

# **SOLANO COUNTY OFFICE OF EDUCATION**

**AUDIT REPORT  
JUNE 30, 2023**

**SOLANO COUNTY OFFICE OF EDUCATION**  
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**JUNE 30, 2023**

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## **FINANCIAL SECTION**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Independent Auditors' Report

County Superintendent of Schools  
Solano County Office of Education  
Fairfield, California

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Solano County Office of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Solano County Office of Education's basic financial statements as listed in the table of contents.

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 the Solano County Office of Education, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Solano County Office of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solano County Office of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Solano County Office of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solano County Office of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 Solano 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. Such information 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. The 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 December 8, 2023 on our consideration of the Solano County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Solano 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 Solano County Office of Education's internal control over financial reporting and compliance.



San Diego, California  
December 8, 2023

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

## INTRODUCTION

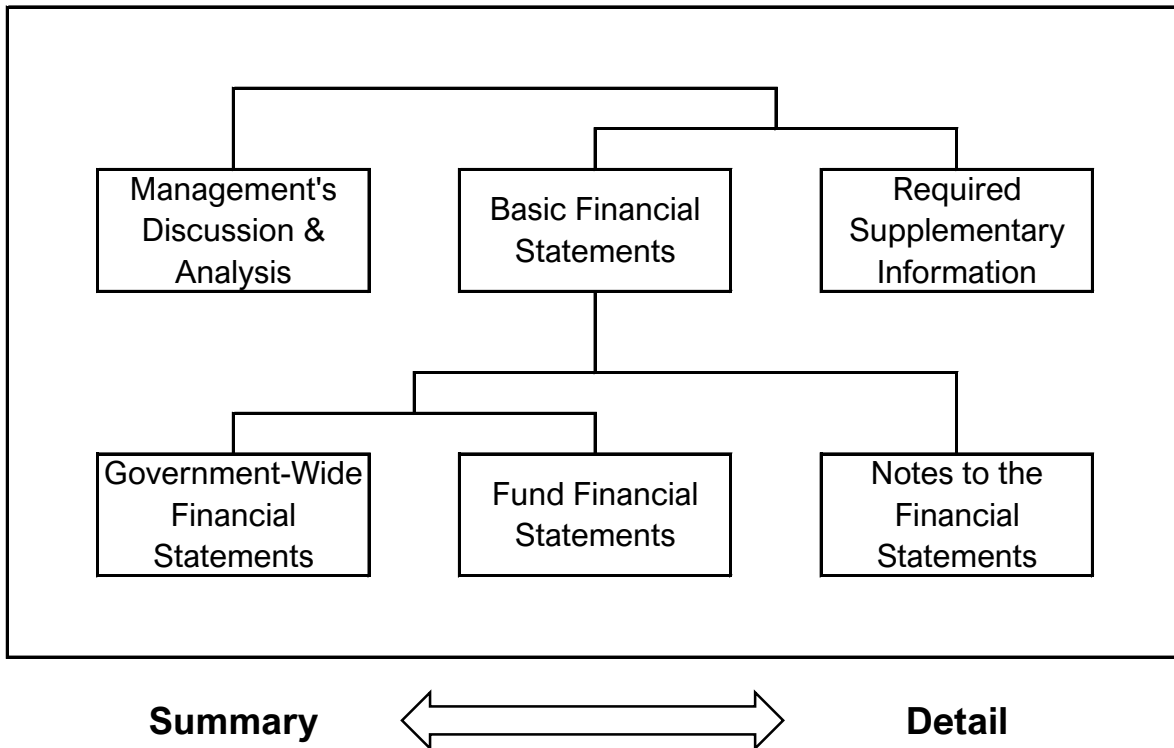
Our discussion and analysis of Solano County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- ▶ The County Office of Education's net position was \$20,059,997 at June 30, 2023. This was an increase of \$5,450,107 from the prior year.
- ▶ Overall revenues were \$97,703,770 which exceeded expenses of \$92,253,663.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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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.
  
  - ▶ **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, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Net Position**

The County Office of Education's net position was \$20,059,997 at June 30, 2023, as reflected in the table below. Of this amount, \$(10,510,901) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the County Office of Education ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 71,579,959	\$ 66,076,701	\$ 5,503,258
Capital assets	18,352,918	18,422,114	(69,196)
<b>Total Assets</b>	<b>89,932,877</b>	<b>84,498,815</b>	<b>5,434,062</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>21,803,310</b>	<b>14,097,297</b>	<b>7,706,013</b>
<b>LIABILITIES</b>			
Current liabilities	23,306,674	21,184,276	2,122,398
Long-term liabilities	62,040,193	44,129,220	17,910,973
<b>Total Liabilities</b>	<b>85,346,867</b>	<b>65,313,496</b>	<b>20,033,371</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>6,329,323</b>	<b>18,672,726</b>	<b>(12,343,403)</b>
<b>NET POSITION</b>			
Net investment in capital assets	18,269,147	18,422,114	(152,967)
Restricted	12,301,751	13,158,459	(856,708)
Unrestricted	(10,510,901)	(16,970,683)	6,459,782
<b>Total Net Position</b>	<b>\$ 20,059,997</b>	<b>\$ 14,609,890</b>	<b>\$ 5,450,107</b>

**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

**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 and expenses for the year.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 8,477,496	\$ 7,483,450	\$ 994,046
Operating grants and contributions	63,681,680	62,036,611	1,645,069
Capital grants and contributions	124,992	-	124,992
General revenues			
Property taxes	14,108,501	13,610,862	497,639
Unrestricted federal and state aid	7,506,345	6,689,648	816,697
Other	3,804,756	3,320,714	484,042
<b>Total Revenues</b>	<b>97,703,770</b>	<b>93,141,285</b>	<b>4,562,485</b>
<b>EXPENSES</b>			
Instruction	24,992,206	22,331,372	2,660,834
Instruction-related services	10,821,514	9,091,438	1,730,076
Pupil services	11,686,620	9,446,768	2,239,852
General administration	10,422,419	9,591,373	831,046
Plant services	2,671,154	2,135,824	535,330
Ancillary and community services	3,321,697	1,994,238	1,327,459
Debt service	412	-	412
Other outgo	28,337,641	31,619,800	(3,282,159)
<b>Total Expenses</b>	<b>92,253,663</b>	<b>86,210,813</b>	<b>6,042,850</b>
<b>Change in net position</b>	<b>5,450,107</b>	<b>6,930,472</b>	<b>(1,480,365)</b>
<b>Net Position - Beginning</b>	<b>14,609,890</b>	<b>7,679,418</b>	<b>6,930,472</b>
<b>Net Position - Ending</b>	<b>\$ 20,059,997</b>	<b>\$ 14,609,890</b>	<b>\$ 5,450,107</b>

The cost of all our governmental activities this year was \$92,253,663 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$14,108,501. The remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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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 functions. Net cost shows the financial burden that was placed on the County Office of Education’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<b>Net Cost of Services</b>	
	<b>2023</b>	<b>2022</b>
Instruction	\$ 3,357,402	\$ 2,541,393
Instruction-related services	2,763,026	2,137,933
Pupil services	2,524,754	2,218,103
General administration	7,001,901	6,487,974
Plant services	1,508,115	1,264,649
Ancillary and community services	162,538	157,039
Debt service	412	-
Transfers to other agencies	2,651,347	1,883,661
<b>Total</b>	<b>\$ 19,969,495</b>	<b>\$ 16,690,752</b>

**FINANCIAL ANALYSIS OF THE COUNTY OFFICE OF EDUCATION’S MAJOR FUNDS**

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$48,292,086, which is more than last year’s ending fund balance of \$44,892,426. The County Office of Education’s County School Service Fund had \$3,392,181 more in operating revenues than expenditures for the year ended June 30, 2023. The County Office of Education’s Special Education Pass-Through Fund had operating revenues equal to expenditures for the year ended June 30, 2023.

