



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
DR. FARIS SABBABH • SUPERINTENDENT OF SCHOOLS

Santa Cruz County Board of Education • 400 Encinal Street, Santa Cruz, CA 95060 • Tel (831) 466-5900 •
www.santacruzcoe.org

Mr. Ed Acosta • Ms. Alyssa Alto • Ms. Rose Filicetti • Ms. Sandra Nichols
Ms. Sue Roth • Mr. Abel Sanchez • Mr. Bruce Van Allen

Santa Cruz County Board of Education
Regular Board Meeting
Thursday April 21, 2022
Open Session 4:00PM
Boardroom and/or Zoom

Members of the public may join the meeting either by attending in-person or joining the live video-conference using the following link:

<https://santacruzcoe-org.zoom.us/j/85813737606>

Or join by phone:

Phone Number: +1 (669) 900-6833

Meeting ID: # 858 1373 7606

PUBLIC COMMENT:

Any person wishing to make a public comment will have the opportunity to do so either in-person or via videoconference during the meeting for up to three minutes each for any item not listed on the agenda, or for up to three minutes for any item listed on the agenda. To request to speak during public comment or on any item on the agenda, please complete this form: <https://sccoe.link/PublicComment>

To submit a comment to be read aloud on your behalf either listed or not listed on the meeting agenda, please send a comment no longer than 300 words to vvalentin@santacruzcoe.org no later than 2:00 PM on April 21st. Each individual may only make one comment per topic.

Cualquier persona que desee hacer un comentario público tendrá la oportunidad de hacerlo en vivo o por videoconferencia durante la reunión virtual hasta tres minutos cada uno para cualquier tema que no esté incluido en la agenda, y hasta tres minutos para cualquier tema incluido en la agenda. Para solicitar hablar durante los comentarios públicos o sobre cualquier tema de la agenda, complete este formulario: <https://sccoe.link/PublicComment>

Para enviar un comentario para ser leído en voz alta en su nombre, ya sea para un tema en la agenda o no en la agenda, envíe un comentario de no más de 300 palabras a vvalentin@santacruzcoe.org a más tardar a las 2:00 PM del 21 de abril. Cada individuo solo puede hacer un comentario por tema.

AGENDA

1. CALL TO ORDER, ROLL CALL AND ESTABLISHMENT OF QUORUM

Abel Sanchez (President), Ed Acosta, Alyssa Alto, Rose Filicetti, Sandra Nichols, Sue Roth, Bruce Van Allen
Faris Sabbah, Secretary

2. PLEDGE OF ALLEGIANCE

Superintendent Sabbah (Secretary) will lead the Pledge of Allegiance.

3. APPROVAL OF AGENDA

Agenda deletions and/or changes of sequence will be approved or the agenda will be approved as submitted.

4. PUBLIC COMMENT

This is an opportunity for the public to address the Board regarding items not on the agenda. The Board President will recognize any member of the audience not previously placed on the agenda who wishes to speak on a matter directly related to school business. Each speaker, on any specific topic, may speak up to **three (3) minutes** unless otherwise limited or extended by the President. The President may allot time to those wishing to speak but no action will be taken on matters presented (EDC § 35145.5). If appropriate, the President, or any Member of the Board, may direct that a matter be referred to the Superintendent's Office for placement on a future agenda. Please refer to item, *Please Note*, on the last item of this agenda.

5. CONSENT AGENDA

All items appearing on consent agenda are recommended actions which are considered to be routine in nature and will be acted upon as one motion. Specific items may be removed for separate consideration. Item(s) removed will be considered immediately following the consent agenda motion as Deferred Consent Items.

- 5.0.1 Minutes of the Regular Board Meeting held on March 17, 2022
- 5.0.2 Routine Budget Revisions
- 5.0.3 Donations

5.1 DEFERRED CONSENT ITEMS (if required)

This item is placed on the agenda to address any items that might be pulled from Agenda Item 5.0 for further discussion/consideration if so determined.

6. CORRESPONDENCE

Official correspondence received by the Board is included herein.

7. REPORTS, DISCUSSIONS, AND PRESENTATIONS

7.1 Multilingual Students and Network Presentation

The Board will receive an update on Santa Cruz County Office of Education activities supporting the multilingual student community and multilingual network prior to the Board's approval of Resolution #22-07.

Presenter(s): Debi Bodenheimer, Associate Superintendent, Educational Services
Sofia Sorensen, Multilingual Coordinator, Educational Services

7.2 2020-2021 Fiscal Year Annual Audit Report

The Board will be provided with the 2020-2021 final, audited, prior year financial statements, which the Santa Cruz County Office of Education is required to file with the California Department of Education and the State Controller's Office.

Presenter(s): Liann Reyes, Deputy Superintendent, Business Services
Ahmad Gharaibeh, Partner, Eide Bailly LLP

7.3 Actuarial Study of Retiree Health Liabilities

The Board will receive a report of the Actuarial Study of Retiree Health Benefits, as is required every two years in compliance with GASB43/45.

Presenter(s): Rebecca Olker, Senior Director, Fiscal Services

7.4 COVID-19 School Update

Superintendent Sabbah will give a presentation regarding the ways in which the Santa Cruz County Office of Education has been working in collaboration with School Districts and other partners to keep schools open and students and staff healthy as we address the COVID19 Pandemic.

Presenter(s): Dr. Faris Sabbah, County Superintendent of Schools

8. NEW BUSINESS AND ACTION ITEMS

8.1 Approve Resolution #22-07 Recognizing April as Bilingual/Multilingual Advocacy Month and Recognizing the Multilingual Network as Advocates for Multilingual Students

The Santa Cruz County Office of Education believes being proficient in more than one language is a skill to celebrate. With close to 43% of the Santa Cruz County's students, K-12th grade currently learning academic English as a second language. The Board will consider adopting Resolution #22-07 recognizing April as National Bilingual/Multilingual Learner Advocacy Month and recognizing the work of the Multilingual Network Members in supporting and advocating for multilingual students.

Presenter(s): Sandra Nichols, Chair, Community Outreach & Legislation Committee
Sofia Sorensen, Multilingual Coordinator, Educational Services

Motion &

Roll Call Vote: Abel Sanchez (President)

8.2 Approve Resolution #22-08 Proclaiming May 2-6, 2022 For Flying the Rainbow Flag and Honoring Harvey Milk Day

Harvey Milk Day was established by the California legislature and signed into law by Governor Arnold Schwarzenegger in 2009. Harvey Milk was the first openly gay elected official in the history of California. The Santa Cruz County Office of Education celebrates Harvey Milk Day and invites all educational institutions, organizations, companies and individuals across Santa Cruz to fly the rainbow flag from May 2-6, 2022 in honor of Harvey Milk Day, and encourages teachers to teach lessons about LGBTQ+ history during this week in their classrooms aligned with the State History Framework. The Board will consider adopting Resolution #22-08.

Presenter(s): Sandra Nichols, Chair, Community Outreach & Legislation Committee

Motion &

Roll Call Vote: Abel Sanchez (President)

8.3 Approve Resolution #22-09 In Recognition of National Child Abuse Prevention Month

Each year, millions of reports of child abuse are reported to child protective services in the U.S. The Board will consider adoption of Resolution #22-09.

Presenter(s): Sandra Nichols, Chair, Community Outreach & Legislation Committee

Motion &

Roll Call Vote: Abel Sanchez (President)

8.4 Adopt Resolution #22-10 In Support of Day of the Teacher

Education Code, Section 372229(a), specifies the Second Wednesday in May as the Day of the Teacher, a day having special significance. All public schools and educational institutions are encouraged to observe those days, and, specifically on the Day of the Teacher, conduct exercises commemorating and directing attention to the teachers and the teaching profession. The Board will be asked to adopt Resolution #22-10.

Presenter(s): Sandra Nichols, Chair, Community Outreach & Legislation Committee
Dr. Faris Sabbah, County Superintendent of Schools

Motion &

Roll Call Vote: Abel Sanchez (President)

8.5 Adopt Resolution #22-11 In Support of Classified Employees Week

California Senate Bill 1552, passed in 1984, decreed the third full week in May as California School Employees' Week in official recognition of the services and dedication of classified school employees. The Board is asked to adopt Resolution #22-11.

Presenter(s): Sandra Nichols, Chair, Community Outreach & Legislation Committee
Dr. Faris Sabbah, County Superintendent of Schools

Motion &

Roll Call Vote: Abel Sanchez (President)

8.6 Approve Resolution #22-12 Ordering an Election (Santa Cruz County)

Trustee Area terms for areas 1, 2, and 7 expire this November. The Board will be asked to adopt Resolution #22-12 Ordering an Election, requesting County Elections to Conduct the election, and requesting the consolidation of the election, and specifications of the election order in Santa Cruz County.

Presenter(s): Dr. Faris Sabbah, County Superintendent of Schools

Motion &

Roll Call Vote: Abel Sanchez (President)

8.7 Schedule a Special Board Meeting to conduct a Board Self-Evaluation

The Board will consider scheduling a Special Board Meeting on Saturday June 11, 2022 to conduct a Board Self-Evaluation with Luan Rivera, CSBA facilitator.

Presenter(s): Dr. Faris Sabbah, County Superintendent of Schools

Motion &

Roll Call Vote: Abel Sanchez (President)

8.8 Schedule a Special Board Meeting to Comply with the Local Control Accountability Plan (LCAP) Requirements

The Board will consider scheduling a Special Board Meeting on Thursday June 30, 2022, to comply with Education Code 52062(b)(2), which requires the Board to adopt an LCAP or annual update to the LCAP in a public meeting after, but not the same day as, the public hearing.

Presenter(s): Dr. Faris Sabbah, County Superintendent of Schools

Motion &

Roll Call Vote: Abel Sanchez (President)

8.9 Approve Resolution #22-13 Certification and Approval of Applications for Eligibility Determination and Funding in the School Facility Program When Bond Authority is Exhausted

The Santa Cruz County Office of Education has determined that school facilities within the Santa Cruz County Office of Education need to be constructed and/or modernized, as applicable. The Santa Cruz County Office of Education is in support of submitting these applications under the SFP or any future State school facilities program under the conditions described in the resolution. The Board will consider adopting the resolution.

Presenter(s): Liann Reyes, Deputy Superintendent, Business Services

Motion &

Roll Call Vote: Abel Sanchez (President)

8.10 Discussion and Possible Approval of Resolution #22-14 Authorizing Continued Use of Remote Teleconferencing Provisions Pursuant to AB 361 and Government Code section 54953

Consistent with Government code section 54953, on March 17, 2022, the County Board of Education adopted Resolution #22-06, finding that meeting in person would present imminent risks to the health or safety of attendees.

The County Board of Education will discuss and consider adopting Resolution #22-14, to make a finding after reconsidering the state of emergency, that the current circumstances meet the requirements of AB 361 and Government Code section 54953 for the Board to continue conducting meetings remotely.

Presenter(s): Abel Sanchez, President, County Board of Education

Motion &

Roll Call Vote: Abel Sanchez (President)

9. SUPERINTENDENT'S REPORT

County Superintendent of Schools, Dr. Faris Sabbah, will provide an update on activities and matters of interest

10. TRUSTEE REPORTS (3 minutes each)

Trustees will report on matters, events, and activities as related to Board goals of: Advocating for students, maintaining community relations, and promoting student achievement.

11. AD HOC/STANDING COMMITTEE REPORTS/ACTIONS

12. SCHEDULE OF MEETINGS AND UPCOMING EVENTS

2nd Annual Youth-Led Santa Cruz County Environmental Action Summit
April 22, 2022
9:30am- 2:00pm
Harvey West Park, 326 Evergreen Street, Santa Cruz

Santa Cruz County Board of Education
Regular Meeting
May 19, 2022
4:00 p.m.

Black Graduation
May 22, 2022
Black Lives Matter Mural, Center Street, Church Street, Santa Cruz

Santa Cruz County Board of Education
Regular Meeting
June 16, 2022
4:00 p.m.

13. ADJOURNMENT

The Board President will adjourn the meeting.

PLEASE NOTE:

Public Participation:

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Backup Documentation:

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Translation Requests:

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ADA Compliance:

In compliance with Government Code section 54954.2 (a), The Santa Cruz County Office of Education will, on request, make this agenda available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact Verenise Valentin, Administrative Aide to the Superintendent, 400 Encinal St., Santa Cruz, CA 95060, (831) 466-5900.



