 2021**

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**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:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
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.

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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.



**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, 2021**

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**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, 2021**

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**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 implemented this Statement as of June 30, 2021.

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

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The County Office of Education has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	Governmental Funds	Internal Service Fund	Governmental Activities	Business-Type Activities	Fiduciary Fund
Investment in county treasury	\$ 71,545,684	\$ 1,349,064	\$ 72,894,748	\$ 124,524	\$ 47,865
Cash on hand and in banks	-	-	-	10,630	-
Cash in revolving fund	6,499	-	6,499	5,150	-
<b>Total</b>	<b>\$ 71,552,183</b>	<b>\$ 1,349,064</b>	<b>\$ 72,901,247</b>	<b>\$ 140,304</b>	<b>\$ 47,865</b>

**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, 2021**

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**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 \$73,072,199 and an amortized book value of \$73,067,137. The average weighted maturity for this pool is 218 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, 2021, the pooled investments in the County Treasury were rated AAA/V1.

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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, 2021, 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, 2021 were as follows for governmental activities:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<b>\$ 73,072,199</b>
<b>Total</b>	<b><u>\$ 73,072,199</u></b>

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Governmental Activities	Business-Type Activities
Federal Government					
Categorical aid	\$ 2,642,378	\$ 5,973,154	\$ 182,035	\$ 8,797,567	\$ -
State Government					
Apportionment	3,488,403	-	-	3,488,403	-
Categorical aid	5,701,054	-	200,114	5,901,168	-
Lottery	16,896	-	-	16,896	-
Local Government					
Other local sources	1,047,580	-	-	1,047,580	176,853
<b>Total</b>	<b>\$ 12,896,311</b>	<b>\$ 5,973,154</b>	<b>\$ 382,149</b>	<b>\$ 19,251,614</b>	<b>\$ 176,853</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,822,750	\$ -	\$ -	\$ 1,822,750
Total Capital Assets not Being Depreciated	1,822,750	-	-	1,822,750
Capital assets being depreciated				
Buildings & improvements	17,387,774	299,794	-	17,687,568
Furniture & equipment	3,417,227	7,654	-	3,424,881
Total Capital Assets Being Depreciated	20,805,001	307,448	-	21,112,449
Less Accumulated Depreciation				
Buildings & improvements	7,884,615	547,384	-	8,431,999
Furniture & equipment	2,552,196	113,862	-	2,666,058
Total Accumulated Depreciation	10,436,811	661,246	-	11,098,057
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 12,190,940</b>	<b>\$ (353,798)</b>	<b>\$ -</b>	<b>\$ 11,837,142</b>
<b>Business-Type Activities</b>				
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	3,422,954	-	-	3,422,954
Furniture & equipment	373,996	-	-	373,996
Total Capital Assets Being Depreciated	3,796,950	-	-	3,796,950
Less Accumulated Depreciation				
Buildings & improvements	1,957,000	107,150	-	2,064,150
Furniture & equipment	274,854	13,340	-	288,194
Total Accumulated Depreciation	2,231,854	120,490	-	2,352,344
<b>Business-Type Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 3,239,317</b>	<b>\$ (120,490)</b>	<b>\$ -</b>	<b>\$ 3,118,827</b>

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

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

Due To Other Funds	Due From Other Funds				Total
	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Other Enterprise Fund	
County School Service Fund	\$ -	\$ 7,590,400	\$ 33	\$ 30,014	\$ 7,620,447
Special Education Pass-Through Fund	776,763	-	-	-	776,763
Non-Major Governmental Funds	281,756	-	-	-	281,756
Other Enterprise Fund	327,081	-	-	-	327,081
<b>Total</b>	<b>\$ 1,385,600</b>	<b>\$ 7,590,400</b>	<b>\$ 33</b>	<b>\$ 30,014</b>	<b>\$ 9,006,047</b>