**CURRENT YEAR BUDGET 2022-2023**

During the fiscal year, budget revisions and appropriation transfers are presented to the County Superintendent for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. The Unaudited Actuals reflect the County Office of Education’s financial projections and current budget based on State and local financial information.

**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2022-2023 the County Office of Education had invested \$18,352,918 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 1,464,659	\$ 1,464,659	\$ -
Construction in progress	58,600	6,463,054	(6,404,454)
Land improvements	2,345,485	2,286,587	58,898
Buildings & improvements	27,475,611	20,612,206	6,863,405
Furniture & equipment	2,679,361	2,698,302	(18,941)
Less: Accumulated depreciation	(15,670,798)	(15,102,694)	(568,104)
<b>Total</b>	<b>\$ 18,352,918</b>	<b>\$ 18,422,114</b>	<b>\$ (69,196)</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$62,040,193 in long-term liabilities, an increase of 40.59% from last year – as shown in the table below.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Financed purchases	\$ 83,771	\$ -	\$ 83,771
Compensated absences	740,025	634,466	105,559
Total OPEB liability	10,424,151	12,311,046	(1,886,895)
Net pension liability	50,811,047	31,183,709	19,627,338
Less: current portion of long-term liabilities	(18,801)	-	(18,801)
<b>Total</b>	<b>\$ 62,040,193</b>	<b>\$ 44,129,221</b>	<b>\$ 17,910,972</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 June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California’s economy regardless of the Federal Reserve’s policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**SOLANO COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

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, 2023. The amount of the liability is material to the financial position of the County Office of Education. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-County Office of Education transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school County Office of Education to lose operating revenues without necessarily permitting the County Office of Education to make adjustments in fixed operating costs.

All of these factors were considered in preparing the County Office of Education's budget for the 2023-24 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 the Business Office, Solano County Office of Education, 5100 Business Center Drive, Fairfield, CA 94534-1658 (707) 399-4419.

**SOLANO COUNTY OFFICE OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 47,968,763
Accounts receivable	22,915,806
Prepaid expenses	695,390
Capital assets, not depreciated	1,523,259
Capital assets, net of accumulated depreciation	<u>16,829,659</u>
<b>Total Assets</b>	<u>89,932,877</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	18,454,634
Deferred outflows related to OPEB	<u>3,348,676</u>
<b>Total Deferred Outflows of Resources</b>	<u>21,803,310</u>
<b>LIABILITIES</b>	
Accrued liabilities	20,935,846
Unearned revenue	2,352,027
Long-term liabilities, current portion	18,801
Long-term liabilities, non-current portion	<u>62,040,193</u>
<b>Total Liabilities</b>	<u>85,346,867</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	3,067,017
Deferred inflows related to OPEB	<u>3,262,306</u>
<b>Total Deferred Inflows of Resources</b>	<u>6,329,323</u>
<b>NET POSITION</b>	
Net investment in capital assets	18,269,147
Restricted:	
Capital projects	2,970,635
Educational programs	9,331,116
Unrestricted	<u>(10,510,901)</u>
<b>Total Net Position</b>	<u>\$ 20,059,997</u>

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

**SOLANO COUNTY OFFICE OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 24,992,206	\$ 3,598,810	\$ 17,911,002	\$ 124,992	\$ (3,357,402)
Instruction-related services					
Instructional supervision and administration	8,735,247	428,596	6,106,800	-	(2,199,851)
School site administration	2,086,267	265,657	1,257,435	-	(563,175)
Pupil services					
Home-to-school transportation	2,201,166	110,591	465,117	-	(1,625,458)
Food services	914	150	611	-	(153)
All other pupil services	9,484,540	925,417	7,659,980	-	(899,143)
General administration					
Centralized data processing	2,442,786	-	12,427	-	(2,430,359)
All other general administration	7,979,633	400,190	3,007,901	-	(4,571,542)
Plant services	2,671,154	139,409	1,023,630	-	(1,508,115)
Ancillary services	3,319,712	40,069	3,119,090	-	(160,553)
Community services	1,985	-	-	-	(1,985)
Interest on long-term debt	412	-	-	-	(412)
Other outgo	28,337,641	2,568,607	23,117,687	-	(2,651,347)
<b>Total Governmental Activities</b>	<b>\$ 92,253,663</b>	<b>\$ 8,477,496</b>	<b>\$ 63,681,680</b>	<b>\$ 124,992</b>	<b>(19,969,495)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					
					13,680,900
Property taxes, levied for other specific purposes					
					427,601
Federal and state aid not restricted for specific purposes					
					7,506,345
Interest and investment earnings					
					1,056,680
Interagency revenues					
					73,881
Miscellaneous					
					2,674,195
<b>Subtotal, General Revenue</b>					
					<b>25,419,602</b>
<b>CHANGE IN NET POSITION</b>					
					5,450,107
<b>Net Position - Beginning</b>					
					14,609,890
<b>Net Position - Ending</b>					
					<b>\$ 20,059,997</b>

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



**SOLANO COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 43,525,593	\$ 1,306,010	\$ 3,137,160	\$ 47,968,763
Accounts receivable	10,078,300	12,444,477	393,029	22,915,806
Due from other funds	326,682	1,854,567	-	2,181,249
Prepaid expenditures	695,390	-	-	695,390
<b>Total Assets</b>	<b>\$ 54,625,965</b>	<b>\$ 15,605,054</b>	<b>\$ 3,530,189</b>	<b>\$ 73,761,208</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 5,140,072	\$ 15,605,054	\$ 190,720	\$ 20,935,846
Due to other funds	1,854,567	-	326,682	2,181,249
Unearned revenue	2,352,027	-	-	2,352,027
<b>Total Liabilities</b>	<b>9,346,666</b>	<b>15,605,054</b>	<b>517,402</b>	<b>25,469,122</b>
<b>FUND BALANCES</b>				
Nonspendable	710,390	-	-	710,390
Restricted	9,299,125	-	3,002,626	12,301,751
Assigned	4,680,134	-	10,161	4,690,295
Unassigned	30,589,650	-	-	30,589,650
<b>Total Fund Balances</b>	<b>45,279,299</b>	<b>-</b>	<b>3,012,787</b>	<b>48,292,086</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 54,625,965</b>	<b>\$ 15,605,054</b>	<b>\$ 3,530,189</b>	<b>\$ 73,761,208</b>