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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 5.0.1

Board Meeting Date: April 21, 2022

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Action

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Information

TO: County Board of Education

FROM: Administrative Department

SUBJECT: Minutes of the Regular Board Meeting held on March 17, 2022

BACKGROUND

Meeting minutes from the regular Board meeting held on March 17, 2022

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve the minutes.



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Ms. Sue Roth • Mr. Abel Sanchez • Mr. Bruce Van Allen

Santa Cruz County Board of Education
Regular Board Meeting
Thursday March 17, 2022
Open Session 4:00PM
Boardroom & Videoconference

UNAPPROVED MINUTES

1. CALL TO ORDER, ROLL CALL AND ESTABLISHMENT OF QUORUM

Trustees Present

Abel Sanchez (President), Rose Filicetti, Sandra Nichols, Sue Roth, Bruce Van Allen

Trustees Absent

Ed Acosta, Alyssa Alto

Staff Present

Faris Sabbah (Secretary), Debi Bodenheimer, Melissa Lopez, Jesus Reyes, Liann Reyes, John Rice, Denise Sanson, Verenise Valentin

2. PLEDGE OF ALLEGIANCE

Superintendent Sabbah led the Pledge of Allegiance.

3. APPROVAL OF AGENDA

A motion was made to approve the agenda as presented (Filicetti/Nichols 5-0-2).

Ayes: Filicetti, Nichols, Roth, Sanchez, Van Allen

Nays: None

Abstain: None

Absent: Acosta, Alto

4. PUBLIC COMMENT

Nick Clifford (Community Member) submitted a request to speak during public comment, but was not present in person or via videoconference.

No other requests were made.

5. CONSENT AGENDA

- 5.0.1 Minutes of the Regular Board Meeting held on February 17, 2022
- 5.0.2 Routine Budget Revisions
- 5.0.3 Approve Appointment to the North Santa Cruz County Special Education Local Plan Area (SELPA) Community Advisory Committee (CAC)

A motion was made to approve the consent agenda as presented (Filicetti/Van Allen 5-0-2).

Ayes: Filicetti, Nichols, Roth, Sanchez, Van Allen
Nays: None
Abstain: None
Absent: Acosta, Alto

5.1 DEFERRED CONSENT ITEMS (if required)

None.

6. CORRESPONDENCE

None.

7. REPORTS, DISCUSSIONS, AND PRESENTATIONS

7.1 Career and Adult Learning Services (CALS) Update

The Career and Adult Learning Services (CALS) provides students with the opportunity to acquire academic, career, and technical skills and to prepare for life-long learning and success in the changing workplace. CALS offers high school diplomas and equivalency services for adult learners, a workforce development program for 16-24 year olds, magnet high school programs, and career training programs for adults. CALS works closely with districts and industry business partners to stay up to date with industry and workforce trends. Denise Sanson, Executive Director, CALS, and Jesus Reyes, Community Organizer, CAC, presented an update on the department to the Board.

7.2 Santa Cruz County Office of Education, 2021-22 Second Interim Financial Report

EDC § 1240(j) requires that the Superintendent certify the Second Interim Financial Report and present it to the Board in a public meeting for review prior to filing the report with the State Department of Education. Liann Reyes, Deputy Superintendent, Business Services, and Melissa Lopez, Director, Fiscal Services, present the report to the Board.

7.3 COVID-19 School Update

Superintendent Sabbah gave a presentation regarding the ways in which the Santa Cruz County Office of Education has been working in collaboration with School Districts and other partners to keep schools open and students and staff healthy as we address the COVID19 Pandemic.

8. NEW BUSINESS AND ACTION ITEMS

8.1 Approve 2022 - 2023 COE and Student Program Calendars

The Board was asked to approve the 2022-2023 Santa Cruz COE and Student Programs calendars.

A motion was made to approve the 2022 - 2023 COE and Student Program Calendars (Van Allen/Nichols 5-0-2).

Ayes:	Filicetti, Nichols, Roth, Sanchez, Van Allen
Nays:	None
Abstain:	None
Absent:	Acosta, Alto

8.2 Approval of Resolution #22-05 Recognizing March as Women's History Month

Women of every race, class, and ethnic background have made significant and historic contributions to the growth and strength of our society in countless ways. The Santa Cruz County Board of Education and the County Superintendent of Schools honors the contributions that women have made throughout history and commit to support efforts to improve opportunities for girls and women.

A motion was made to approve Resolution #22-05 Recognizing March as Women's History Month with the added clauses on equal pay (Van Allen/Nichols 5-0-2).

Ayes:	Filicetti, Nichols, Roth, Sanchez, Van Allen
Nays:	None
Abstain:	None
Absent:	Acosta, Alto

8.3 Schedule Special Board Meeting

The Board discussed scheduling a special Board meeting to participate in a Board Self-Evaluation on either Saturday, April 16, 2022 or Saturday, April 30, 2022. The Board made no action.

8.4 Discussion and Possible Approval of Resolution #22-06 Authorizing Continued Use of Remote Teleconferencing Provisions Pursuant to AB 361 and Government Code section 54953

Consistent with Government code section 54953, on February 17, 2022, the County Board of Education adopted Resolution #22-04, finding that meeting in person would present imminent risks to the health or safety of attendees.

The County Board of Education discussed adopting Resolution #22-06, to make a finding after reconsidering the state of emergency, that the current circumstances meet the requirements of AB 361 and Government Code section 54953 for the Board to continue conducting meetings remotely.

A motion was made to approve Resolution #22-06 Authorizing Continued Use of Remote Teleconferencing Provisions Pursuant to AB 361 and Government Code section 54953 (Filicetti/Van Allen 5-0-2).

Ayes:	Filicetti, Nichols, Roth, Sanchez, Van Allen
Nays:	None
Abstain:	None
Absent:	Acosta, Alto

9. SUPERINTENDENT'S REPORT

Superintendent Sabbah provided an update on activities and matters of interest.

10. TRUSTEE REPORTS (3 minutes each)

Trustee Filicetti

Once a month – Santa Cruz Operational Call on COVID-19/vaccine distribution, wildfire season and emergency prep, and CZU Fire recovery.

February 24 – A Conversation with Michael Watkins on the Importance of Black History

March 1 – Legislative Action Week 2022 Briefing & Training Webinar

March 7 – SCZCSBA March Meeting

March 11 and 12 – Two day 2022 CCBE County Board Governance Hybrid Workshop

March 15 – CSBA Leg Action Day with Senator Laird

March 16 – CSBA/Assembly member Stone: Legislative Action Day

Trustee Van Allen

He worked with Trustee Nichols on Resolution #22-05 Recognizing March as Women's History Month.

Trustee Nichols

February 24 – A Conversation with Michael Watkins on the Importance of Black History

She also worked on Resolution #22-05 Recognizing March as Women's History Month.

Trustee Roth

February 23 – 38th Annual Martin Luther King, Jr. Memorial Convocation (UCSC)

February 24 – Conversation with Michael Watkins on the Importance of Black History

March 2 – John R. Lewis College, UCSC: Solidarity for Justice

March 8 – SCCOE Book Club: How to be an Antiracist

March 9-10 – How to Lead Board Meetings; California Voting Rights/Recall; Towards Computer Science Education; Communications Policy & Best Practices; Roles, Responsibilities, & Authorities of County Board Members; Board's Role in Career Technical Education; The Imperative for Advocacy, Engagement & Activism;

Trustee Sanchez

February 24 – Conversation with Michael Watkins on the Importance of Black History

He participated in CSBA's legislative action day.

11. AD HOC/STANDING COMMITTEE REPORTS/ACTIONS

12. SCHEDULE OF MEETINGS AND UPCOMING EVENTS

Santa Cruz County Board of Education
Regular Meeting
April 21, 2022
4:00 p.m.

13. ADJOURNMENT

President Sanchez adjourned the meeting at 6:44pm

PLEASE NOTE:

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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 5.0.2

Board Meeting Date: April 21, 2022

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Action

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Information

TO: County Board of Education

FROM: Business Department

SUBJECT: Routine Budget Revisions

BACKGROUND

Routine Budget Revisions for April 2022.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Approve the revisions.



MEMO

DATE: April 15, 2022

TO: Santa Cruz County Board of Education
Dr. Faris Sabbah, County Superintendent of Schools

FROM: Liann Reyes, Deputy Superintendent, Business Services 
Melissa Lopez, Director of Fiscal Services

RE: March Budget Revisions

Significant changes to the budget during the month of March, 2022 are as follows:

UNRESTRICTED:

A decrease of \$1,158,335 in LCFF revenue related to the decrease in Alternative Education Average Daily Attendance (ADA) as was discussed during the Second Interim presentation to the Board in February. Decreases in salary costs from vacant positions and adjustments to expenditure budgets resulted in an overall decrease in expense in the amount \$44,581, resulting in an overall decrease to the Unrestricted ending fund balance of \$1,113,066.

RESTRICTED:

Overall decreases to restricted revenue and corresponding expense include revised allocations for Title I, Strong Workforce Program and Migrant Head Start. This resulted in decrease to the Restricted ending fund balance of \$5,652.

Budget revisions processed in March decrease ending fund balance by \$1,118,718.

Pacheco Bill Compliance:

There were no consultant agreements/professional service contracts in excess of \$25,000 that required a budget revision be processed during March 2022.

Business department staff continue to communicate and collaborate with department staff and managers to review revenues, expenditures, and current year budgets as we continue preparing for Estimated Actuals reporting along with the 2022-23 budget development process.

Should you have any questions, please feel free to contact us.