County School Service Fund due to the Special Education Pass-Through Fund for property tax transfer.	\$ 7,590,400
Special Education Pass-Through Fund due to the County School Service Fund for services.	776,763
Child Development Fund due to the County School Service Fund for expenses.	281,756
Other Enterprise Fund due to the County School Service Fund for computer lease, indirect costs and loan.	327,081
County School Service Fund due to the Child Development Fund for expenses.	33
County School Service Fund due to Other Enterprise Fund for expenses.	30,014
<b>Total</b>	<b>\$ 9,006,047</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Interfund Transfers Out	Interfund Transfers In		
	County School Service Fund	Other Enterprise Fund	Total
County School Service Fund	\$ -	\$ 515,990	\$ 515,990
Non-Major Governmental Funds	35,943	-	35,943
Other Enterprise Fund	60,560	-	60,560
<b>Total</b>	<b>\$ 96,503</b>	<b>\$ 515,990</b>	<b>\$ 612,493</b>

Transfer from the County School Service Fund to the Other Enterprise Fund for contribution and nutrition transfer to Walker Creek Ranch.	\$ 515,990
Transfer from the Child Development Fund to the County School Service Fund for closing and indirect costs.	35,943
Transfer from the Other Enterprise Fund to the County School Service Fund for indirect costs.	60,560
<b>Total</b>	<b>\$ 612,493</b>

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2021 consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities	Business-Type Activities	Fiduciary Fund
Payroll	\$ 81,271	\$ -	\$ -	\$ -	\$ -	\$ 81,271	\$ -	\$ -
Construction	-	-	5,583	-	-	5,583	-	-
Vendors payable	-	14,493,890	-	115,405	2,731	14,612,026	35,020	-
Due to other agencies	7,843,514	-	-	-	-	7,843,514	-	47,865
<b>Total</b>	<b>\$ 7,924,785</b>	<b>\$ 14,493,890</b>	<b>\$ 5,583</b>	<b>\$ 115,405</b>	<b>\$ 2,731</b>	<b>\$ 22,542,394</b>	<b>\$ 35,020</b>	<b>\$ 47,865</b>



**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2021 consisted of the following:

	<b>County School Service Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 1,450	\$ -	\$ 1,450
State categorical sources	1,163,120	162	1,163,282
Local sources	45,721	-	45,721
<b>Total</b>	<b>\$ 1,210,291</b>	<b>\$ 162</b>	<b>\$ 1,210,453</b>

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
Capital leases	\$ 442,858	\$ -	\$ 139,004	\$ 303,854	\$ 88,164
Compensated absences	387,557	31,166	-	418,723	-
Total OPEB liability	1,102,343	162,414	-	1,264,757	-
Net pension liability	39,803,574	648,915	-	40,452,489	-
<b>Total</b>	<b>\$ 41,736,332</b>	<b>\$ 842,495</b>	<b>\$ 139,004</b>	<b>\$ 42,439,823</b>	<b>\$ 88,164</b>
	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Business-Type Activities</b>					
Net pension liability	\$ 2,891,777	\$ -	\$ 11,323	\$ 2,880,454	\$ -
<b>Total</b>	<b>\$ 2,891,777</b>	<b>\$ -</b>	<b>\$ 11,323</b>	<b>\$ 2,880,454</b>	<b>\$ -</b>

- 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, 2021 amounted to \$418,723. 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 \$42,695,351 and increased by \$637,592 during the year ended June 30, 2021. The combined ending net pension liability at June 30, 2021 was \$43,332,943. 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 \$1,102,343 and increased by \$162,414 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$1,264,757. See Note 10 for additional information regarding the total OPEB liability.

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**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:

<b>Year Ended June 30,</b>	<b>Lease Payment</b>
2022	\$ 127,527
2023	127,527
2024	127,527
Total minimum lease payments	382,581
Less amount representing interest	(78,727)
Present value of minimum lease payments	<u>\$ 303,854</u>

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2021:

	<b>County School Service Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable					
Revolving cash	\$ 6,499	\$ -	\$ -	\$ -	\$ 6,499
Stores inventory	32,090	-	-	-	32,090
Prepaid expenditures	175,555	-	-	-	175,555
Total non-spendable	<u>214,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,144</u>
Restricted					
Educational programs	9,525,974	412,018	-	440,256	10,378,248
Capital projects	-	-	17,271,551	1,580,222	18,851,773
Total restricted	<u>9,525,974</u>	<u>412,018</u>	<u>17,271,551</u>	<u>2,020,478</u>	<u>29,230,021</u>
Committed					
Stabilization	31,923,646	-	-	-	31,923,646
Deferred maintenance fund	-	-	-	1,938,177	1,938,177
Total committed	<u>31,923,646</u>	<u>-</u>	<u>-</u>	<u>1,938,177</u>	<u>33,861,823</u>
Assigned					
Other than capital outlay projects	195,477	-	-	-	195,477
Total assigned	<u>195,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,477</u>
Unassigned	4,056,928	-	-	-	4,056,928
<b>Total Fund Balance</b>	<b>\$ 45,916,169</b>	<b>\$ 412,018</b>	<b>\$ 17,271,551</b>	<b>\$ 3,958,655</b>	<b>\$ 67,558,393</b>

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, 2021**

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**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**

	<b><u>Certificated and Certificated</u></b>	<b><u>Classified and Classified</u></b>
	<b><u>Management</u></b>	<b><u>Management</u></b>
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%
County Office Cap	\$100 per month for 10 to 14 years of service; \$200 per month for 15 or more years of service	\$51.06 per month for 10 to 14 years of service; \$102.12 per month for 15 or more years of service

**C. Contributions**

For the measurement period ended June 30, 2020, the County Office of Education contributed \$96,313 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

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

\*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 \$1,264,757 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2021 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 period ended June 30, 2020.

**Economic assumptions:**

Inflation	2.63%
Salary increases	2.75%
Investment rate of return	2.20%
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, 2020 and rounded the rate resulting in a rate of 2.20%.

**G. Changes in Total OPEB Liability**

	<u>June 30, 2021</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 22,180
Interest on total OPEB liability	38,029
Difference between expected and actual experience	42,560
Changes of assumptions	155,958
Benefits payments	(96,313)
Net change in total OPEB liability	162,414
Total OPEB liability - beginning	1,102,343
Total OPEB liability - ending	<u>\$ 1,264,757</u>

Covered-employee payroll	\$ 18,368,165
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County Office of Education's total OPEB liability as a percentage of covered-employee payroll	6.89%
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**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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:

	<b>1% Decrease</b>	<b>Valuation</b>	<b>1% Increase</b>
	<b>(1.20%)</b>	<b>Discount Rate</b>	<b>(3.20%)</b>
		<b>(2.20%)</b>	
Total OPEB liability	\$ 1,387,781	\$ 1,264,757	\$ 1,139,609

**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:

	<b>1% Decrease</b>	<b>Valuation Trend</b>	<b>1% Increase</b>
	<b>(3.00%)</b>	<b>Rate</b>	<b>(5.00%)</b>
		<b>(4.00%)</b>	
Total OPEB liability	\$ 1,171,323	\$ 1,264,757	\$ 1,385,073

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

For the fiscal year ended June 30, 2021, the Marin County Office of Education recognized OPEB expense of \$69,530. At June 30, 2021, the Marin County Office of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
	<b>of Resources</b>	<b>of Resources</b>
Differences between expected and actual experience	\$ 39,562	\$ 52,980
Changes in assumptions	171,665	26,541
County Office of Education contributions subsequent to the measurement date	84,195	-
<b>Total</b>	<b>\$ 295,422</b>	<b>\$ 79,521</b>

The \$84,195 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, 2022. 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, 2021**

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**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>
2022	\$ 16,169	\$ 6,848
2023	16,169	6,848
2024	16,169	6,848
2025	16,169	6,848
2026	16,169	6,848
Thereafter	130,382	45,281
<b>Total</b>	<b>\$ 211,227</b>	<b>\$ 79,521</b>

**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	\$ 19,766,886	\$ 5,859,771	\$ 718,577	\$ 2,916,786
PERS Pension	23,566,057	4,068,530	1,322,218	3,752,239
<b>Total</b>	<b>\$ 43,332,943</b>	<b>\$ 9,928,301</b>	<b>\$ 2,040,795</b>	<b>\$ 6,669,025</b>

**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, 2021**

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**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 2021, 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 2021 was 19.10% of annual payroll reduced to 16.15% 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 \$1,599,447 for the year ended June 30, 2021.