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

**SOLANO COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2023**

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**Total Fund Balance - Governmental Funds** \$ 48,292,086

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	\$ 34,023,716	
Accumulated depreciation	<u>(15,670,798)</u>	18,352,918

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:

Financed purchases	\$ 83,771	
Compensated absences	740,025	
Total OPEB liability	10,424,151	
Net pension liability	<u>50,811,047</u>	(62,058,994)

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	\$ 18,454,634	
Deferred inflows of resources related to pensions	<u>(3,067,017)</u>	15,387,617

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	\$ 3,348,676	
Deferred inflows of resources related to OPEB	<u>(3,262,306)</u>	86,370

<b>Total Net Position - Governmental Activities</b>		<u>\$ 20,059,997</u>
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**SOLANO COUNTY OFFICE OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 20,936,421	\$ -	\$ -	\$ 20,936,421
Federal sources	4,644,954	9,554,153	403,910	14,603,017
Other state sources	23,573,234	18,783,488	499,301	42,856,023
Other local sources	20,662,204	-	73,805	20,736,009
<b>Total Revenues</b>	<b>69,816,813</b>	<b>28,337,641</b>	<b>977,016</b>	<b>99,131,470</b>
<b>EXPENDITURES</b>				
Current				
Instruction	26,254,993	-	-	26,254,993
Instruction-related services				
Instructional supervision and administration	8,993,372	-	647,070	9,640,442
School site administration	2,330,930	-	-	2,330,930
Pupil services				
Home-to-school transportation	2,237,323	-	-	2,237,323
Food services	914	-	-	914
All other pupil services	10,073,923	-	104,102	10,178,025
General administration				
Centralized data processing	2,433,543	-	-	2,433,543
All other general administration	7,939,532	-	68,818	8,008,350
Plant services				
Facilities acquisition and construction	252,567	-	252,195	504,762
Ancillary services	3,389,763	-	-	3,389,763
Transfers to other agencies	-	28,337,641	-	28,337,641
Debt service				
Principal	18,877	-	-	18,877
Interest and other	412	-	-	412
<b>Total Expenditures</b>	<b>66,424,632</b>	<b>28,337,641</b>	<b>1,072,185</b>	<b>95,834,458</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,392,181</b>	<b>-</b>	<b>(95,169)</b>	<b>3,297,012</b>
<b>Other Financing Sources (Uses)</b>				
Other sources	102,648	-	-	102,648
<b>Net Financing Sources (Uses)</b>	<b>102,648</b>	<b>-</b>	<b>-</b>	<b>102,648</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,494,829</b>	<b>-</b>	<b>(95,169)</b>	<b>3,399,660</b>
<b>Fund Balance - Beginning</b>	<b>41,784,470</b>	<b>-</b>	<b>3,107,956</b>	<b>44,892,426</b>
<b>Fund Balance - Ending</b>	<b>\$ 45,279,299</b>	<b>\$ -</b>	<b>\$ 3,012,787</b>	<b>\$ 48,292,086</b>

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

**SOLANO 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, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ 3,399,660

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:	\$ 811,041	
Depreciation expense:	(880,237)	(69,196)

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:

18,877

Debt proceeds:

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

(102,648)

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:

(105,559)

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:

(575,165)

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:

2,884,138

**Change in Net Position of Governmental Activities** \$ 5,450,107

**SOLANO COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

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	<u>Custodial Fund</u> <u>Warrant/Pass-</u> <u>through Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 27,892,912
<b>Total Assets</b>	<u>27,892,912</u>
<b>LIABILITIES</b>	
Due to other agencies	<u>27,892,912</u>
<b>Total Liabilities</b>	<u>27,892,912</u>
<b>NET POSITION</b>	
Restricted	-
<b>Total Net Position</b>	<u>\$ -</u>

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

**SOLANO COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Custodial Fund</u> <u>Warrant/Pass-</u> <u>through Fund</u>
<b>ADDITIONS</b>	
Fund collected from others	\$ 489,321,791
<b>Total Additions</b>	<u>489,321,791</u>
<b>DEDUCTIONS</b>	
Funds distributed to others	<u>489,321,791</u>
<b>Total Deductions</b>	<u>489,321,791</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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Solano 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 County Superintendent of Schools 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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 fiduciary funds. Separate statements for each fund category – governmental, 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.

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.

**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:

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

**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*).



**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**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.*).

**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.

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

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide 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.

**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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**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.

**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.

**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.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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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**

**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.

**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 \$50,000. The County Office of Education does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Land improvements	5 to 30 years
Building and improvements	25 to 50 years
Furniture and Equipment	5 to 10 years

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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)**

**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.

**Accrued Liabilities and Long-Term Obligations**

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

**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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 – June 30, 2022

**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) (continued)**

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.

**Premiums and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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.

**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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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**

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, lease receivables (net of related deferred inflows), 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 County Superintendent of Schools. 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 County Superintendent of Schools.

*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 County Superintendent of Schools 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 County Superintendent of Schools. 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.

*Unassigned* - In the County School 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 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**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. 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 County Superintendent of Schools to hold a public hearing and adopt an operating budget no later than July 1 of each year. The County Office of Education County Superintendent of Schools 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**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.

**SOLANO COUNTY OFFICE OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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

**J. New Accounting Pronouncements**

**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 fully implemented this Statement as of June 30, 2023.

**GASB Statement No. 96** – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The County Office of Education has fully implemented this Statement as of June 30, 2023.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The County Office of Education has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The County Office of Education has not yet determined the impact on the financial statements.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The County Office of Education has not yet determined the impact on the financial statements.