LR:ml
cc: Rebecca Olker

REVENUES	2021-22 Adopted Budget			2021-22 Revised Budget as of February 28, 2022			March 2022 Budget Revisions Processed			2021-22 Revised Budget as of March 31, 2022		
	UNRESTRICTED	RESTRICTED	TOTAL FUND	UNRESTRICTED	RESTRICTED	TOTAL FUND	UNRESTRICTED	RESTRICTED	TOTAL FUND	UNRESTRICTED	RESTRICTED	TOTAL FUND
LCFF Sources	\$ 22,050,858	\$ 7,462,390	\$ 29,513,248	\$ 22,050,858	\$ 7,462,390	\$ 29,513,248	\$ (1,158,335)	\$ -	\$ (1,158,335)	\$ 20,892,523	\$ 7,462,390	\$ 28,354,913
Federal Revenue	\$ 4,350,000	\$ 1,650,167	\$ 6,000,167	\$ 4,350,000	\$ 2,150,336	\$ 6,500,336	\$ -	\$ (12,362)	\$ (12,362)	\$ 4,350,000	\$ 2,137,974	\$ 6,487,974
Other State Revenue	\$ 280,544	\$ 9,406,556	\$ 9,687,099	\$ 294,977	\$ 10,001,851	\$ 10,296,828	\$ -	\$ 49,055	\$ 49,055	\$ 294,977	\$ 10,050,906	\$ 10,345,883
Other Local Revenue	\$ 1,363,474	\$ 5,820,475	\$ 7,183,949	\$ 1,547,226	\$ 9,213,971	\$ 10,761,197	\$ 688	\$ (61,735)	\$ (61,047)	\$ 1,547,914	\$ 9,152,236	\$ 10,700,150
TOTAL, REVENUES	\$ 28,044,876	\$ 24,339,587	\$ 52,384,463	\$ 28,243,060	\$ 28,828,548	\$ 57,071,608	\$ (1,157,647)	\$ (25,042)	\$ (1,182,689)	\$ 27,085,414	\$ 28,803,506	\$ 55,888,920
EXPENDITURES												
Certificated Salaries	\$ 7,243,343	\$ 4,963,773	\$ 12,207,115	\$ 6,851,390	\$ 5,621,884	\$ 12,473,274	\$ -	\$ (4,996)	\$ (4,996)	\$ 6,851,390	\$ 5,616,888	\$ 12,468,278
Classified Salaries	\$ 7,488,712	\$ 6,016,225	\$ 13,504,936	\$ 6,979,300	\$ 6,737,421	\$ 13,716,721	\$ (50,349)	\$ -	\$ (50,349)	\$ 6,928,951	\$ 6,737,421	\$ 13,666,372
Employee Benefits	\$ 7,726,119	\$ 8,075,933	\$ 15,802,052	\$ 7,315,491	\$ 7,901,284	\$ 15,216,775	\$ -	\$ (1,310)	\$ (1,310)	\$ 7,315,491	\$ 7,899,974	\$ 15,215,465
Books and Supplies	\$ 962,178	\$ 1,002,198	\$ 1,964,376	\$ 1,067,539	\$ 2,025,175	\$ 3,092,714	\$ (7,012)	\$ 30,598	\$ 23,586	\$ 1,060,526	\$ 2,055,773	\$ 3,116,299
Services and Other Operating Expenditures	\$ 3,432,410	\$ 3,922,339	\$ 7,354,750	\$ 3,631,748	\$ 6,340,539	\$ 9,972,287	\$ 12,219	\$ (55,593)	\$ (43,375)	\$ 3,643,966	\$ 6,284,945	\$ 9,928,912
Capital Outlay	\$ 219,500	\$ -	\$ 219,500	\$ 94,500	\$ 276,245	\$ 370,745	\$ -	\$ 12,473	\$ 12,473	\$ 94,500	\$ 288,718	\$ 383,218
Other Outgo (excluding Transfers of Indirect Costs)	\$ 4,350,000	\$ 624,756	\$ 4,974,756	\$ 4,350,000	\$ 624,756	\$ 4,974,756	\$ -	\$ -	\$ -	\$ 4,350,000	\$ 624,756	\$ 4,974,756
Other Outgo - Transfers of Indirect Costs	\$ (1,473,957)	\$ 1,375,754	\$ (98,203)	\$ (1,668,853)	\$ 1,534,691	\$ (134,162)	\$ 562	\$ (562)	\$ -	\$ (1,668,291)	\$ 1,534,129	\$ (134,162)
TOTAL EXPENDITURES	\$ 29,948,304	\$ 25,980,977	\$ 55,929,282	\$ 28,621,114	\$ 31,061,995	\$ 59,683,109	\$ (44,581)	\$ (19,390)	\$ (63,971)	\$ 28,576,533	\$ 31,042,605	\$ 59,619,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES												
	\$ (1,903,429)	\$ (1,641,390)	\$ (3,544,819)	\$ (378,054)	\$ (2,233,447)	\$ (2,611,501)	\$ (1,113,066)	\$ (5,652)	\$ (1,118,718)	\$ (1,491,120)	\$ (2,239,099)	\$ (3,730,218)
OTHER FINANCING SOURCES/USES												
Interfund Transfers												
a) Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b) Transfers Out	\$ 19,000	\$ -	\$ 19,000	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000
Other Sources/Uses												
a) Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b) Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ (1,356,189)	\$ 1,356,189	\$ -	\$ (1,428,303)	\$ 1,428,303	\$ 0	\$ (0)	\$ -	\$ (0)	\$ (1,428,303)	\$ 1,428,303	\$ (0)
TOTAL OTHER FINANCING SOURCES/USES	\$ (1,375,189)	\$ 1,356,189	\$ (19,000)	\$ (1,468,303)	\$ 1,428,303	\$ (40,000)	\$ (0)	\$ -	\$ (0)	\$ (1,468,303)	\$ 1,428,303	\$ (40,000)
NET INCREASE (DECREASE) IN FUND BALANCE												
	\$ (3,278,618)	\$ (285,201)	\$ (3,563,819)	\$ (1,846,357)	\$ (805,143)	\$ (2,651,501)	\$ (1,113,066)	\$ (5,652)	\$ (1,118,718)	\$ (2,959,423)	\$ (810,795)	\$ (3,770,218)
FUND BALANCE, RESERVES												
Beginning Fund Balance												
a) As of July 1 Unaudited	\$ 27,174,400	\$ 2,222,465	\$ 29,396,865	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617	\$ -	\$ -	\$ -	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617
b) Audit Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c) As of July 1 Audited	\$ 27,174,400	\$ 2,222,465	\$ 29,396,865	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617	\$ -	\$ -	\$ -	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617
d) Other Restatements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e) Adjusted Beginning Balance	\$ 27,174,400	\$ 2,222,465	\$ 29,396,865	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617	\$ -	\$ -	\$ -	\$ 29,104,985	\$ 2,704,632	\$ 31,809,617
Ending Balance, June 30	\$ 23,895,782	\$ 1,937,264	\$ 25,833,046	\$ 27,258,628	\$ 1,899,489	\$ 29,158,116	\$ (1,113,066)	\$ (5,652)	\$ (1,118,718)	\$ 26,145,562	\$ 1,893,837	\$ 28,039,399



SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 5.0.3

Board Meeting Date: April 21, 2022

☒

Action

☐

Information

TO: Santa Cruz County Board of Education

FROM: Business Department

SUBJECT: Gifts and Donations

BACKGROUND

County Board of Education Policy 3280 requires that all gifts and donations received by programs conducted by the County Superintendent of Schools be accepted by the County Board of Education.

FUNDING IMPLICATIONS

Gifts/Donations received will be utilized by the programs to which they are donated.

RECOMMENDATION

Accept gifts and donations as follows:

<u>Program</u>	<u>Donor</u>	<u>Value</u>
Students in Transition	Anonymous	\$500
Cypress High School GSA Club	Community Foundation Santa Cruz County	\$400
Special Education Department's Music Together Program	Taiga Salvano	\$40
	Sinmi Alabi	\$40
	Madson Foulger	\$90
	Jameson Broshar	\$70



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
DR. FARIS SABBABH • SUPERINTENDENT OF SCHOOLS

SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 7.1

Board Meeting Date: April 21, 2022

☐

Action

☒

Information

TO: Santa Cruz County Board of Education

FROM: Debi Bodenheimer, Associate Superintendent, Educational Services
Sofia Sorensen, Multilingual Coordinator, Educational Services

SUBJECT: Surplus Items

BACKGROUND

The Board will receive an update on Santa Cruz County Office of Education activities supporting the multilingual student community and multilingual network prior to the Board's approval of Resolution #22-07.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Receive presentation.



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 7.2

Board Meeting Date: April 21, 2022

☐

Action

☒

Information

TO: Santa Cruz County Board of Education

FROM: Liann Reyes, Deputy Superintendent, Business Services
Ahmad Gharaibeh, Partner, Eide Bailly LLP

SUBJECT: 2020-2021 Fiscal Year Annual Audit Report

BACKGROUND

The Board will be provided with the 2020-2021 final, audited, prior year financial statements, which the Santa Cruz County Office of Education is required to file with the California Department of Education and the State Controller's Office.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Receive presentation.



February 28, 2022

To the Governing Board
Santa Cruz County Superintendent of Schools
Santa Cruz, California

We have audited the financial statements of Santa Cruz County Superintendent of Schools (the County) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 28, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our engagement letter dated July 13, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the County complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the County's major federal program. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the County's major federal program compliance, is to express an opinion on the compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the County's internal control over compliance

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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* dated February 28, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 28, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. As described in Notes 1 and 16 to the financial statements, the County changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, Fiduciary Activities. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and

experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the County to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all based on the County's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The County's proportionate share was determined by calculating the County's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

We evaluated the key factors and assumptions used to develop the pension and OPEB liabilities and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net OPEB liability and the related deferred outflows of resources and deferred inflows of resources is based upon actuarial estimates provided by the actuary. We evaluated the key factors and assumptions used to develop the net OPEB liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to Net Other Postemployment Benefits (OPEB) Liability and Plan (Note 10) and the Employee Retirement Systems (Note 13).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us

to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements as a whole.

County School Service Fund – Fair Market Value Adjustment		
Overstatement of Fair Market Value		\$60,079
Overstatement of Cash in County		\$60,079
County School Service Fund – LCFF		
Understatement of Accounts Receivable		194,498
Understatement of LCFF		\$194,498

The effect of these uncorrected misstatements is an understatement of net income of \$134,419 for the County School Service Fund. This results in an understatement of net income of \$134,419 for the government-wide statement of activities.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated February 28, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Notes 1 and 16 to the financial statements, Santa Cruz County Superintendent of Schools has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Information in Documents Containing Audited Financial

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Governing Board and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California



Financial Statements
June 30, 2021

Santa Cruz County Superintendent of Schools

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities.....	12
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Fiduciary Fund Financial Statements	
Statement of Net Position – Fiduciary Fund	17
Statement of Changes in Net Position – Fiduciary Funds	18
Notes to Financial Statements	19
Required Supplementary Information	
Budgetary Comparison Schedule – County School Service Fund	55
Budgetary Comparison Schedule – Special Education Pass-Through Fund	56
Schedule of Changes in the County’s Net OPEB Liability and Related Ratios	57
Schedule of County’s Contributions for OPEB	58
Schedule of the County’s Proportionate Share of the Net OPEB Liability – MPP Program	59
Schedule of the County’s Proportionate Share of the Net Pension Liability	60
Schedule of the County Contributions	62
Notes to Required Supplementary Information	64
Supplementary Information	
Schedule of Expenditures of Federal Awards	66
Local Education Agency Organization Structure.....	69
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	70
Schedule of Financial Trends and Analysis	71
Schedule of Charter Schools	72
Combining Balance Sheet – Non-Major Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	74
Notes to Supplementary Information	75
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	79
Independent Auditor’s Report on State Compliance.....	81
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	84
Financial Statement Findings	85
Federal Awards Findings and Questioned Costs.....	86
State Awards Findings and Questioned Costs	87
Summary Schedule of Prior Audit Findings.....	88



Independent Auditor's Report

To the Governing Board
Santa Cruz County Superintendent of Schools
Santa Cruz, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Cruz County Superintendent of Schools (the County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Cruz County Superintendent of Schools, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, Santa Cruz County Superintendent of Schools has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Restatement of Prior Year Financial Statement

As discussed in Note 16 to the financial statements, Santa Cruz County Superintendent of Schools restated their governmental activities, beginning net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santa Cruz County Superintendent of Schools' financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are 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 a report dated February 28, 2022 on our consideration of Santa Cruz County Superintendent of Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Santa Cruz County Superintendent of Schools' 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 Santa Cruz County Superintendent of Schools' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
February 28, 2022

Introduction

This section of Santa Cruz County Superintendent of Schools (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2021 with comparative information for the year ended June 30, 2020. Please read it in conjunction with the County's financial statements, which immediately follow this section.

Financial Highlights

- Total net position was \$16,853,024 on June 20, 2021.
- Overall revenues for the County were \$64,885,066 while expenditures were \$66,038,511.
- The total long-term obligations other than OPEB and pension were \$8,398,822, which primarily includes \$7,790,192 of Certificates of Participation (COP) debt issuance.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These sections together provide a comprehensive overview of the Santa Cruz County Superintendent of Schools. 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 using the economic resources measurement focus and accrual basis of accounting.
- **Fund financial statements** focus on reporting the individual parts of the County operations in more detail. The fund financial statements comprise the remaining statements using the current resources measurement focus and modified accrual basis of accounting.
 - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
 - **Fiduciary fund** statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

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

Government-Wide Statements

The government-wide statements report information about the County 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, deferred outflows of resources, liabilities, and deferred inflows of resources.

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's net position and how it has changed. Net position – the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources – is one way to measure the County's financial health or position. Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the County include government activities. Most of the County's basic services are included here, such as regular education, food service, maintenance, and general administration. Property taxes, interest income, user fees, federal, state, and local grants finance most of these activities.

Fund Financial Statements

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

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

Fiduciary fund - The County is the custodian for assets that belong to the Michael Watkins Scholarship Fund. The County is responsible to distribute the scholarships as directed by a committee of community members outside the County's employ. The County's fiduciary fund reports custodial activities in a separate statement of fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use the assets to finance its operations.

Financial Analysis of the Entity as A Whole

Net Position

The County's net position was \$16,853,024 for the fiscal year ended June 30, 2021. Of this amount, \$(2,473,233) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the County's governmental activities.

Table 1

	Governmental Activities	
	2021	2020 as Restated
Assets		
Current and other assets	\$ 52,783,765	\$ 46,999,665
Capital assets	23,698,300	24,983,245
Total assets	76,482,065	71,982,910
Deferred outflows of resources	12,908,542	13,392,209
Liabilities		
Current liabilities	16,186,909	13,212,020
Long-term liabilities	53,759,027	50,235,344
Total liabilities	69,945,936	63,447,364
Deferred inflows of resources	2,591,647	3,921,286
Net Position		
Net investment in capital assets	15,908,108	16,803,825
Restricted	3,418,149	2,832,394
Unrestricted (deficit)	(2,473,233)	(1,629,750)
Total net position	\$ 16,853,024	\$ 18,006,469

The \$(2,473,233) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 51.8 percent \$(843,483).