**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 \$1,153,179 to CalSTRS.

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

At June 30, 2021, 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	\$	19,766,886
State's proportionate share of the net pension liability associated with the County Office of Education		10,189,749
<b>Total</b>	<b>\$</b>	<b><u>29,956,635</u></b>

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**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, 2020, 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, 2019 and rolling forward the total pension liability to June 30, 2020. 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, 2020, the County Office of Education's proportion was 0.020 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County Office of Education recognized pension expense of \$2,916,786. In addition, the County Office of Education recognized pension expense and revenue of \$318,597 for support provided by the State. At June 30, 2021, 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	\$ 469,547	\$ -
Differences between expected and actual experience	34,880	557,460
Changes in assumptions	1,927,551	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,828,346	161,117
County Office of Education contributions subsequent to the measurement date	1,599,447	-
<b>Total</b>	<u>\$ 5,859,771</u>	<u>\$ 718,577</u>

The \$1,599,447 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, 2022. 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>
2022	\$ 792,411	\$ 186,619
2023	1,239,113	147,456
2024	1,399,032	112,576
2025	730,495	113,188
2026	69,290	109,717
2027	29,983	49,021
<b>Total</b>	<u>\$ 4,260,324</u>	<u>\$ 718,577</u>



**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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, 2019, and rolling forward the total pension liability to June 30, 2020 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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 January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

\*20-year geometric average

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 29,865,011	\$ 19,766,886	\$ 11,429,461

**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 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the County Office of Education were \$2,002,317 for the year ended June 30, 2021.

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

At June 30, 2021, the County Office of Education reported a liability of \$23,566,057 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 and rolling forward the total pension liability to June 30, 2020. 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, 2020, the County Office of Education's proportion was 0.077 percent, which was a decrease of 0.006 percent from its proportion measured as of June 30, 2019.

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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, 2021, the County Office of Education recognized pension expense of \$3,752,239. At June 30, 2021, 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	\$ 490,570	\$ -
Differences between expected and actual experience	1,168,804	-
Changes in assumptions	86,418	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	320,421	1,322,218
County Office of Education contributions subsequent to the measurement date	2,002,317	-
<b>Total</b>	<u>\$ 4,068,530</u>	<u>\$ 1,322,218</u>

The \$2,002,317 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, 2022. 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>
2022	\$ 925,829	\$ 455,937
2023	510,541	455,937
2024	395,583	410,344
2025	234,260	-
<b>Total</b>	<u>\$ 2,066,213</u>	<u>\$ 1,322,218</u>

**MARIN COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**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, 2019, and rolling forward the total pension liability to June 30, 2020 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, 2019, 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, 2021**

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**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.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	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 Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

\*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:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
County Office of Education 's proportionate share of the net pension liability	\$ 33,880,504	\$ 23,566,057	\$ 15,005,583

**Pension Plan Fiduciary Net Position**

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

**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, 2021.

**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, 2021.

**C. Construction Commitments**

As of June 30, 2021, 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, 2021**

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**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 entity-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, 2021, total deferred outflows related to pensions was \$9,928,301 and total deferred inflows related to pensions was \$2,040,795.

**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 entity-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, 2021, total deferred outflows related to other postemployment benefits was \$295,422 and total deferred inflows related to other postemployment benefits was \$79,521.