**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Investment in county treasury	\$ 48,453,653	\$ 27,892,912
Fair value adjustment	(499,890)	-
Cash in revolving fund	15,000	-
<b>Total</b>	<b>\$ 47,968,763</b>	<b>\$ 27,892,912</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 Solano 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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 \$75,846,675 and an amortized book value of \$76,346,565. The average weighted maturity for this pool is 396 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, 2023, the pooled investments in the County Treasury were rated not rated.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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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, 2023, 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 Solano 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, 2023 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<u>\$ 75,846,675</u>
<b>Total</b>	<u><b>\$ 75,846,675</b></u>

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 3 – ACCOUNTS RECEIVABLES**

Accounts receivable at June 30, 2023 consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 2,927,592	\$ 12,444,477	\$ 298,423	\$ 15,670,492
State Government				
Apportionment	208,245	-	-	208,245
Categorical aid	5,421,575	-	94,606	5,516,181
Lottery	63,044	-	-	63,044
Local Government				
Other local sources	1,457,844	-	-	1,457,844
<b>Total</b>	<b>\$ 10,078,300</b>	<b>\$ 12,444,477</b>	<b>\$ 393,029</b>	<b>\$ 22,915,806</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,464,659	\$ -	\$ -	\$ 1,464,659
Construction in progress	6,463,054	58,600	6,463,054	58,600
Total capital assets not being depreciated	7,927,713	58,600	6,463,054	1,523,259
Capital assets being depreciated				
Land improvements	2,286,587	58,898	-	2,345,485
Buildings & improvements	20,612,206	6,863,405	-	27,475,611
Furniture & equipment	2,698,302	293,192	312,133	2,679,361
Total capital assets being depreciated	25,597,095	7,215,495	312,133	32,500,457
Less: Accumulated depreciation				
Land improvements	1,920,730	29,600	-	1,950,330
Buildings & improvements	10,918,245	669,242	-	11,587,487
Furniture & equipment	2,263,719	181,395	312,133	2,132,981
Total accumulated depreciation	15,102,694	880,237	312,133	15,670,798
Total capital assets being depreciated, net	10,494,401	6,335,258	-	16,829,659
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 18,422,114</b>	<b>\$ 6,393,858</b>	<b>\$ 6,463,054</b>	<b>\$ 18,352,918</b>

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 243,495
School site administration	27,403
Home-to-school transportation	100,301
Centralized data processing	111,259
All other general administration	185,223
Plant services	209,870
Community services	2,687
<b>Total</b>	<b>\$ 880,237</b>

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 5 – INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

Individual interfund receivable and payable balances at June 30, 2023 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>		
	<u>County School Service Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Total</u>
County School Service Fund		\$ 1,854,567	\$ 1,854,567
Non-Major Governmental Funds	326,682	-	326,682
<b>Total</b>	<b>\$ 326,682</b>	<b>\$ 1,854,567</b>	<b>\$ 2,181,249</b>

Due from the County School Service Fund to the Special Education Pass-Through Fund for expenses.	\$ 1,854,567
Due from the Adult Education Fund to the County School Service Fund for expenses.	9,940
Due from the Child Development Fund to the County School Service Fund for expenses.	316,742
<b>Total</b>	<b>\$ 2,181,249</b>

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2023 consisted of the following:

	<u>County School Service Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
Payroll	\$ 1,088,417	\$ -	\$ -	\$ 1,088,417
Vendors payable	3,947,837	15,605,054	190,720	19,743,611
Due to grantor government	103,818	-	-	103,818
<b>Total</b>	<b>\$ 5,140,072</b>	<b>\$ 15,605,054</b>	<b>\$ 190,720</b>	<b>\$ 20,935,846</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2023 consisted of the following:

	<u>County School Service Fund</u>
Federal sources	\$ 27,598
State categorical sources	738,036
Local sources	1,586,393
<b>Total</b>	<b>\$ 2,352,027</b>

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
<b>Governmental Activities</b>					
Financed purchases	\$ -	\$ 102,648	\$ 18,877	\$ 83,771	\$ 18,801
Compensated absences	634,466	105,559	-	740,025	-
Total OPEB liability	12,311,046	-	1,886,895	10,424,151	-
Net pension liability	31,183,709	19,627,338	-	50,811,047	-
<b>Total</b>	<b>\$ 44,129,221</b>	<b>\$ 19,835,545</b>	<b>\$ 1,905,772</b>	<b>\$ 62,058,994</b>	<b>\$ 18,801</b>

- Payments for financed purchases are made 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, 2023 amounted to \$740,025. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. Financed Purchases**

The County Office of Education entered into an agreement with Santander Bank, N.A. to purchase a Micro Bird School Bus. Such agreements are, in substance, purchases and are reported as financed purchases. The County Office of Education’s liability on this agreement is summarized below:

<u>Year Ended June 30,</u>	<u>Payment</u>
2024	\$ 19,289
2025	19,289
2026	19,289
2027	19,289
2028	19,289
Total minimum payments	96,445
Less amount representing interest	(12,674)
Present value of minimum payments	<u>\$ 83,771</u>

**C. Other Postemployment Benefits**

The County Office of Education’s beginning total OPEB liability was \$12,311,046 and decreased by \$1,886,895 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was \$10,424,151. See Note 10 for additional information regarding the total OPEB liability.

**D. Net Pension Liability**

The County Office of Education’s beginning net pension liability was \$31,183,709 and increased by \$19,627,338 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$50,811,047. See Note 11 for additional information regarding the net pension liability.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2023:

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 15,000	\$ -	\$ -	\$ 15,000
Prepaid expenditures	695,390	-	-	695,390
Total non-spendable	<u>710,390</u>	<u>-</u>	<u>-</u>	<u>710,390</u>
Restricted				
Educational programs	9,299,125	-	31,991	9,331,116
Capital projects	-	-	2,970,635	2,970,635
Total restricted	<u>9,299,125</u>	<u>-</u>	<u>3,002,626</u>	<u>12,301,751</u>
Assigned				
Retiree benefits	2,568,280	-	-	2,568,280
Deferred maintenance	1,114,848	-	-	1,114,848
Miscellaneous local program funds	370,005	-	-	370,005
Carryover items due to supply chain issues	251,000	-	-	251,000
One-time mandate repayment funds	211,827	-	-	211,827
Solano County technology consortium	34,907	-	-	34,907
Lottery	129,267	-	-	129,267
Adult education	-	-	1,845	1,845
Child development	-	-	8,316	8,316
Total assigned	<u>4,680,134</u>	<u>-</u>	<u>10,161</u>	<u>4,690,295</u>
Unassigned	<u>30,589,650</u>	<u>-</u>	<u>-</u>	<u>30,589,650</u>
<b>Total</b>	<b>\$ 45,279,299</b>	<b>\$ -</b>	<b>\$ 3,012,787</b>	<b>\$ 48,292,086</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 three percent of County School Service Fund expenditures and other financing uses.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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

**A. Plan Description**

The Solano County Office of Education’s defined benefit OPEB plan, Solano 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**

The Plan provides medical, dental and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The County Superintendent of Schools has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**C. Contributions**

For the measurement period, the County Office of Education contributed \$441,049 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	120
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>360</u>
<b>Total number of participants**</b>	<u><b>480</b></u>

\*Information not provided

\*\*As of the June 30, 2021 valuation date

**E. Total OPEB Liability**

The Solano County Office of Education’s total OPEB liability of \$10,424,151 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability for the measurement period was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to measurement date of June 30, 2022.