Changes in Net Position

The results of this year's operations for the County as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 4,310,794	\$ 5,082,497
Operating grants and contributions	20,850,291	21,014,790
General revenues		
Federal and State aid not restricted	22,572,535	22,778,860
Property taxes and other taxes	14,599,216	14,116,217
Other general revenues	2,552,230	960,246
Total revenues	64,885,066	63,952,610
Expenses		
Instruction-related	32,714,051	34,985,022
Pupil services	5,325,413	4,255,877
Administration	8,417,069	8,032,286
Plant services	2,850,310	3,398,462
All other services	16,731,668	15,494,078
Total expenses	66,038,511	66,165,725
Change in net position	\$ (1,153,445)	\$ (2,213,115)

* The revenues and expenses for fiscal year 2020 were not restated for the effects of the prior period adjustments disclosed in Note 16 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$66,038,511. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$14,599,216 because the cost was paid by those who benefited from the programs of \$4,310,794

Santa Cruz County Superintendent of Schools

Management's Discussion and Analysis

June 30, 2021

or by other governments and organizations who subsidized certain programs with grants and contributions of \$20,850,291. We paid for the remaining "public benefit" portion of our governmental activities with \$22,572,535 in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the County's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the County'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.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 32,714,051	\$ 34,985,022	\$ (20,813,044)	\$ (24,557,069)
Pupil services	5,325,413	4,255,877	(2,816,032)	(2,306,429)
Administration	8,417,069	8,032,286	(7,285,138)	(7,023,805)
Plant services	2,850,310	3,398,462	(2,575,079)	(2,859,586)
All other services	16,731,668	15,494,078	(7,388,133)	(3,321,549)
Total	<u>\$ 66,038,511</u>	<u>\$ 66,165,725</u>	<u>\$ (40,877,426)</u>	<u>\$ (40,068,438)</u>

* The total cost of services and net cost of services for fiscal year 2020 were not restated for the effects of the prior period adjustments disclosed in Note 16 for comparative purposes.

Financial Analysis of the County's Funds

The positive financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance (modified accrual reporting method) of \$36,596,856.

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	July 1, 2020 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 34,501,171	\$ 52,673,801	\$ 51,647,847	\$ 35,527,125
Charter Schools	(349,013)	2,420,580	1,649,171	422,396
Special Education Pass-Through	567,551	8,738,886	8,716,609	589,828
Child Development	66,325	1,379,882	1,388,710	57,497
County School Facilities	(609,161)	609,161	-	-
Total	<u>\$ 34,176,873</u>	<u>\$ 65,849,709</u>	<u>\$ 63,429,726</u>	<u>\$ 36,596,856</u>

General Fund Budgetary Highlights

Over the course of the year, the County revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 16, 2021. (A schedule showing the County's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.)

Capital Assets and Debt Administration

Capital Assets

On June 30, 2021, the County had invested \$23,698,300 (net of depreciation) in a broad range of capital assets, including land, buildings, and furniture and equipment (see Table 5 below). This year's additions included a truck and a trailer. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 4,060,543	\$ 4,049,365
Buildings and improvements	19,385,819	20,572,758
Equipment	251,938	361,122
Total	<u>\$ 23,698,300</u>	<u>\$ 24,983,245</u>

Long-Term Obligations

At year end, the County had \$53,759,027 in long-term obligations, which consisted of net pension liability, net OPEB liability, compensated absences and certificates of participation as shown in Table 6. More detailed information about the County's debt is presented in the notes to the financial statements.

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
Certificates of participation	\$ 7,790,192	\$ 8,158,808
Compensated absences	608,630	469,282
Net OPEB liability	756,366	801,177
Aggregate net pension liability	44,603,839	41,174,693
Total	<u>\$ 53,759,027</u>	<u>\$ 50,603,960</u>

Significant Accomplishments of Fiscal Year 2020-2021 Are Noted Below:

The Santa Cruz County Office of Education (the County) worked tirelessly throughout the COVID-19 Pandemic by providing many supports to districts that included guidance on many new Federal and State legislation, accompanied by one-time funding provided by the Federal and State government.

The County facilitated many COVID-19 vaccination and testing clinics throughout the county that provided opportunities for students and educators that lived or worked within the boundaries of Santa Cruz County to conveniently receive a test or vaccination. Due to these efforts, approximately 16,000 educators and students ages 12-17 were vaccinated, and over 13,500 COVID-19 tests were completed during the fiscal year. The County continues to look forward in supporting its students and is currently working on facilitating vaccination clinics in the late Fall for children ages 5-11.

Economic Factors and Next Year's Budgets

It has now been eight years since the Revenue Limit funding calculation was eliminated and the State implemented the Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP). The County continues to receive the same funding level as in 2012-2013 due to the County's hold harmless funding status under LCFF and is not expected to receive additional funding for several more years. In order to address the flat funding, the County continues to make strategic changes to programs, and to pursue grant funding, to be able to continue to offer several programs that were previously funded under Categorical programs. These changes have enabled the County to offer compensation that allows it to continue to attract highly qualified teachers and staff by continuing to be competitive in the market. In addition, there are concerns surrounding continuing State revenues that are being impacted by declining enrollment within the county, as Santa Cruz County is listed as third for counties projected to face the biggest drops in enrollment by the year 2031.

The COVID-19 Pandemic brought many changes and uncertainty to the schools and programs operated by the County. In addition, over 19 new categorical funding resources have emerged primarily due to the one-time COVID-19 relief and learning loss mitigation funding received from the Federal and State government; therefore, increased monitoring, reporting, and adherence to specific guidelines associated with the various funding streams is required.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Liann Reyes, Deputy Superintendent, Business Services, at (831) 466-5601.

Santa Cruz County Superintendent of Schools

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 38,489,041
Receivables	14,253,827
Prepaid expense	40,897
Capital assets not depreciated	4,060,543
Capital assets, net of accumulated depreciation	<u>19,637,757</u>
Total assets	<u>76,482,065</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	2,731,494
Deferred outflows of resources related to pensions	<u>10,177,048</u>
Total deferred outflows of resources	<u>12,908,542</u>
Liabilities	
Accounts payable	14,754,850
Unearned revenue	1,432,059
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	380,413
Long-term liabilities other than OPEB and pensions due in more than one year	8,018,409
Net other postemployment benefits liability (OPEB)	756,366
Aggregate net pension liabilities	<u>44,603,839</u>
Total liabilities	<u>69,945,936</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	46,428
Deferred inflows of resources related to pensions	<u>2,545,219</u>
Total deferred inflows of resources	<u>2,591,647</u>
Net Position	
Net investment in capital assets	15,908,108
Restricted for	
Educational programs	3,418,139
Child nutrition	10
Unrestricted (deficit)	<u>(2,473,233)</u>
Total net position	<u><u>\$ 16,853,024</u></u>

Santa Cruz County Superintendent of Schools

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 19,792,267	\$ 419,896	\$ 6,691,667	\$ (12,680,704)
Instruction-related activities				
Supervision of instruction	7,601,454	1,866,557	1,833,071	(3,901,826)
Instructional library, media, and technology	1,025,767	-	571,214	(454,553)
School site administration	4,294,563	16,059	502,543	(3,775,961)
Pupil services				
Food services	26,085	-	(569)	(26,654)
All other pupil services	5,299,328	449,732	2,060,218	(2,789,378)
Administration				
Data processing	1,795,261	-	21,909	(1,773,352)
All other administration	6,621,808	208,092	901,930	(5,511,786)
Plant services	2,850,310	14,089	261,142	(2,575,079)
Ancillary services	384	-	-	(384)
Community services	3,152,290	924,889	1,593,023	(634,378)
Interest on long-term liabilities	235,527	-	-	(235,527)
Other outgo	13,343,467	411,480	6,414,143	(6,517,844)
Total governmental activities	<u>\$ 66,038,511</u>	<u>\$ 4,310,794</u>	<u>\$ 20,850,291</u>	<u>(40,877,426)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				13,765,461
Taxes levied for other specific purposes				833,755
Federal and State aid not restricted to specific purposes				22,572,535
Interest and investment earnings				348,429
Interagency revenues				1,335
Miscellaneous				<u>2,202,466</u>
Total general revenues and transfers				<u>39,723,981</u>
Change in Net Position				(1,153,445)
Net Position - Beginning, as Restated				<u>18,006,469</u>
Net Position - Ending				<u>\$ 16,853,024</u>

Santa Cruz County Superintendent of Schools

Balance Sheet – Governmental Funds

June 30, 2021

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 35,059,132	\$ 1,636,007	\$ 1,793,902	\$ 38,489,041
Receivables	7,039,237	6,132,685	1,081,905	14,253,827
Due from other funds	702,582	-	167,631	870,213
Prepaid expenditures	40,897	-	-	40,897
Total assets	\$ 42,841,848	\$ 7,768,692	\$ 3,043,438	\$ 53,653,978
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,783,476	\$ 7,178,864	\$ 1,792,510	\$ 14,754,850
Due to other funds	167,631	-	702,582	870,213
Unearned revenue	1,363,616	-	68,443	1,432,059
Total liabilities	7,314,723	7,178,864	2,563,535	17,057,122
Fund Balances				
Nonspendable	41,697	-	-	41,697
Restricted	2,688,535	589,828	139,786	3,418,149
Committed	2,243,900	-	-	2,243,900
Assigned	27,905,329	-	340,117	28,245,446
Unassigned	2,647,664	-	-	2,647,664
Total fund balances	35,527,125	589,828	479,903	36,596,856
Total liabilities and fund balances	\$ 42,841,848	\$ 7,768,692	\$ 3,043,438	\$ 53,653,978

Santa Cruz County Superintendent of Schools
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 36,596,856

Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds.

The cost of capital assets is	\$ 36,263,534	
Accumulated depreciation is	<u>(12,565,234)</u>	

Net capital assets		23,698,300
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Deferred outflows of resources represent a consumption of net
position in a future period and is not reported in the governmental
funds. Deferred outflows of resources amounted to and related to

Other postemployment benefits (OPEB)	2,731,494	
Net pension liability	<u>10,177,048</u>	

Total deferred outflows of resources to pensions		12,908,542
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Deferred inflows of resources represent an acquisition of net position
that applies to a future period and is not reported in the governmental
funds. Deferred inflows of resources amount to and related to

Other postemployment benefits (OPEB)	(46,428)	
Net pension liability	<u>(2,545,219)</u>	

Total deferred inflows of resources to pensions		(2,591,647)
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Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(44,603,839)
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The County's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(756,366)
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Long-term liabilities are not due and payable in the current period
and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

Certificates of participation	(7,790,192)	
Compensated absences (vacations)	<u>(608,630)</u>	

Total long-term liabilities		<u>(8,398,822)</u>
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Total net position - governmental activities		<u>\$ 16,853,024</u>
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Santa Cruz County Superintendent of Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 30,167,334	\$ -	\$ 1,179,786	\$ 31,347,120
Federal sources	5,288,025	3,682,012	336,881	9,306,918
Other State sources	6,230,910	5,038,992	1,240,575	12,510,477
Other local sources	10,987,532	17,882	451,326	11,456,740
Total revenues	52,673,801	8,738,886	3,208,568	64,621,255
Expenditures				
Current				
Instruction	16,642,006	-	1,115,194	17,757,200
Instruction-related activities				
Supervision of instruction	7,122,189	-	-	7,122,189
Instructional library, media, and technology	1,010,427	-	3,258	1,013,685
School site administration	3,612,312	-	413,335	4,025,647
Pupil services				
Food services	-	-	26,085	26,085
All other pupil services	4,925,101	-	106,027	5,031,128
Administration				
Data processing	1,675,294	-	-	1,675,294
All other administration	5,732,916	-	111,525	5,844,441
Plant services	2,659,490	-	-	2,659,490
Ancillary services	384	-	-	384
Community services	1,772,691	-	1,289,846	3,062,537
Facility acquisition and construction	14,970	-	-	14,970
Debt service				
Principal	368,616	-	-	368,616
Interest and other	256,139	-	-	256,139
Total expenditures	45,792,535	-	3,065,270	48,857,805
Excess of Revenues Over Expenditures	6,881,266	8,738,886	143,298	15,763,450
Other Financing Sources (Uses)				
Transfers in	-	-	1,228,454	1,228,454
Transfers out	(1,228,454)	-	-	(1,228,454)
Other uses, payment to other agencies	(4,626,858)	(8,716,609)	-	(13,343,467)
Net Financing Sources (Uses)	(5,855,312)	(8,716,609)	1,228,454	(13,343,467)
Net Change in Fund Balances	1,025,954	22,277	1,371,752	2,419,983
Fund Balance - Beginning, as Restated	34,501,171	567,551	(891,849)	34,176,873
Fund Balance - Ending	\$ 35,527,125	\$ 589,828	\$ 479,903	\$ 36,596,856

Santa Cruz County Superintendent of Schools

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 2,419,983
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceed capital outlays in the period.