**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.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**MARIN COUNTY OFFICE OF EDUCATION  
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 19,296,243	\$ 19,614,705	\$ 19,666,324	\$ 51,619
Federal sources	2,323,960	3,403,401	3,747,777	344,376
Other state sources	6,766,144	8,469,644	8,113,142	(356,502)
Other local sources	16,675,969	17,738,791	15,749,467	(1,989,324)
Total Revenues	45,062,316	49,226,541	47,276,710	(1,949,831)
EXPENDITURES				
Certificated salaries	11,600,120	11,473,360	10,218,750	1,254,610
Classified salaries	11,610,127	11,165,073	10,503,653	661,420
Employee benefits	10,979,485	10,027,714	8,808,192	1,219,522
Books and supplies	1,071,138	1,236,047	744,005	492,042
Services and other operating expenditures	9,466,171	14,714,943	9,536,990	5,177,953
Capital outlay	425,000	646,276	189,016	457,260
Other outgo				
Excluding transfers of indirect costs	2,030,087	1,409,855	1,472,439	(62,584)
Total Expenditures	47,182,128	50,673,268	41,473,045	9,200,223
Excess (Deficiency) of Revenues Over Expenditures				
	(2,119,812)	(1,446,727)	5,803,665	7,250,392
Other Financing Sources (Uses)				
Transfers in	112,021	111,782	96,503	(15,279)
Transfers out	(826,277)	(826,277)	(515,990)	310,287
Net Financing Sources (Uses)	(714,256)	(714,495)	(419,487)	295,008
NET CHANGE IN FUND BALANCE				
	(2,834,068)	(2,161,222)	5,384,178	7,545,400
Fund Balance - Beginning	35,622,762	40,336,514	40,336,514	-
Fund Balance - Ending	\$ 32,788,694	\$ 38,175,292	\$ 45,720,692	\$ 7,545,400

\* 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:

- The amounts on the schedule above 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, 2021**

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 15,547,844	\$ 16,395,718	\$ 16,608,046	\$ 212,328
Federal sources	5,795,489	5,795,489	5,973,153	177,664
Other state sources	1,128,497	1,170,186	2,309,852	1,139,666
Total Revenues	22,471,830	23,361,393	24,891,051	1,529,658
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	22,471,830	23,361,393	25,007,466	(1,646,073)
Total Expenditures	22,471,830	23,361,393	25,007,466	(1,646,073)
NET CHANGE IN FUND BALANCE				
	-	-	(116,415)	(116,415)
Fund Balance - Beginning	420,585	528,433	528,433	-
Fund Balance - Ending	\$ 420,585	\$ 528,433	\$ 412,018	\$ (116,415)

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, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 22,180	\$ 25,947	\$ 26,344	\$ 25,639
Interest on total OPEB liability	38,029	42,999	43,920	40,105
Difference between expected and actual experience	42,560	(84,809)	-	-
Changes of assumptions	155,958	31,066	(34,056)	-
Benefits payments	<u>(96,313)</u>	<u>(62,852)</u>	<u>(57,644)</u>	<u>(55,427)</u>
Net change in total OPEB liability	162,414	(47,649)	(21,436)	10,317
Total OPEB liability - beginning	<u>1,102,343</u>	<u>1,149,992</u>	<u>1,171,428</u>	<u>1,161,111</u>
Total OPEB liability - ending	<u>\$ 1,264,757</u>	<u>\$ 1,102,343</u>	<u>\$ 1,149,992</u>	<u>\$ 1,171,428</u>
 Covered-employee payroll	 \$ 18,368,165	 \$ 20,428,059	 \$ 19,241,941	 \$ 16,581,363
 County Office of Education 's total OPEB liability as a percentage of covered-employee payroll	 6.89%	 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, 2021**

	<u>June 30, 2021</u>	<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	0.020%	0.021%	0.020%	0.016%	0.016%	0.016%	0.017%
County Office of Education's proportionate share of the net pension liability	\$ 19,766,886	\$ 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	10,189,749	10,118,494	10,545,002	8,971,459	7,415,664	5,768,081	6,148,335
<b>Total</b>	<u>\$ 29,956,635</u>	<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	\$ 11,415,397	\$ 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	173.2%	180.3%	167.0%	163.8%	163.6%	140.5%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	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.