**Economic assumptions:**

Inflation	2.00%
Projected payroll growth	2.75%
Expected rate of return	3.54%
Healthcare cost trend rates	4.00%



**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**F. Actuarial Assumptions and Other Inputs (continued)**

**Non-economic assumptions:**

*Mortality:*

Certificated	2020 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table

*Retirement rates:*

Certificated	2020 CalSTRS Retirement Rates Table
Classified	2017 CalPERS Retirement Rates for School Employees Table

The actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**G. Changes in Total OPEB Liability**

	<u>June 30, 2023</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 818,667
Interest on total OPEB liability	271,790
Difference between expected and actual experience	165,997
Changes of assumptions	(2,702,300)
Benefits payments	(441,049)
Net change in total OPEB liability	(1,886,895)
Total OPEB liability - beginning	12,311,046
Total OPEB liability - ending	<u>\$ 10,424,151</u>
Covered-employee payroll	N/A <sup>1</sup>
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	N/A <sup>1</sup>

<sup>1</sup> The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

The following presents the total OPEB liability of the Solano 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 Discount Rate</b>	<b>1% Increase</b>
	<b>(2.54%)</b>	<b>(3.54%)</b>	<b>(4.54%)</b>
Total OPEB liability	\$ 12,320,413	\$ 10,424,151	\$ 9,054,476

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

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

The following presents the total OPEB liability of the Solano 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 (3.00%)</b>	<b>Valuation Trend Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total OPEB liability	\$ 8,783,560	\$ 10,424,151	\$ 12,462,533

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

For the year ended June 30, 2023, the Solano County Office of Education recognized OPEB expense of \$1,077,517. At June 30, 2023, the Solano County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 308,780	\$ 590,308
Changes in assumptions	2,537,544	2,671,998
County Office of Education contributions subsequent to the measurement date	502,352	-
<b>Total</b>	<b>\$ 3,348,676</b>	<b>\$ 3,262,306</b>

The \$502,352 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2024	\$ 344,970	\$ 357,910
2025	344,970	357,910
2026	344,970	357,910
2027	344,970	357,910
2028	344,970	357,910
Thereafter	1,121,474	1,472,756
<b>Total</b>	<b>\$ 2,846,324</b>	<b>\$ 3,262,306</b>

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**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:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 12,120,269	\$ 4,681,876	\$ 2,033,811	\$ (661,249)
PERS Pension	38,690,778	13,772,758	1,033,206	5,048,708
<b>Total</b>	<b>\$ 50,811,047</b>	<b>\$ 18,454,634</b>	<b>\$ 3,067,017</b>	<b>\$ 4,387,459</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.

**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.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Benefits Provided (continued)**

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 2023, 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 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$2,188,311 for the year ended June 30, 2023.

**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 \$973,722 to CalSTRS.

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

At June 30, 2023, 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	\$ 12,120,269
State's proportionate share of the net pension liability associated with the County Office of Education	<u>6,069,866</u>
<b>Total</b>	<b><u>\$ 18,190,135</u></b>

The net pension liability was measured as of June 30, 2022, 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, 2021 and rolling forward the total pension liability to June 30, 2022. 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 school County Office of Educations, actuarially determined. At June 30, 2022, the County Office of Education’s proportion was 0.017 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2021.

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**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)**

For the year ended June 30, 2023, the County Office of Education recognized pension expense of \$(661,249). In addition, the County Office of Education recognized pension expense and revenue of \$(453,978) for support provided by the State. At June 30, 2023, 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	\$ -	\$ 592,530
Differences between expected and actual experience	9,942	908,767
Changes in assumptions	601,077	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,882,546	532,514
County Office of Education contributions subsequent to the measurement date	2,188,311	-
<b>Total</b>	<u>\$ 4,681,876</u>	<u>\$ 2,033,811</u>

The \$2,188,311 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, 2024. 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>
2024	\$ 908,991	\$ 1,004,436
2025	400,535	796,161
2026	400,535	935,972
2027	400,536	(871,670)
2028	263,429	127,224
2029	119,539	41,688
<b>Total</b>	<u>\$ 2,493,565</u>	<u>\$ 2,033,811</u>

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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, 2021, and rolling forward the total pension liability to June 30, 2022 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through 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, 2022, 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%
	100%	

\*20-year geometric average

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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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	\$ 20,584,712	\$ 12,120,269	\$ 5,092,236

**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 2023 was 25.37% of annual payroll. Contributions to the plan from the County Office of Education were \$5,083,286 for the year ended June 30, 2023.

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

At June 30, 2023, the County Office of Education reported a liability of \$38,690,778 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 and rolling forward the total pension liability to June 30, 2022. 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 school County Office of Educations, actuarially determined. At June 30, 2022, the County Office of Education's proportion was 0.112 percent, which was a decrease of .001 percent from its proportion measured as of June 30, 2021.



**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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, 2023, the County Office of Education recognized pension expense of \$5,048,708. At June 30, 2023, 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	\$ 4,568,328	\$ -
Differences between expected and actual experience	174,860	962,676
Changes in assumptions	2,862,124	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,084,160	70,530
County Office of Education contributions subsequent to the measurement date	5,083,286	-
<b>Total</b>	<u>\$ 13,772,758</u>	<u>\$ 1,033,206</u>

The \$5,083,286 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, 2024. 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>
2024	\$ 2,490,790	\$ 366,124
2025	2,178,026	379,472
2026	1,235,051	287,610
2027	2,785,605	-
<b>Total</b>	<u>\$ 8,689,472</u>	<u>\$ 1,033,206</u>

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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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, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
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 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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+ 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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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>
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

\*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 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	\$ 38,553,172	\$ 38,690,778	\$ 9,839,986

**Pension Plan Fiduciary Net Position**

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

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**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, 2023.

**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, 2023.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The County Office of Education participates in one joint venture under joint powers authorities (JPAs), the North Bay Schools Insurance Authorities (JPA). The relationships between the County Office of Education and the JPA are such that the JPA is not a 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 JPA and the County Office of Education are included in these statements. The audited financial statements are generally available from the respective entities.

**NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was \$18,454,634 and total deferred inflows related to pensions was \$3,067,017.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$3,348,676 and total deferred inflows related to other postemployment benefits was \$3,262,306.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SOLANO COUNTY OFFICE OF EDUCATION  
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual* (Budgetary Basis)</b>	<b>Variances - Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
LCFF sources	\$ 17,134,553	\$ 20,056,255	\$ 20,936,421	\$ 880,166
Federal sources	3,425,647	4,800,850	4,644,954	(155,896)
Other state sources	25,316,593	26,244,688	23,573,234	(2,671,454)
Other local sources	17,328,382	20,448,301	20,665,064	216,763
<b>Total Revenues</b>	<b>63,205,175</b>	<b>71,550,094</b>	<b>69,819,673</b>	<b>(1,730,421)</b>
<b>EXPENDITURES</b>				
Certificated salaries	12,538,418	12,832,266	13,005,036	(172,770)
Classified salaries	19,813,420	20,281,614	20,087,183	194,431
Employee benefits	16,549,529	16,484,263	15,614,266	869,997
Books and supplies	2,028,525	2,991,343	1,697,995	1,293,348
Services and other operating expenditures	15,341,384	20,597,986	15,510,836	5,087,150
Capital outlay	1,296,000	1,303,343	571,931	731,412
Other outgo				
Excluding transfers of indirect costs	58,938	48,894	19,289	29,605
Transfers of indirect costs	(68,035)	(76,133)	(68,818)	(7,315)
<b>Total Expenditures</b>	<b>67,558,179</b>	<b>74,463,576</b>	<b>66,437,718</b>	<b>8,025,858</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(4,353,004)</b>	<b>(2,913,482)</b>	<b>3,381,955</b>	<b>6,295,437</b>
<b>Other Financing Sources (Uses)</b>				
Other sources	-	-	115,734	115,734
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>115,734</b>	<b>115,734</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,353,004)</b>	<b>(2,913,482)</b>	<b>3,497,689</b>	<b>6,411,171</b>
<b>Fund Balance - Beginning</b>	<b>35,686,450</b>	<b>39,213,330</b>	<b>39,213,330</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 31,333,446</b>	<b>\$ 36,299,848</b>	<b>\$ 42,711,019</b>	<b>\$ 6,411,171</b>

\* 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 reasons:

- Actual amounts reported in this schedule are for the General 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 for Post-Employment Benefits Fund in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- The schedule above does not reflect reclassifying journal entries.

**SOLANO COUNTY OFFICE OF EDUCATION  
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

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	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 9,260,771	\$ 9,260,771	\$ 9,554,153	\$ 293,382
Other state sources	16,460,669	16,460,669	18,783,488	2,322,819
<b>Total Revenues</b>	<b>25,721,440</b>	<b>25,721,440</b>	<b>28,337,641</b>	<b>2,616,201</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	25,721,440	25,721,440	28,337,641	(2,616,201)
<b>Total Expenditures</b>	<b>25,721,440</b>	<b>25,721,440</b>	<b>28,337,641</b>	<b>(2,616,201)</b>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to required supplementary information.

**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<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	\$ 818,667	\$ 727,982	\$ 498,815	\$ 493,208	\$ 518,572	\$ 504,693
Interest on total OPEB liability	271,790	240,368	292,511	327,399	324,185	282,918
Difference between expected and actual experience	165,997	43,748	167,990	(942,732)	-	-
Changes of assumptions	(2,702,300)	1,060,347	2,006,449	345,157	(386,890)	-
Benefits payments	<u>(441,049)</u>	<u>(492,045)</u>	<u>(518,338)</u>	<u>(487,279)</u>	<u>(360,600)</u>	<u>(346,731)</u>
Net change in total OPEB liability	(1,886,895)	1,580,400	2,447,427	(264,247)	95,267	440,880
Total OPEB liability - beginning	<u>12,311,046</u>	<u>10,730,646</u>	<u>8,283,219</u>	<u>8,547,466</u>	<u>8,452,199</u>	<u>8,011,319</u>
Total OPEB liability - ending	\$ <u>10,424,151</u>	\$ <u>12,311,046</u>	\$ <u>10,730,646</u>	\$ <u>8,283,219</u>	\$ <u>8,547,466</u>	\$ <u>8,452,199</u>
Covered-employee payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
County Office of Education's total OPEB liability as a percentage of covered-employee payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>

1 The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.



**SOLANO 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, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<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	0.017%	0.018%	0.018%	0.017%	0.017%	0.018%	0.020%	0.020%	0.023%
County Office of Education's proportionate share of the net pension liability	\$ 12,120,269	\$ 8,294,843	\$ 17,402,663	\$ 14,955,056	\$ 15,312,910	\$ 16,155,199	\$ 15,926,217	\$ 13,555,526	\$ 13,199,010
State's proportionate share of the net pension liability associated with the County Office of Education	6,069,866	4,173,643	8,971,075	8,158,982	8,767,357	9,557,752	9,066,511	7,169,379	7,970,132
<b>Total</b>	<u>\$ 18,190,135</u>	<u>\$ 12,468,486</u>	<u>\$ 26,373,738</u>	<u>\$ 23,114,038</u>	<u>\$ 24,080,267</u>	<u>\$ 25,712,951</u>	<u>\$ 24,992,728</u>	<u>\$ 20,724,905</u>	<u>\$ 21,169,142</u>
County Office of Education's covered payroll	\$ 9,952,139	\$ 10,574,556	\$ 9,995,536	\$ 9,471,713	\$ 9,630,584	\$ 9,257,494	\$ 9,705,992	\$ 9,538,071	\$ 9,922,265
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	121.8%	78.4%	174.1%	157.9%	159.0%	174.5%	164.1%	142.1%	133.0%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	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.

**SOLANO 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, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<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	0.112%	0.113%	0.105%	0.101%	0.104%	0.109%	0.111%	0.114%	0.123%
County Office of Education's proportionate share of the net pension liability	\$ 38,690,778	\$ 22,888,866	\$ 32,272,174	\$ 29,490,192	\$ 27,710,821	\$ 25,899,571	\$ 21,986,958	\$ 16,861,303	\$ 13,951,951
County Office of Education's covered payroll	\$ 17,407,695	\$ 16,308,762	\$ 15,786,975	\$ 14,641,632	\$ 14,367,703	\$ 13,853,043	\$ 13,347,228	\$ 12,694,317	\$ 12,534,689
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	222.3%	140.3%	204.4%	201.4%	192.9%	187.0%	164.7%	132.8%	111.3%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	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.

**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<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	\$ 2,188,311	\$ 1,683,902	\$ 2,640,692	\$ 1,353,270	\$ 1,397,787	\$ 1,320,470	\$ 1,158,156	\$ 1,034,947	\$ 845,489
Contributions in relation to the contractually required contribution*	(2,188,311)	(1,683,902)	(2,640,692)	(1,353,270)	(1,397,787)	(1,320,470)	(1,158,156)	(1,034,947)	(845,489)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 11,614,578	\$ 9,952,139	\$ 10,574,556	\$ 9,995,536	\$ 9,471,713	\$ 9,630,584	\$ 9,257,494	\$ 9,705,992	\$ 9,538,071
Contributions as a percentage of covered payroll	18.84%	16.92%	24.97%	13.54%	14.76%	13.71%	12.51%	10.66%	8.86%

\*Amounts do not include on-behalf contributions

**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<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	\$ 5,083,286	\$ 3,988,103	\$ 3,379,061	\$ 2,993,374	\$ 939,527	\$ 2,154,881	\$ 1,919,752	\$ 1,570,342	\$ 1,494,208
Contributions in relation to the contractually required contribution*	(5,083,286)	(3,988,103)	(3,379,061)	(2,993,374)	(939,527)	(2,154,881)	(1,919,752)	(1,570,342)	(1,494,208)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 20,069,957	\$ 17,407,695	\$ 16,308,762	\$ 15,786,975	\$ 14,641,632	\$ 14,367,703	\$ 13,853,043	\$ 13,347,228	\$ 12,694,317
Contributions as a percentage of covered payroll	25.33%	22.91%	20.72%	18.96%	6.42%	15.00%	13.86%	11.77%	11.77%

\*Amounts do not include on-behalf contributions

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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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 valuation.