Depreciation expense	\$ (1,362,269)	
Capital outlays	<u>77,324</u>	
Net expense adjustment		(1,284,945)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (139,348)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (2,954,685)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. 416,322

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 368,616

Certificates of participation

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due. 20,612

Change in net position of governmental activities	<u><u>\$ (1,153,445)</u></u>
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Santa Cruz County Superintendent of Schools
Statement of Net Position – Fiduciary Fund
June 30, 2021

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 3,281</u>
Liabilities	
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 3,281</u>

Santa Cruz County Superintendent of Schools
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	<u>Custodial Funds</u>
Revenues	
Other local sources	<u>\$ -</u>
Expenditures	
Other expenditures	<u>-</u>
Net change in fiduciary net position	-
Net Position - Beginning, as Restated	<u>3,281</u>
Net Position - Ending	<u><u>\$ 3,281</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Santa Cruz County Office of Education (the County) was organized circa 1861 under the laws of the State of California. The County operates under a locally elected seven-member Board and provides educational services to grades K-12 as mandated by the State and/or Federal agencies or local agreements. The County is the administrative unit for one Special Educational Local Plan Area (SELPA) and operates special education classes at nine school sites within the county of Santa Cruz. The County coordinates the Career Technical Education Program, operates Alternative Education programs at nineteen school sites around the county, including four court programs and nineteen community school programs. In addition, the County oversees three charter schools, and offers Medical and Dental Assisting programs for adults wishing to continue their education.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. The County determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

Other Related Entities

Charter School The County is the chartering agency for the Pacific Collegiate Charter School (the charter school), a public benefit corporation organized under the Internal Revenue Code Section 501(c)(3). As the chartering agency, County has certain oversight responsibilities to ensure that the charter school is in compliance with applicable charter school laws and regulations. However, the County is not liable for the debts or obligations of the charter school. The Pacific Collegiate Charter School's financial activity is presented in a separate report provided by the Pacific Collegiate Charter School.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The County's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major and non-major governmental funds:

Major Governmental Funds

County School Service Fund The County School Service Fund is the chief operating fund for the County. It is used to account for the ordinary operations of the County. All transactions except those accounted for in another fund are accounted for in this fund.

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the County School Service Fund, and accordingly have been combined with the County School Service Fund for presentation in these audited financial statements.

As a result, the County School Service Fund reflects an increase in fund balance of \$3,667,188.

Special Education Pass-Through Fund A Special Education Pass-Through Fund, a special revenue fund, was established in 2011-12. This fund is used by the Administrative Unit (County) of a multi-Agency Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Charter School Fund** The Charter School Fund may be used by authorizing county offices and districts to account separately for the operating activities of county office-operated charter schools that would otherwise be reported in the authorizing County's General Fund.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the County's food service program (Education Code Sections 38091 and 38100).

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

- **County School Facilities Fund** The County School Facilities Fund, a capital project 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), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) 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 funds are the County's custodial funds which are used to hold a scholarship available to Santa Cruz County Superintendent of Schools students that are awarded to the students by a committee of persons outside of the County's employees and administration.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is basically the same approach used in private sector financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The County does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. 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 the 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. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position 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 result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better

identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the County.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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. The County considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a 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 prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County 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 before the eligibility requirements are met 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 they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2021, 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 investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The County has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The County has chosen to report the expenditures when paid.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are long-lived assets of the County. The County maintains a capitalization threshold of \$5,000. The County does not possess any infrastructure. 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 but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: land improvements, 5 years; buildings and improvements, 25 years; furniture and equipment, 5-8 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the government-wide statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. 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 resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the County's financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term liabilities 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 liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County reports deferred outflows of resources for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County reports pension related items and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the County Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the

County Plan and the MPP. For this purpose, the County Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the County School Service Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance

The governing board adopted a minimum fund balance policy for the County School Service Fund in order to protect the local educational agency against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties (includes Fund 17 – Special Reserve Fund for Other Than Capital Outlay Projects) of amounts equal to no less than 5 percent of County School Service Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$3,418,149 of restricted net position.

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.

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.

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 of Santa Cruz bills and collects the taxes on behalf of the County. Local property tax revenues are recorded when received.

Change in Accounting Principles**Implementation of GASB Statement No. 84**

As of July 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the County resulted in a reclassification of the County's student body activities from fiduciary to governmental and are now reflected within the County's County School Service Fund. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the County's financial statements have not yet been determined.

Note 2 - Deposits and Investments**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 38,489,041
Fiduciary funds	<u>3,281</u>
Total deposits and investments	<u><u>\$ 38,492,322</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 60,210
Cash in revolving	800
Investments	<u>38,431,312</u>
Total deposits and investments	<u><u>\$ 38,492,322</u></u>

Policies and Practices

The County 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; and collateralized mortgage obligations.

Investment in County Treasury - The County is considered to be an involuntary participant in an external investment pool as the County is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the County's investment in the Pool is reported in the accounting financial statements at amounts based upon the County'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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County manages its exposure to interest rate risk by investing in the county pool and/or having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

The County monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the County's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity in Days
County Treasury Investment Pool	\$ 38,431,312	439

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 County's investments in the County Treasury Investment Pool and California Employer's Retirement Trust are not required to be rated, nor have they been rated as of June 30, 2021.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total
Federal Government Categorical aid	\$ 1,189,012	\$ 3,011,380	\$ 216,949	\$ 4,417,341
State Government LCFF apportionment	1,326,691	-	396,154	1,722,845
State grants and entitlements	1,316,715	3,121,305	369,223	4,807,243
Local Sources	3,206,819	-	99,579	3,306,398
Total	\$ 7,039,237	\$ 6,132,685	\$ 1,081,905	\$ 14,253,827

Santa Cruz County Superintendent of Schools

Notes to Financial Statements

June 30, 2021

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,026,778	\$ -	\$ -	\$ 4,026,778
Construction in progress	22,587	33,765	(22,587)	33,765
Total capital assets not being depreciated	4,049,365	33,765	(22,587)	4,060,543
Capital assets being depreciated				
Land improvements	86,147	-	-	86,147
Buildings and improvements	29,540,134	14,970	-	29,555,104
Furniture and equipment	2,510,564	51,176	-	2,561,740
Total capital assets being depreciated	32,136,845	66,146	-	32,202,991
Total capital assets	36,186,210	99,911	(22,587)	36,263,534
Accumulated depreciation				
Land improvements	(77,259)	(7,942)	-	(85,201)
Buildings and improvements	(8,976,264)	(1,193,967)	-	(10,170,231)
Furniture and equipment	(2,149,442)	(160,360)	-	(2,309,802)
Total accumulated depreciation	(11,202,965)	(1,362,269)	-	(12,565,234)
Governmental activities capital assets, net	\$ 24,983,245	\$ (1,262,358)	\$ (22,587)	\$ 23,698,300

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

Governmental Activities	
Instruction	\$ 812,500
Instructional library, media, and technology	29,198
Data processing	9,925
All other administration	346,707
Plant services	163,939
Total depreciation expenses governmental activities	\$ 1,362,269

Note 5 - Interfund Transactions

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable at June 30, 2021, between major and non-major governmental funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
County School Service	\$ 702,582	\$ 167,631
Non-Major Governmental Funds		
Charter Schools	167,631	301,534
Child Development	-	397,739
Cafeteria	-	3,309
	<u> </u>	<u> </u>
Total	<u><u>\$ 870,213</u></u>	<u><u>\$ 870,213</u></u>

The County School Service Fund owes the Charter School Non-Major Governmental Fund for indirect cost overpayments.

\$ 167,631

The Charter School Non-Major Governmental Fund owes the County School Service Fund for oversight fees.

301,534

The Child Development Non-Major Governmental Fund owes the County School Service Fund for indirect costs.

397,739

The Cafeteria Non-Major Governmental Fund owes the County School Service Fund for indirect costs.

3,309

Total

\$ 870,213

Operating Transfers

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

The County School Service Fund transferred to the Charter Schools Non-Major Governmental Fund to support operations.

\$ 591,215

The County School Service Fund transferred to the Child Development Non-Major Governmental Fund to support operations.

83

The County School Service Fund transferred to the Cafeteria Non-Major Governmental Fund to support operations.

27,995

The County School Service Fund transferred to the County School Facilities Non-Major Governmental Fund to cover disallowed expenditures and project savings (DGS).

609,161

Total

\$ 1,228,454

Note 6 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2021, consisted of the following:

	County School Service Fund
	<u> </u>
Consulting services	<u><u>\$ 40,897</u></u>

Note 7 - Accounts Payable

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

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Vendor payables	\$ 322,618	\$ 7,178,864	\$ 1,219,464	\$ 8,720,946
LCFF apportionment	-	-	498,253	498,253
Salaries and benefits	5,460,858	-	14,182	5,475,040
Categorical programs	-	-	60,611	60,611
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 5,783,476</u></u>	<u><u>\$ 7,178,864</u></u>	<u><u>\$ 1,792,510</u></u>	<u><u>\$ 14,754,850</u></u>

Note 8 - Unearned Revenue

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

	County School Service Fund	Non-Major Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Federal financial assistance	\$ 299,064	\$ 19,311	\$ 318,375
State categorical aid	960,786	49,132	1,009,918
Other local	103,766	-	103,766
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 1,363,616</u></u>	<u><u>\$ 68,443</u></u>	<u><u>\$ 1,432,059</u></u>

Note 9 - Long-Term Obligations Other than OPEB and Pensions**Summary**

The changes in the County's long-term obligations other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
Certificates of participation	\$ 8,158,808	\$ -	\$ (368,616)	\$ 7,790,192	\$ 380,413
Compensated absences	469,282	139,348	-	608,630	-
Total	<u>\$ 8,628,090</u>	<u>\$ 139,348</u>	<u>\$ (368,616)</u>	<u>\$ 8,398,822</u>	<u>\$ 380,413</u>

Payments on the certificates of participation are paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked.

Certificates of Participation

In May 2007, the Santa Cruz County Office of Education issued certificates of participation in the amount of \$11,605,000 with interest rates ranging from 3.60 to 4.62 percent. During June 2016, the certificates of participation were refinanced in the amount of \$9,510,983 with interest rates of 3.175 percent. Interest with respect to the Certificates will be payable semiannually on each June 1 and December 1, commencing December 15, 2016, and maturing on June 15, 2037. As of June 30, 2021, the principal balance outstanding was \$7,790,192.

Year Ending June 30,	Principal	Interest	Total
2022	\$ 380,413	\$ 244,343	\$ 624,756
2023	392,587	232,169	624,756
2024	405,150	219,605	624,755
2025	418,116	206,640	624,756
2026	431,496	193,259	624,755
2027-2031	2,373,666	750,111	3,123,777
2032-2036	2,778,577	345,201	3,123,778
2037	610,187	14,568	624,755
Total	<u>\$ 7,790,192</u>	<u>\$ 2,205,897</u>	<u>\$ 9,996,089</u>

Compensated absences

Compensated absences (unpaid employee vacation) for the County at June 30, 2021, amounted to \$608,830.

Note 10 - Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the County reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 611,515	\$ 2,731,494	\$ 46,428	\$ 422,188
Medicare Premium Payment (MPP) Program	144,851	-	-	20,295
Total	<u>\$ 756,366</u>	<u>\$ 2,731,494</u>	<u>\$ 46,428</u>	<u>\$ 442,483</u>

The details of each plan are as follows:

County Plan

Plan Administration

The County's Postemployment Benefits Plan (the Plan) is administered by the California Public Employees' Retirement System (CalPERS). The Plan is an agent multi-employer plan defined benefit plan. CalPERS administers the Plan through the California Employer's Retiree Benefit Trust (CERBT).