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 - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<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	0.077%	0.083%	0.080%	0.071%	0.070%	0.070%	0.070%
County Office of Education's proportionate share of the net pension liability	\$ 23,566,057	\$ 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	\$ 11,256,045	\$ 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	209.4%	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%	70.0%	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, 2021**

	<u>June 30, 2021</u>	<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	\$ 1,599,447	\$ 1,888,404	\$ 1,664,540	\$ 1,344,016	\$ 1,088,966	\$ 867,961	\$ 655,827
Contributions in relation to the contractually required contribution*	(1,599,447)	(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>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 10,233,468	\$ 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	15.63%	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, 2021**

	<u>June 30, 2021</u>	<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	\$ 2,002,317	\$ 1,972,423	\$ 1,698,361	\$ 1,367,186	\$ 1,119,097	\$ 983,608	\$ 915,770
Contributions in relation to the contractually required contribution*	(2,002,317)	(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>	<u>\$ -</u>
County Office of Education 's covered payroll	\$ 10,025,089	\$ 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	19.97%	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, 2021**

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**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 3.5% to 2.2% since the previous measurement 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, 2021**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2021, 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:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
County School Service Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 1,409,855	\$ 1,472,439	\$ 62,584
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 23,361,393	\$ 25,007,466	\$ 1,646,073

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## **SUPPLEMENTARY INFORMATION**

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**MARIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>				
<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	\$ 151,707	\$ -
Title I, Part D, Local Delinquent Programs	84.010	14357	87,422	-
Comprehensive Support and Improvement for LEAs	84.010	15438	24,501	-
Comprehensive Support and Improvement for COEs	84.010	15439	39,514	-
Subtotal Title I, Part A			<u>303,144</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	4,001	-
Title III				
Title III, English Learner Student Program	84.365	14346	50,312	-
Title III, Immigrant Education Program	84.365	15146	4,477	-
Subtotal Title III			<u>54,789</u>	<u>-</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	33,062	-
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	79,100	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	7,077,103	5,804,100
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	170,327	169,053
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	273,814	-
IDEA Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	21,899	-
Subtotal Special Education Cluster			<u>7,543,143</u>	<u>5,973,153</u>
IDEA Early Intervention Grants, Part C	84.181	23761	252,596	-
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	101,598	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	138,003	-
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	64,558	-
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	250,291	-
Elementary and Secondary School Emergency Relief II (ESSER III) Fund	84.425U	15559	231,620	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>684,472</u>	<u>-</u>
<b>Total U. S. Department of Education</b>			<u>9,055,905</u>	<u>5,973,153</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through California Department of Education:</i>				
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:				
Child Nutrition Cluster				
National School Lunch Program	10.555	13391	5	-
Subtotal Child Nutrition Cluster			<u>5</u>	<u>-</u>
<b>Total U. S. Department of Agriculture</b>			<u>5</u>	<u>-</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<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	125,951	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	57,659	-
Subtotal Child Care and Development Block Grant			<u>183,610</u>	<u>-</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>183,610</u>	<u>-</u>
<b>U. S. DEPARTMENT OF THE TREASURY:</b>				
<i>Passed through California Department of Education:</i>				
COVID-19 Emergency Acts Funding:				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	301,427	-
<b>Total U. S. Department of the Treasury</b>			<u>301,427</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 9,540,947</u>	<u>\$ 5,973,153</u>

\* - Pass-Through Entity Identifying Number not available or not applicable

**MARIN COUNTY OFFICE OF EDUCATION  
SCHEDULE OF INSTUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Phoenix Academy Charter School**

<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

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

	2022 (Budget)	2021	2020	2019
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 48,577,469	\$ 47,373,213	\$ 47,091,867	\$ 45,922,435
Expenditures And Other Financing Uses	50,548,970	41,989,035	44,007,135	41,191,461
Net change in Fund Balance	\$ (1,971,501)	\$ 5,384,178	\$ 3,084,732	\$ 4,730,974
Ending Fund Balance	\$ 43,749,191	\$ 45,720,692	\$ 40,336,514	\$ 37,251,782
Available Reserves*	\$ 3,898,192	\$ 4,056,928	\$ 4,017,961	\$ 4,253,812
Available Reserves As A Percentage Of Outgo	7.71%	9.66%	9.13%	10.33%
Long-term Liabilities	\$ 42,351,659	\$ 42,439,823	\$ 41,736,332	\$ 38,640,548
Average Daily Attendance At P-2***	277	304	304	324

The County School Service Fund balance has increased by \$8,468,910 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$1,971,501. 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 2021-22 fiscal year. Total long-term obligations have increased by \$3,799,275 over the past two years.