**Changes in Assumptions**

The interest assumption changed from 2.16% to 3.54%.

**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. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
 FOR THE YEAR ENDED JUNE 30, 2023**

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

For the year ended June 30, 2023, 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			
Certificated salaries	\$ 12,832,266	\$ 13,005,036	\$ 172,770
Other outgo			
Transfers of indirect costs	\$ (76,133)	\$ (68,818)	\$ 7,315
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 25,721,440	\$ 28,337,641	\$ 2,616,201

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## **SUPPLEMENTARY INFORMATION**

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**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
<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	\$ 284,965	\$ -
ESSA School Improvement (CSI) funding for COEs	84.010	15439	87,472	-
Title I, Part D, Local Delinquent Programs	84.010	14357	155,367	-
Subtotal Title I, Part A			<u>527,804</u>	<u>-</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	1,498	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	16,072	-
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	1,111,887	-
Title VIII, Impact Aid	84.041	10015	67,898	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	9,690,856	8,672,894
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	532,180	532,180
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	349,079	349,079
Special Ed: Alternative Dispute Resolution	84.027A	13007	14,922	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,708	-
Subtotal Special Education Cluster			<u>10,589,745</u>	<u>9,554,153</u>
IDEA Early Intervention Grants, Part C	84.181	23761	47,966	-
Special Ed: ARP IDEA Part C, Early Education Program	84.181X	25657	30,677	-
Subtotal Early Intervention			<u>78,643</u>	<u>-</u>
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	75,737	-
Mental Health Pathways	84.184X	*	96,011	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	675,883	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	102,739	-
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	20,185	-
American Rescue Plan - Homeless Children and Youth II (ARP HCY II) Program	84.425	15566	262	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>799,069</u>	<u>-</u>
<b>Total U. S. Department of Education</b>			<u>13,364,364</u>	<u>9,554,153</u>
<b>NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:</b>				
<i>Directly funded:</i>				
Bay Area Watershed Education & Training (B-WET)	11.429	*	64,944	-
<b>Total National Oceanic and Atmospheric Administration</b>			<u>64,944</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				
Quality Counts California Workforce Pathways Grant	93.575	24130	85,304	-
Quality Counts California Workforce Pathways Grant	93.575	24130 & 24092	165,031	-
Child Development: Quality Improvement Activities	93.575	14130	64,215	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	48,693	-
Subtotal Child Care and Development Block Grant			<u>363,243</u>	<u>-</u>
<i>Passed through Solano County:</i>				
Child Development: Preschool Development Grant - Renewal FY 2020-23	93.434	15548	40,667	-
Covid 19 Public Workforce - Ca Dept Public Health subgrant	93.354	*	396,334	-
Title IV, Part E Foster Care	93.658	*	57,290	-
Resiliency in Communities After Stress & Trauma (RECAST)	93.243	*	316,175	-
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>1,173,709</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 14,603,017</u>	<u>\$ 9,554,153</u>

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



**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>DISTRICT FUNDED COUNTY PROGRAMS</b>		
TK/K through Third		
Special Education - Special Day Class	48.66	50.09
Special Education - Nonpublic Schools	-	0.07
Extended Year Special Education - Nonpublic Schools	0.69	4.01
Total TK/K through Third	49.35	54.17
Fourth through Sixth		
Special Education - Special Day Class	29.58	29.53
Extended Year Special Education - Nonpublic Schools	0.26	1.93
Total Fourth through Sixth	29.84	31.46
Seventh through Eighth		
Special Education - Special Day Class	24.07	24.21
Special Education - Nonpublic Schools	0.45	1.19
Extended Year Special Education - Nonpublic Schools	0.45	1.95
Total Seventh through Eighth	24.97	27.35
Ninth through Twelfth		
County Community Schools	4.87	6.48
Special Education - Special Day Class	142.65	142.59
Special Education - Nonpublic Schools	2.10	2.97
Extended Year Special Education - Nonpublic Schools	1.05	6.34
Total Ninth through Twelfth	150.67	158.38
Total District Funded County Programs	254.83	271.36
	<b>Second Period Report</b>	<b>Annual Report</b>
<b>ALTERNATIVE EDUCATION GRANT PROGRAMS</b>		
<b>JUVENILE COURT SCHOOLS</b>		
<b>ELEMENTARY</b>		
Juvenile Halls, Homes, and Camps	0.41	0.33
Total Elementary	0.41	0.33
<b>SECONDARY</b>		
Juvenile Halls, Homes, and Camps	22.96	22.94
Total Secondary	22.96	22.94
Total Juvenile Court Schools	23.37	23.27
<b>COUNTY FUNDED NON-JUVENILE COURT SCHOOLS</b>		
<b>ELEMENTARY</b>		
Probation Referred, On Probation or Parole, or Expelled	3.99	4.47
Total Elementary	3.99	4.47
<b>SECONDARY</b>		
Probation Referred, On Probation or Parole, or Expelled	27.17	28.06
Total Secondary	27.17	28.06
Total County Funded Non-Juvenile Court Schools	31.16	32.53

See accompanying notes to supplementary information.

**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 72,146,642	\$ 69,935,407	\$ 61,902,864	\$ 56,956,359
Expenditures And Other Financing Uses	75,192,267	66,437,718	57,433,085	54,487,450
Net change in Fund Balance	<u>\$ (3,045,625)</u>	<u>\$ 3,497,689</u>	<u>\$ 4,469,779</u>	<u>\$ 2,468,909</u>
Ending Fund Balance	<u>\$ 39,665,396</u>	<u>\$ 42,711,019</u>	<u>\$ 41,784,470</u>	<u>\$ 37,314,691</u>
Available Reserves*	<u>\$ 29,249,494</u>	<u>\$ 30,589,650</u>	<u>\$ 25,806,285</u>	<u>\$ 23,229,967</u>
Available Reserves As A Percentage Of Outgo	<u>38.90%</u>	<u>46.04%</u>	<u>44.93%</u>	<u>42.63%</u>
Long-term Liabilities	<u>\$ 62,040,193</u>	<u>\$ 62,058,994</u>	<u>\$ 44,129,221</u>	<u>\$ 61,079,489</u>
Average Daily Attendance At P-2***	<u>321</u>	<u>326</u>	<u>266</u>	<u>319</u>

The County School Service Fund ending fund balance has increased by \$5,396,328 over the past two years. The fiscal year 2023-24 budget projects a decrease of \$3,045,625. 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).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by \$979,505 over the past two years.

Average daily attendance has increased by 7 ADA over the past two years. A decrease of 5 ADA is anticipated during the 2023-24 fiscal year.