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	66
Active employees	<u>239</u>
Total	<u>305</u>

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's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the County are established and may be amended by the County, the Santa Cruz County Education Association/CTA/NEA (SCCEA/CTA/NEA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the County, SCCEA/CTA/NEA, CSEA, and the unrepresented groups. The County

contributed \$1,082,961 to the Plan for fiscal year 2020-2021, including \$143,950 in an implicit rate subsidy credit and \$727,411 was used for current year premium payments.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the County to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
All Equities	59%
All Fixed Income	25%
Treasury Inflation Protected Securities	5%
US Real Estate	8%
All Commodities	3%

Net OPEB Liability of the County

The County's net OPEB liability of \$611,515 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability at June 30, 2020. The components of the net OPEB liability of the County at June 30, 2020, were as follows:

Total OPEB liability	\$ 10,019,011
Plan fiduciary net position	(9,407,496)
Net OPEB liability	<u>\$ 611,515</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>93.90%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial measurement was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	7.00 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00 percent for 2021 and thereafter

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation relating to retirement and turnover were based on STRS 2009 and PERS 2009 retirement and turnover rate tables.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
All Equities	7.6750%
All Fixed Income	4.3800%
Treasury Inflation Protected Securities	3.1300%
US Real Estate	7.3800%
All Commodities	7.6750%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Santa Cruz County Superintendent of Schools

Notes to Financial Statements

June 30, 2021

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	\$ 9,736,281	\$ 9,059,660	\$ 676,621
Service cost	473,644	-	473,644
Interest	668,053	335,208	332,845
Administrative expenses	-	(4,600)	4,600
Benefit payments from trust	(841,587)	(841,587)	-
Experience (gains)/losses	(17,380)	-	(17,380)
County contributions to trust	-	858,815	(858,815)
Net change in total OPEB liability	282,730	347,836	(65,106)
Balance, June 30, 2020	\$ 10,019,011	\$ 9,407,496	\$ 611,515

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

Net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (6.0%)	\$ 1,359,230
Current discount rate (7.0%)	611,515
1% increase (8.0%)	(44,729)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

Net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.0%)	\$ (166,834)
Current healthcare cost trend rate (4.0%)	611,515
1% increase (5.0%)	1,485,094

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$422,483 and the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,082,961	\$ -
Differences between expected and actual experience	1,393,444	15,987
Net difference between projected and actual earnings on OPEB plan investments	<u>255,089</u>	<u>30,441</u>
Total	<u><u>\$ 2,731,494</u></u>	<u><u>\$ 46,428</u></u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 49,849
2022	49,850
2023	65,067
2024	<u>59,882</u>
Total	<u><u>\$ 224,648</u></u>

The deferred outflows/(inflows) of resources related to the differences between expected and actual experience in the measurement of the total OPEB liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 133,326
2022	133,326
2023	133,326
2024	133,326
2025	133,326
Thereafter	710,827
Total	<u>\$ 1,377,457</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly County benefit payments. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the County reported a liability of \$144,851 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts and county offices of education, actuarially determined. The County's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0342 percent and 0.0334 percent, resulting in a net increase in the proportionate share of 0.0008 percent.

For the year ended June 30, 2021, the County recognized OPEB expense of \$20,295.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently

enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 160,173
Current discount rate (2.21%)	144,851
1% increase (3.21%)	131,813

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the County's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 131,341
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	144,851
1% increase (5.50% Part A and 6.40% Part B)	160,403

Santa Cruz County Superintendent of Schools

Notes to Financial Statements

June 30, 2021

Note 11 - Fund Balance

Fund balances are composed of the following elements:

	General Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 800	\$ -	\$ -	\$ 800
Prepaid expenditures	40,897	-	-	40,897
Total nonspendable	41,697	-	-	41,697
Restricted				
Legally restricted programs	2,688,535	589,828	83,130	3,361,493
Child development programs	-	-	56,646	56,646
Child nutrition	-	-	10	10
Total restricted	2,688,535	589,828	139,786	3,418,149
Committed				
Deferred maintenance program	1,043,900	-	-	1,043,900
Certificates of participation	1,200,000	-	-	1,200,000
Total committed	2,243,900	-	-	2,243,900
Assigned				
MAA program	726,388	-	-	726,388
Small districts	1,836	-	-	1,836
Differentiated assistance	610,505	-	-	610,505
Mandated cost program	2,155,728	-	-	2,155,728
Safety program	105,322	-	-	105,322
SMAA administration	2,466,387	-	-	2,466,387
Alternative education	2,349,754	-	-	2,349,754
Special projects	200,000	-	-	200,000
COPS deferred maintenance	1,400,328	-	-	1,400,328
Education and administrative operations	17,435,950	-	-	17,435,950
Lottery	451,987	-	-	451,987
Career advancement charter	-	-	339,266	339,266
Child development MAA	-	-	851	851
Adult education	1,144	-	-	1,144
Total assigned	27,905,329	-	340,117	28,245,446
Unassigned				
Reserve for economic uncertainties	2,647,664	-	-	2,647,664
Total	<u>\$ 35,527,125</u>	<u>\$ 589,828</u>	<u>\$ 479,903</u>	<u>\$ 36,596,856</u>

Note 12 - Risk Management**Property and Liability**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the County was a member in and procured coverage through the Southern Peninsula Region Property and Liability Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020-2021, the County was a member in and procured coverage through the Santa Cruz-San Benito County Schools Insurance Group, a workers' compensation insurance purchasing pool. The intent of the Santa Cruz-San Benito County Schools Insurance Group is to achieve the benefit of a reduced premium for the County by virtue of its grouping and representation with other participants in the Santa Cruz-San Benito County Schools Insurance Group. The workers' compensation experience of the participating entities is calculated as one experience and a common premium rate is applied to all entities in the Santa Cruz-San Benito County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participants' individual performance is compared to the overall savings. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Santa Cruz-San Benito County Schools Insurance Group.

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2021 the County reported net pension liabilities, deferred outflows of resources, deferred, inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 19,009,830	\$ 5,672,634	\$ 2,041,697	\$ 1,788,118
CalPERS	25,594,009	4,504,414	503,522	5,117,174
Total	<u>\$ 44,603,839</u>	<u>\$ 10,177,048</u>	<u>\$ 2,545,219</u>	<u>\$ 6,905,292</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The County contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The County contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member, County and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the County's total contributions were \$1,765,841.

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

At June 30, 2021, the County reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County. The amount recognized by the County 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 were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 19,009,830
State's proportionate share of the net pension liability	9,799,570
Total	<u>\$ 28,809,400</u>

The net pension liability was measured as of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, county offices of education and the State, actuarially determined. The County's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0196 percent and 0.0189 percent, resulting in a net increase in the proportionate share of 0.0007 percent.

Santa Cruz County Superintendent of Schools

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the County recognized pension expense of \$1,826,091. In addition, County recognized pension expense and revenue of \$1,372,824 for support provided by the State. At June 30, 2021, the County 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>
Pension contributions subsequent to measurement date	\$ 1,765,841	\$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	1,567,956	1,505,587
Differences between projected and actual earnings on pension plan investments	451,565	-
Differences between expected and actual experience in the measurement of the total pension liability	33,544	536,110
Changes of assumptions	<u>1,853,728</u>	<u>-</u>
Total	<u><u>\$ 5,672,634</u></u>	<u><u>\$ 2,041,697</u></u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2022	\$ (275,541)
2023	153,857
2024	306,961
2025	<u>266,288</u>
Total	<u><u>\$ 451,565</u></u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (240,726)
2023	321,409
2024	822,481
2025	266,413
2026	176,245
Thereafter	67,709
Total	<u>\$ 1,413,531</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

The following presents the County's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 28,721,205
Current discount rate (7.10%)	19,009,830
1% increase (8.10%)	10,991,722

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system

defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total County contributions were \$2,433,293.

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

As of June 30, 2021, the County reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$25,594,009. The net pension liability was measured as of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and county offices of education, actuarially determined. The County's proportionate share of the proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0834 percent and 0.0827 percent, resulting in a net increase in the proportionate share of 0.0007 percent.

For the year ended June 30, 2021, the County recognized pension expense of \$5,327,728. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,433,293	\$ -
Change in proportion and differences between contributions made and County's proportionate share of contributions	175,097	503,522
Differences between projected and actual earnings on pension plan investments	532,786	-
Differences between expected and actual experience in the measurement of the total pension liability	1,269,384	-
Changes of assumptions	93,854	-
Total	<u>\$ 4,504,414</u>	<u>\$ 503,522</u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (199,379)
2023	177,840
2024	309,114
2025	245,211
Total	<u>\$ 532,786</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 817,975
2023	261,101
2024	(37,226)
2025	(7,037)
Total	<u>\$ 1,034,813</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the County's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 36,796,055
Current discount rate (7.15%)	25,594,009
1% increase (8.15%)	16,296,873

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. Contributions made by the County and an employee vest immediately. The County contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 4 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the County. These payments consist of State County School Service Fund contributions to CalSTRS in the amount of \$1,109,013 (10.328 percent of the second previous annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf

payments have been included in the budgeted amounts reported in the County School Service Fund - Budgetary Comparison Schedule.

Note 14 - Commitments and Contingencies

Grants

The County 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 at June 30, 2021.

Litigation

The County is not currently a party to any legal proceedings.

Note 15 - Participation in Public Entity Risk Pools and Joint Power Authorities

The County is a member of the Santa Cruz County Schools' Health Insurance Group (SCCSHIG), Santa Cruz-San Benito County Schools' Insurance Group (SIG), and the Southern Peninsula Region Property and Liability Insurance Group (SPRIG) public entity risk pools and the North Santa Cruz County Special Education Local Plan Area joint powers authorities (JPA's). The County pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the County, the pools, and the JPA's are such that they are not component units of the County for financial reporting purposes.

These entities have 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 entities and the County are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2021, the County made payments of \$603,567, \$471,837, and \$196,673 to Santa Cruz County Schools Health Insurance Group, Santa Cruz-San Benito County Schools' Insurance Group, and Southern Peninsula Region Property and Liability Insurance Group (including re-insurance through SAFER), respectively for health, workers' compensation, and property liability coverage.

Note 16 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Santa Cruz County Superintendent of Schools adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the County has reclassified its student activity (donations) funds previously reported as fiduciary funds to the General Fund. In addition, an error related to the calculation of deferred outflows of resources related to pensions was discovered. The following table describes the effects of the implementation and the calculation error on beginning fund balance/net position.

	County School Service Fund	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 34,494,896	\$ 34,170,598
Reclassification of student activity funds (donations) from agency funds into the County School Service Fund	<u>6,275</u>	<u>6,275</u>
Fund Balance - Beginning as Restated July 1, 2020	<u><u>\$ 34,501,171</u></u>	<u><u>\$ 34,176,873</u></u>
Governmental Activities Financial Statements		
Beginning Governmental Activities Net Position previously reported at June 30, 2020		\$ 16,871,113
Increase to deferred outflows of resources related to pensions		1,129,081
Reclassification of student activity funds (donations) from agency funds into the County School Service Fund		<u>6,275</u>
Net Position - Beginning as Restated July 1, 2020		<u><u>\$ 18,006,469</u></u>
Custodial Funds		
Beginning Net Position previously reported at June 30, 2020		\$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84		<u>3,281</u>
Net Position - Beginning as Restated July 1, 2020		<u><u>\$ 3,281</u></u>



Required Supplementary Information
June 30, 2021

Santa Cruz County Superintendent of Schools

Santa Cruz County Superintendent of Schools
Budgetary Comparison Schedule – County School Service Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 27,537,112	\$ 29,876,283	\$ 30,167,334	\$ 291,051
Federal sources	5,816,517	7,331,837	5,288,025	(2,043,812)
Other State sources	6,211,333	6,909,774	6,230,910	(678,864)
Other local sources	8,677,516	8,642,110	10,987,532	2,345,422
Total revenues ¹	48,242,478	52,760,004	52,673,801	(86,203)
Expenditures				
Current				
Certificated salaries	10,868,103	11,341,178	11,449,827	(108,649)
Classified salaries	12,570,579	11,995,941	11,929,140	66,801
Employee benefits	14,381,643	13,346,943	13,396,595	(49,652)
Books and supplies	1,750,573	2,538,572	1,604,832	933,740
Services and operating expenditures	7,297,393	7,402,088	6,523,533	878,555
Other outgo	4,284,945	4,226,639	201,499	4,025,140
Capital outlay	86,200	77,606	62,354	15,252
Debt service				
Debt service - principal	358,616	368,616	368,616	-
Debt service - interest and other	256,139	256,139	256,139	-
Total expenditures ¹	51,854,191	51,553,722	45,792,535	5,761,187
Excess (Deficiency) of Revenues Over Expenditures	(3,611,713)	1,206,282	6,881,266	5,674,984
Other Financing Uses				
Transfers out	(466,051)	(63,830)	(1,228,454)	(1,164,624)
Other uses	-	-	(4,626,858)	(4,626,858)
Net financing sources uses	(466,051)	(63,830)	(5,855,312)	(5,791,482)
Net Change in Fund Balances	(4,077,764)	1,142,452	1,025,954	(116,498)
Fund Balance - Beginning	34,501,171	34,501,171	34,501,171	-
Fund Balance - Ending	\$ 30,423,407	\$ 35,643,623	\$ 35,527,125	\$ (116,498)

¹ Due to the consolidation of Fund 11, Adult Education Fund; Fund 14, Deferred Maintenance Fund; and Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, for reporting purposes into the County School Service Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, and in the original and final County School Service Fund budgets.