Average daily attendance has decreased by 20 ADA over the past two years. A further decrease of 27 ADA is anticipated during the 2021-22 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.

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

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

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	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2021, annual financial and budget report fund balance	\$ 45,720,692	\$ 195,477
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	195,477	(195,477)
Net adjustments and reclassifications	195,477	(195,477)
June 30, 2021, audited financial statement fund balance	\$ 45,916,169	\$ -

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

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



**MARIN COUNTY OFFICE OF EDUCATION  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	Child Development Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 13,127	\$ 1,938,177	\$ 442,270	\$ 1,580,222	\$ 3,973,796
Accounts receivable	382,149	-	-	-	382,149
Due from other funds	33	-	-	-	33
<b>Total Assets</b>	<b>\$ 395,309</b>	<b>\$ 1,938,177</b>	<b>\$ 442,270</b>	<b>\$ 1,580,222</b>	<b>\$ 4,355,978</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 113,391	\$ -	\$ 2,014	\$ -	\$ 115,405
Due to other funds	281,756	-	-	-	281,756
Unearned revenue	162	-	-	-	162
<b>Total Liabilities</b>	<b>395,309</b>	<b>-</b>	<b>2,014</b>	<b>-</b>	<b>397,323</b>
<b>FUND BALANCES</b>					
Restricted	-	-	440,256	1,580,222	2,020,478
Committed	-	1,938,177	-	-	1,938,177
<b>Total Fund Balances</b>	<b>-</b>	<b>1,938,177</b>	<b>440,256</b>	<b>1,580,222</b>	<b>3,958,655</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 395,309</b>	<b>\$ 1,938,177</b>	<b>\$ 442,270</b>	<b>\$ 1,580,222</b>	<b>\$ 4,355,978</b>

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, 2021**

	Child Development Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ 183,610	\$ -	\$ -	\$ -	\$ 183,610
Other state sources	240,283	-	-	-	240,283
Other local sources	-	13,254	712,736	10,807	736,797
<b>Total Revenues</b>	<b>423,893</b>	<b>13,254</b>	<b>712,736</b>	<b>10,807</b>	<b>1,160,690</b>
<b>EXPENDITURES</b>					
Current					
Instruction-related services					
Instructional supervision and administration	210,452	-	-	-	210,452
Pupil services					
All other pupil services	177,498	-	-	-	177,498
Community services	-	-	678,348	-	678,348
<b>Total Expenditures</b>	<b>387,950</b>	<b>-</b>	<b>678,348</b>	<b>-</b>	<b>1,066,298</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>35,943</b>	<b>13,254</b>	<b>34,388</b>	<b>10,807</b>	<b>94,392</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(35,943)	-	-	-	(35,943)
<b>Net Financing Sources (Uses)</b>	<b>(35,943)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,943)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>13,254</b>	<b>34,388</b>	<b>10,807</b>	<b>58,449</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>1,924,923</b>	<b>405,868</b>	<b>1,569,415</b>	<b>3,900,206</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 1,938,177</b>	<b>\$ 440,256</b>	<b>\$ 1,580,222</b>	<b>\$ 3,958,655</b>

See accompanying note to supplementary information.

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

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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, one 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.

<b>GOVERNING BOARD*</b>		
<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
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

\*The Governing Board membership is presented as of June 30, 2021.

**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, 2021**

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**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 Revenues, 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, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 9,904,540
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(363,593)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 9,540,947</u>

**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 article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**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.

**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.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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, 2021, 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 January 27, 2022.

**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  
January 27, 2022

**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, 2021. 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, 2021.



## 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.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California  
January 27, 2022

**REPORT ON STATE COMPLIANCE**Independent 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 *2020-2021 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, 2021, 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 *2020-2021 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, 2021.

## ***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:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Independent Study-Course Based; for charter schools	Not Applicable
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
Charter School Facility Grant Program	Not Applicable



San Diego, California  
January 27, 2022

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

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

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None 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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.027A, 84.173, 84.173A</u>	<u>Special Education Cluster</u>
<u>84.425C, 84.425D, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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, 2021**

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**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, 2021.**

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

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**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, 2021.**

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

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**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, 2021.**



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

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