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

\*\* 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 for Post-Employment Benefits Fund 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.

**SOLANO COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>County School Service Fund</b>	<b>Special Reserve for Post- Employment Benefits Fund</b>
June 30, 2023, annual financial and budget report fund balance	\$ 42,711,019	\$ 2,568,280
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	2,568,280	(2,568,280)
Net adjustments and reclassifications	<u>2,568,280</u>	<u>(2,568,280)</u>
June 30, 2023, audited financial statement fund balance	<u>\$ 45,279,299</u>	<u>\$ -</u>

**SOLANO COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
2034	Elite Charter School	Active	No

**SOLANO COUNTY OFFICE OF EDUCATION  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

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	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>County School Facilities Fund</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 150,001	\$ 16,524	\$ 2,970,635	\$ 3,137,160
Accounts receivable	21,285	371,744	-	393,029
<b>Total Assets</b>	<b>\$ 171,286</b>	<b>\$ 388,268</b>	<b>\$ 2,970,635</b>	<b>\$ 3,530,189</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 127,510	\$ 63,210	\$ -	\$ 190,720
Due to other funds	9,940	316,742	-	326,682
<b>Total Liabilities</b>	<b>137,450</b>	<b>379,952</b>	<b>-</b>	<b>517,402</b>
<b>FUND BALANCES</b>				
Restricted	31,991	-	2,970,635	3,002,626
Assigned	1,845	8,316	-	10,161
<b>Total Fund Balances</b>	<b>33,836</b>	<b>8,316</b>	<b>2,970,635</b>	<b>3,012,787</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 171,286</b>	<b>\$ 388,268</b>	<b>\$ 2,970,635</b>	<b>\$ 3,530,189</b>

See accompanying notes to supplementary information.

**SOLANO COUNTY OFFICE OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2023**

	Adult Education Fund	Child Development Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>				
Federal sources	\$ -	\$ 403,910	\$ -	\$ 403,910
Other state sources	141,299	306,772	51,230	499,301
Other local sources	(463)	506	73,762	73,805
<b>Total Revenues</b>	<u>140,836</u>	<u>711,188</u>	<u>124,992</u>	<u>977,016</u>
<b>EXPENDITURES</b>				
Current				
Instruction-related services				
Instructional supervision and administration	-	647,070	-	647,070
Pupil services				
All other pupil services	104,102	-	-	104,102
General administration				
All other general administration	5,205	63,613	-	68,818
Facilities acquisition and construction	-	-	252,195	252,195
<b>Total Expenditures</b>	<u>109,307</u>	<u>710,683</u>	<u>252,195</u>	<u>1,072,185</u>
<b>NET CHANGE IN FUND BALANCE</b>	31,529	505	(127,203)	(95,169)
<b>Fund Balance - Beginning</b>	<u>2,307</u>	<u>7,811</u>	<u>3,097,838</u>	<u>3,107,956</u>
<b>Fund Balance - Ending</b>	<u>\$ 33,836</u>	<u>\$ 8,316</u>	<u>\$ 2,970,635</u>	<u>\$ 3,012,787</u>

See accompanying notes to supplementary information.

**SOLANO COUNTY OFFICE OF EDUCATION  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2023**

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The Solano County Office of Education was established around 1850 and is comprised of an area of approximately 825 square miles located in Solano County. There were no changes in the boundaries of the County Office of Education during the current year. The County Office of Education provides support services to six unified school districts and one community college district within Solano County. In addition, the County Office is operating Special Education, Career Technical Education, and Court School programs countywide.

**COUNTY BOARD OF EDUCATION**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Ginger Dunne	President	2026
Peggy Cohen-Thompson	Vice President	2024
Elease Cheek	Member	2024
Michelle Coleman	Member	2024
Dana Dean	Member	2026
Teresa Lavell	Member	2026
Amy Sharp	Member	2024

**COUNTY OFFICE OF EDUCATION ADMINISTRATORS**

Lisette Estrella-Henderson  
*County Superintendent of Schools*

Michelle Henson  
*Deputy Superintendent, Administrative Services and Operations*

Andrea Lemos  
*Deputy Superintendent, Educational Services and Student Programs*

Mike Minehan  
*Associate Superintendent, Human Resources and Educator Effectiveness*

Jennifer Leonard  
*Assistant Superintendent of Communications, Community Engagement, and Emergency Management*

**SOLANO COUNTY OFFICE OF EDUCATION  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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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.

**Schedule of Average Daily Attendance (ADA)**

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

**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 county board of education, 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

County Superintendent of Schools  
Solano County Office of Education  
Fairfield, 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 Solano County Office of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Solano County Office of Education's basic financial statements, and have issued our report thereon dated December 8, 2023.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

San Diego, California  
December 8, 2023

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

County Superintendent of Schools  
Solano County Office of Education  
Fairfield, California

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited Solano County Office of Education's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Solano County Office of Education's major federal programs for the year ended June 30, 2023. Solano 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.

In our opinion, Solano 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Solano County Office of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Solano County Office of Education's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Solano County Office of Education's federal programs.

## **Auditor's Responsibilities for the Audit for Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Solano County Office of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Solano County Office of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Solano County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Solano County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Solano County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Report on Internal Control Over Compliance (continued)**

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.

*Christy White, Inc*

San Diego, California  
December 8, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER  
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

County Superintendent of Schools  
Solano County Office of Education  
Fairfield, California

**Report on State Compliance*****Opinion on State Compliance***

We have audited Solano County Office of Education's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Solano County Office of Education's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, Solano County Office of Education complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

***Basis for Opinion on State Compliance***

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Solano County Office of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Solano County Office of Education's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Solano County Office of Education's state programs.

**Auditor’s Responsibilities for the Audit of State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Solano County Office of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Solano County Office of Education's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Solano County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; Obtain an understanding of Solano County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Solano County Office of Education's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Solano 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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Not Applicable
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
Juvenile Court Schools	Yes
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes



**Auditor’s Responsibilities for the Audit of State Compliance (continued)**

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Not Applicable
<b>Charter Schools</b>	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term “Not Applicable” is used above to mean either the County Office of Education did not offer the program during the current fiscal year, the County Office of Education did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

**Report on 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 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 a material noncompliance with a compliance requirement 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 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 Auditor’s Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

***Report on Internal Control Over Compliance (continued)***

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc*

San Diego, California  
December 8, 2023

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**SOLANO COUNTY OFFICE OF EDUCATION  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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>
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
84.425, 84.425U	Education Stabilization Fund (ESF)

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>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SOLANO COUNTY OFFICE OF EDUCATION  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023.*

**SOLANO COUNTY OFFICE OF EDUCATION  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023.*

**SOLANO COUNTY OFFICE OF EDUCATION  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023.***

**SOLANO COUNTY OFFICE OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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*There were no findings or questioned costs for the year ended June 30, 2022.*