Santa Cruz County Superintendent of Schools
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2021

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	\$ 3,717,083	\$ 4,093,951	\$ 3,682,012	\$ (411,939)
Other State sources	3,212,216	4,739,388	5,038,992	299,604
Other local sources	23,000	15,500	17,882	2,382
Total revenues	6,952,299	8,848,839	8,738,886	(109,953)
Expenditures				
Current				
Other outgo	6,677,266	8,661,956	8,716,609	(54,653)
Total expenditures	6,677,266	8,661,956	8,716,609	(54,653)
Net Change in Fund Balances	275,033	186,883	22,277	(164,606)
Fund Balance - Beginning	567,551	567,551	567,551	567,551
Fund Balance - Ending	<u>\$ 842,584</u>	<u>\$ 754,434</u>	<u>\$ 589,828</u>	<u>\$ (164,606)</u>

Santa Cruz County Superintendent of Schools
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 473,644	\$ 403,067	\$ 392,279	\$ 381,780
Interest	668,053	550,815	521,490	491,261
Benefit payments	-	(664,019)	(502,479)	(457,838)
Expected benefit payments from employer	(841,587)	(109,099)	-	-
Actual minus expected benefit payments	-	218,198	56,926	-
Experience (gains)/losses	(17,380)	1,392,603	-	-
Net change in total OPEB liability	282,730	1,791,565	468,216	415,203
Total OPEB Liability - Beginning	9,736,281	7,944,716	7,476,500	7,061,297
Total OPEB Liability - Ending (a)	<u>\$ 10,019,011</u>	<u>\$ 9,736,281</u>	<u>\$ 7,944,716</u>	<u>\$ 7,476,500</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 858,815	\$ 873,118	\$ 595,554	\$ 557,838
Net investment income	335,208	563,364	601,237	740,457
Benefit payments	(841,587)	(773,118)	(502,479)	(457,838)
Actual minus expected benefit payments	-	-	56,926	-
Administrative expense	(4,600)	-	-	-
Other	-	-	7,330	-
Net change in plan fiduciary net position	347,836	663,364	758,568	840,457
Plan Fiduciary Net Position - Beginning	9,059,660	8,396,296	7,637,728	6,797,271
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,407,496</u>	<u>\$ 9,059,660</u>	<u>\$ 8,396,296</u>	<u>\$ 7,637,728</u>
Net OPEB (Asset)/Liability - Ending (a) - (b)	<u>\$ 611,515</u>	<u>\$ 676,621</u>	<u>\$ (451,580)</u>	<u>\$ (161,228)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	93.90%	93.05%	105.68%	102.16%
Covered Payroll	<u>\$ 24,651,308</u>	<u>\$ 24,651,308</u>	<u>\$ 23,755,780</u>	<u>\$ 21,998,183</u>
Net OPEB (Asset)/Liability as a Percentage of Covered Payroll	2.48%	2.74%	(1.90%)	(0.73%)
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Santa Cruz County Superintendent of Schools
Schedule of County's Contributions for OPEB
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	Not Available	Not Available	Not Available	Not Available
Contribution in relation to the actuarially determined contribution	<u>\$ 858,815</u>	<u>\$ 873,118</u>	<u>\$ 595,554</u>	<u>\$ 557,838</u>
Covered payroll	<u>\$ 24,651,308</u>	<u>\$ 24,651,308</u>	<u>\$ 23,755,780</u>	<u>\$ 21,998,183</u>
Contributions as a percentage of covered payroll	<u>3.484%</u>	<u>3.542%</u>	<u>2.507%</u>	<u>2.536%</u>

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

Santa Cruz County Superintendent of Schools
Schedule of the County's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0342%	0.3334%	0.3316%	0.0000%
Proportionate share of the net OPEB liability	\$ 144,851	\$ 124,556	\$ 120,821	\$ 127,684
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

Santa Cruz County Superintendent of Schools
Schedule of the County's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.0196%	0.0189%	0.0176%	0.0168%
Proportionate share of the net pension liability	\$ 19,009,830	\$ 17,076,252	\$ 16,162,680	\$ 15,503,260
State's proportionate share of the net pension liability	9,799,570	9,316,235	9,253,890	9,171,598
Total	<u>\$ 28,809,400</u>	<u>\$ 26,392,487</u>	<u>\$ 25,416,570</u>	<u>\$ 24,674,858</u>
Covered payroll	<u>\$ 8,859,790</u>	<u>\$ 10,404,233</u>	<u>\$ 9,561,423</u>	<u>\$ 8,958,810</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	214.56%	164.13%	169.04%	173.05%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.0834%	0.0827%	0.0815%	0.0799%
Proportionate share of the net pension liability	\$ 25,594,009	\$ 24,098,441	\$ 21,727,160	\$ 19,067,848
Covered payroll	<u>\$ 7,129,230</u>	<u>\$ 11,072,255</u>	<u>\$ 10,403,962</u>	<u>\$ 9,686,705</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	359.00%	217.65%	208.84%	196.85%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Santa Cruz County Superintendent of Schools
Schedule of the County's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0169%	0.0213%	0.0258%
Proportionate share of the net pension liability	\$ 13,672,572	\$ 14,359,551	\$ 15,084,573
State's proportionate share of the net pension liability	7,783,552	7,594,619	9,108,717
Total	<u>\$ 21,456,124</u>	<u>\$ 21,954,170</u>	<u>\$ 24,193,290</u>
Covered payroll	<u>\$ 8,863,027</u>	<u>\$ 9,494,981</u>	<u>\$ 11,592,138</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	154.27%	151.23%	130.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.0760%	0.0800%	0.0878%
Proportionate share of the net pension liability	\$ 15,009,890	\$ 11,794,608	\$ 9,970,401
Covered payroll	<u>\$ 8,789,783</u>	<u>\$ 8,800,872</u>	<u>\$ 9,190,072</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	170.77%	134.02%	108.49%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

Santa Cruz County Superintendent of Schools
Schedule of the County Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	\$ 1,765,841	\$ 1,515,024	\$ 1,690,102	\$ 1,363,011
Less contributions in relation to the contractually required contribution	<u>1,765,841</u>	<u>1,515,024</u>	<u>1,690,102</u>	<u>1,363,011</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,934,000</u>	<u>\$ 8,859,790</u>	<u>\$ 10,404,233</u>	<u>\$ 9,561,423</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.24%</u>	<u>14.43%</u>
CalPERS				
Contractually required contribution	\$ 2,433,293	\$ 1,405,955	\$ 1,996,656	\$ 1,611,481
Less contributions in relation to the contractually required contribution	<u>2,433,293</u>	<u>1,405,955</u>	<u>1,996,656</u>	<u>1,611,481</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 11,755,039</u>	<u>\$ 7,129,230</u>	<u>\$ 11,072,255</u>	<u>\$ 10,403,962</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.720%</u>	<u>18.030%</u>	<u>15.490%</u>

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

Santa Cruz County Superintendent of Schools
Schedule of the County Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Contractually required contribution	\$ 1,112,652	\$ 918,955	\$ 868,687
Less contributions in relation to the contractually required contribution	<u>1,112,652</u>	<u>918,955</u>	<u>868,687</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,958,810</u>	<u>\$ 8,863,027</u>	<u>\$ 9,494,891</u>
Contributions as a percentage of covered payroll	<u>12.42%</u>	<u>10.73%</u>	<u>9.15%</u>
CalPERS			
Contractually required contribution	\$ 1,343,511	\$ 1,037,482	\$ 1,036,441
Less contributions in relation to the contractually required contribution	<u>1,343,511</u>	<u>1,037,482</u>	<u>1,036,441</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,686,705</u>	<u>\$ 8,789,783</u>	<u>\$ 8,800,872</u>
Contributions as a percentage of covered payroll	<u>13.870%</u>	<u>11.800%</u>	<u>11.780%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2021, the District's Special Education Pass-Through Fund exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
Special Education Pass-Through Fund	\$ 8,661,956	\$ 8,716,609	\$ (54,653)

Schedule of Changes in the County's Net OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – There were no changes in assumptions since the previous valuation.

Schedule of County's Contributions for OPEB

This schedule presents information on the County's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the County's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the County's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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

This schedule presents information on the County's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the County. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of County Contributions

This schedule presents information on the County's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

Santa Cruz County Superintendent of Schools

Santa Cruz County Superintendent of Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed through California Department of Education (CDE):				
Elementary and Secondary Education Act				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 249,787	\$ -
Title I, Part D, Subpart 2, Local Delinquent Programs	84.010	14357	169,360	-
Title I, Comprehensive Support for Improvement for LEAs	84.010	15438	145,753	-
Title I, Comprehensive Support for Improvement for COEs	84.010	15439	70,028	-
Subtotal Title I (84.010)			634,928	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	146,525	-
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	97,982	-
Subtotal (84.425)			244,507	-
Title II, Supporting Effective Instruction State Grants - Teacher Quality and Academic Enrichment Program	84.367 84.424	14341 15396	11,553 13,245	- -
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	113,468	-
Special Education IDEA Cluster				
IDEA Basic Local Assistance Entitlement	84.027	13379	3,810,715	3,387,120
IDEA Mental Health Services, Part B	84.027A	15197	260,667	192,192
Subtotal (84.027)			4,071,382	3,579,312
IDEA Preschool Grants, Part B, Section 619	84.173	13430	102,610	102,610
IDEA Preschool Staff Development	84.173A	13431	90	90
Subtotal (84.173)			102,700	102,700
Subtotal Special Education Cluster			4,174,082	3,682,012

[1] Pass-Through Entity Identifying Number not available

See Notes to Supplementary Information

Santa Cruz County Superintendent of Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed through California Department of Education (CDE):				
Special Education - Grants for Infants and Families				
IDEA Early Intervention Grants	84.181	23761	102,304	-
Adult Education - Basic Grants to States: Basic & ESL	84.002	14508	97,817	-
Adult Education - Basic Grants to States: Secondary Education	84.002	13978	109,775	-
Adult Education - Basic Grants to States: Institutionalized Adults	84.002	13971	33,424	-
Subtotal (84.002)			241,016	-
Passed through California Department of Rehabilitation (DOR):				
State Vocational Rehabilitation Services Program	84.126A	[1]	136,550	-
Total U.S Department of Education			5,671,653	3,682,012
U.S. Department of the Treasury				
Passed Through California Department of Education				
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss				
Mitigation	21.019	25516	1,159,693	-
Total U.S. Department of the Treasury			1,159,693	-
U.S. Department of Health and Human Services				
Passed through California Department of Education:				
CCDF Cluster				
Child Care and Development Block Grant				
- Local Planning Council	93.575	13946	53,117	-
Child Care and Development Block Grant - CCIP and CCRP	93.575	13942	136,208	-
Subtotal CCDF Cluster			189,325	-

[1] Pass-Through Entity Identifying Number not available

See Notes to Supplementary Information

Santa Cruz County Superintendent of Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through Stanislaus County Office of Education:				
Head Start (Migrant) Cluster	93.600	[1]	1,778,236	-
Total U.S Department of Health and Human Services			1,967,561	-
U.S. Department of Labor				
Passed through California Department of Education (CDE):				
WIOA Cluster				
WIA/WIOA Youth Activities	17.259	10055	483,080	-
Total U.S Department of Labor			483,080	-
U.S. Department of Commerce				
NOAA California Bay Watershed Education and Training Program	11.429	[1]	25,590	-
Total U.S Department of Commerce			25,590	-
U.S. Department of Agriculture				
Passed through California Department of Education (CDE):				
Child Nutrition Cluster				
National School Lunch	10.553	13390	(659)	-
Total U.S Department of Agriculture			(659)	-
Total Federal Programs			\$ 9,306,918	\$ 3,682,012

[1] Pass-Through Entity Identifying Number not available

See Notes to Supplementary Information

Organization

Santa Cruz County is comprised of ten school districts and the County Office of Education. Within Santa Cruz County, there are thirty-five elementary schools, thirteen middle schools, nine special education sites (run by the County, PVUSD has special education classrooms at all three school levels), eight high schools, two continuation schools, one community school, nineteen Alternative Education sites and fourteen charter schools. The County is also the administrative agency for one Special Education Local Plan Area (SELPA) and coordinates the Career Technical Education Partnership for four school districts.

Governing Board

Member	Office	Term Expires
Sue Roth	President	2022
Rose Filicetti	Vice President	2024
Abel Sanchez	Member	2022
Bruce Van Allen	Member	2022
Sandra Nichols	Member	2024
Alyssa Alto	Member	2024
Ed Acosta	Member	2024

Administration

Name	Title
Faris Sabbah	Superintendent
Liann Reyes	Deputy Superintendent, Business Services
Debi Bodenheimer	Associate Superintendent, Educational Services
Vacant	Deputy Superintendent of Schools

Santa Cruz County Superintendent of Schools
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>County School Service Fund*</u>
Fund Balance	
Balance, June 30, 2021, Unaudited Actuals	\$ 31,809,617
Increase in	
Cash in banks	<u>5,892</u>
Balance, June 30, 2021, Audited Financial Statements	<u><u>\$ 31,815,509</u></u>

* Does not reflect the impact of GASB 54 consolidation of Adult Education Fund, Deferred Maintenance Fund and Special Reserve Fund for Other Than Capital Outlay Projects

Santa Cruz County Superintendent of Schools

Schedule of Financial Trends and Analysis

Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
County School Service Fund ³				
Revenues	\$ 52,384,463	\$ 52,673,801	\$ 51,673,648	\$ 59,470,512
Total Revenues and Other Sources	<u>52,384,463</u>	<u>52,673,801</u>	<u>51,673,648</u>	<u>59,470,512</u>
Expenditures	55,929,282	45,792,535	48,114,007	56,713,220
Other uses and transfers out	<u>19,000</u>	<u>5,855,312</u>	<u>34,666</u>	<u>30,019</u>
Total Expenditures and Other Uses	<u>55,948,282</u>	<u>51,647,847</u>	<u>48,148,673</u>	<u>56,743,239</u>
Increase/(Decrease) in Fund Balance	<u>(3,563,819)</u>	<u>1,025,954</u>	<u>3,524,975</u>	<u>2,727,273</u>
Ending Fund Balance	<u>\$ 31,963,306</u>	<u>\$ 35,527,125</u>	<u>\$ 34,501,171</u>	<u>\$ 30,976,196</u>
Available Reserves ²	<u>\$ 2,672,664</u>	<u>\$ 2,647,664</u>	<u>\$ 5,380,124</u>	<u>\$ 2,570,903</u>
Available Reserves as a Percentage of Total Outgo ⁴	<u>4.78%</u>	<u>5.13%</u>	<u>11.17%</u>	<u>4.53%</u>
Long-Term Liabilities	<u>Not Available</u>	<u>\$ 53,759,027</u>	<u>\$ 50,603,960</u>	<u>\$ 46,711,522</u>
Average Daily Attendance at P-2 ³	<u>1,074</u>	<u>1,005</u>	<u>1,005</u>	<u>861</u>

The County School Service Fund balance has increased by \$4,550,929 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$3,563,819 (10.03 percent). For a county office of education this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The County has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$7,047,505 over the past two years, primarily due to increases in the County's net pension liability and other postemployment benefits obligations.

Average daily attendance has increased by 144 over the past two years. Additional increase of 69 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the County School Service Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ County School Service Fund amounts include activity related to the consolidation of the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other than Capital Outlay as required by GASB Statement No. 54.

⁴ On behalf payments of \$1,299,505 and \$2,212,025 relating to Senate Bill 90 are included in the calculation of available reserves for the fiscal years ending June 30, 2020 and June 30, 2019.

Santa Cruz County Superintendent of Schools

Schedule of Charter Schools

Year Ended June 30, 2021

Name of Charter School	Charter Number	Included in Audit Report
Pacific Collegiate School	0210	No
Santa Cruz County Career Advancement Charter School	1904	Yes

Santa Cruz County Superintendent of Schools
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Charter School Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 594,295	\$ 77,261	\$ 3,319	\$ 1,119,027	\$ 1,793,902
Receivables	623,409	458,496	-	-	1,081,905
Due from other funds	167,631	-	-	-	167,631
Total assets	\$ 1,385,335	\$ 535,757	\$ 3,319	\$ 1,119,027	\$ 3,043,438
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 661,405	\$ 12,078	\$ -	\$ 1,119,027	\$ 1,792,510
Due to other funds	301,534	397,739	3,309	-	702,582
Unearned revenue	-	68,443	-	-	68,443
Total liabilities	962,939	478,260	3,309	1,119,027	2,563,535
Fund Balances					
Restricted	83,130	56,646	10	-	139,786
Assigned	339,266	851	-	-	340,117
Total fund balances	422,396	57,497	10	-	479,903
Total liabilities and fund balances	\$ 1,385,335	\$ 535,757	\$ 3,319	\$ 1,119,027	\$ 3,043,438

Santa Cruz County Superintendent of Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	Charter School Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Local Control Funding Formula	\$ 1,179,786	\$ -	\$ -	\$ -	\$ 1,179,786
Federal sources	148,215	189,325	(659)	-	336,881
Other State sources	231,705	1,008,852	18	-	1,240,575
Other local sources	269,659	181,622	45	-	451,326
Total revenues	<u>1,829,365</u>	<u>1,379,799</u>	<u>(596)</u>	<u>-</u>	<u>3,208,568</u>
Expenditures					
Current					
Instruction	1,115,194	-	-	-	1,115,194
Instruction-related activities					
Instructional library, media, and technology	3,258	-	-	-	3,258
School site administration	413,335	-	-	-	413,335
Pupil services					
Food services	-	-	26,085	-	26,085
All other pupil services	106,027	-	-	-	106,027
Administration					
All other administration	11,357	98,864	1,304	-	111,525
Community services	-	1,289,846	-	-	1,289,846
Total expenditures	<u>1,649,171</u>	<u>1,388,710</u>	<u>27,389</u>	<u>-</u>	<u>3,065,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>180,194</u>	<u>(8,911)</u>	<u>(27,985)</u>	<u>-</u>	<u>143,298</u>
Other Financing Sources					
Transfers in	591,215	83	27,995	609,161	1,228,454
Net Change in Fund Balances	771,409	(8,828)	10	609,161	1,371,752
Fund Balance - Beginning	(349,013)	66,325	-	(609,161)	(891,849)
Fund Balance - Ending	<u>\$ 422,396</u>	<u>\$ 57,497</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 479,903</u>

See Notes to Supplementary Information

Note 1 - Purpose of Schedules**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, and changes in net position of County.

Summary of Significant Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are reported on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The County has not elected to use the ten percent de minimis cost rate.

Local Education Agency Organization Structure

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the Santa Cruz County Superintendent of Schools and displays information for each charter school on whether or not the charter school is included in the County's audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Santa Cruz County Superintendent of Schools



Independent Auditor's 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*

To the Board of Directors
Santa Cruz County Superintendent of Schools
Santa Cruz, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Cruz County Superintendent of Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Santa Cruz County Superintendent of Schools' basic financial statements and have issued our report thereon dated February 28, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, Santa Cruz County Superintendent of Schools has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Restatement of Prior Year Financial Statement

As discussed in Note 16 to the financial statements, Santa Cruz County Superintendent of Schools restated their governmental activities, beginning net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Cruz County Superintendent of Schools' 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 Santa Cruz County Superintendent of Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz County Superintendent of Schools' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Cruz County Superintendent of Schools' 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
February 28, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Santa Cruz County Superintendent of Schools
Santa Cruz, California

Report on Compliance for Each Major Federal Program

We have audited Santa Cruz County Superintendent of Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Cruz County Superintendent of Schools' major federal programs for the year ended June 30, 2021. Santa Cruz County Superintendent of Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Santa Cruz County Superintendent of Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Santa Cruz County Superintendent of Schools' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Santa Cruz County Superintendent of Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Cruz County Superintendent of Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Santa Cruz County Superintendent of Schools' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
February 28, 2022



Independent Auditor's Report on State Compliance

To the Board of Directors
Santa Cruz County Superintendent of Schools
Santa Cruz, California

Report on State Compliance

We have audited Santa Cruz County Superintendent of Schools' (the County) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the County's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the County's compliance.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Instructional Time	No (see below)
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	No (see below)
Classroom Teacher Salaries	No (see below)
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No (see below)
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No (see below)

The County kindergarten students are retained using an Individualized Education Program on the identified special needs; therefore, we did not perform procedures related to Kindergarten Continuance.

Instructional Time does not apply to the County; therefore, we did not perform procedures related to Instructional Time.

Ratio of Administrative Employees to Teachers does not apply to the County; therefore, we did not perform procedures related to Ratio of Administrative Employees to Teachers.

Classroom Teachers Salaries does not apply to the County; therefore, we did not perform procedures related to Classroom Teacher Salaries.

The County did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

K-3 Grade Span Adjustment does not apply to the County; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the County.

We did not perform County of Choice procedures because the program is not offered by the County.

The County does not offer an Independent Study - Course Based Program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the County did not receive funding for this program.

Unmodified Opinion

In our opinion, Santa Cruz County Superintendent of Schools complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
February 28, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Santa Cruz County Superintendent of Schools

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Head Start (Migrant) Cluster	93.600
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Special Education Cluster	84.027, 84.027A, 84.173, 84.173A
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
--	------------

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2020-001 30000

Restatement and Material Audit Adjustments

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should also include consideration for the proper presentation of fund types as defined by Governmental Accounting Standards Board (GASB) Codification Section 1300 *Fund Accounting*.

Condition

The prior year financial statements contained certain errors that were discovered during the current year. The prior year financial statements incorrectly included an agent multi-employer defined benefit other postemployment benefits plan as a trust fund. Accordingly, the beginning net position of the fiduciary fund financial statements has been restated to remove the trust fund. Additionally, entries were proposed and recorded by management to correct the due to/from and transfers in/out for certain aggregate remaining funds due to the fact that these transactions had not yet occurred as of fiscal year-end. Additionally, we were requested to draft the financial statements and accompanying notes to the financial statements.

Effect

Material audit adjustments were necessary to present the financial statements in accordance with Generally Accepted Accounting Principles.

Cause

The County's internal control system designed to provide for the preparation and fair presentation of the financial statements was not operating at an optimal level. During the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, in a prior year, the OPEB plan was incorrectly identified as a single employer plan rather than an agent-multi employer plan. Additionally, audit adjustments are necessary in order to present the financial statements fairly, in all material respect.

Recommendation

We acknowledge that the County corrected the errors and these corrections are reflected in the report. We recommend management improve controls over the financial statement preparation and reconciliation process to ensure transactions are properly recorded, and that all activities presented are correct.

Repeat Finding (Yes or No)

No.

Current Status

Implemented.

Federal Awards Findings and Questioned Costs

2020-002 50000

Federal Program Affected:

Program Name: Special Education Cluster

Agency Name: U.S. Department of Education

Passed Through Agency: California Department of Education

CFDA: 84.027, 84.027A, 84.173; 84.173A

Criteria or Specific Requirements

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires pass-through entities to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate extent of subrecipient monitoring required.

Condition

Santa Cruz County Office of Education (the County) completed aspects of subrecipient monitoring for its subrecipients; however, we noted (1) formal subrecipient monitoring policies had not been established and (2) no documentation evaluating each subrecipient's risk of noncompliance with the program requirements.

Questioned Costs

None.

Context/Sampling

A nonstatistical sample of 2 of 12 subawards was selected for testing.

Effect

Noncompliance at the subrecipient level may occur and not be detected by the County.

Cause

The County did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

Repeat Finding (Yes or No)

No

Recommendation

We recommend the County enhance internal controls to ensure compliance with subrecipient monitoring requirements.

Current Status

Implemented.



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
DR. FARIS SABBAH • SUPERINTENDENT OF SCHOOLS

SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 7.3

Board Meeting Date: April 21, 2022

☐

Action

☒

Information

TO: Santa Cruz County Board of Education

FROM: Rebecca Olker, Senior Director, Fiscal Services

SUBJECT: Actuarial Study of Retiree Health Liabilities

BACKGROUND

The Board will receive a report of the Actuarial Study of Retiree Health Benefits, as is required every two years in compliance with GASB43/45.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Receive presentation.

**Santa Cruz County Office of Education
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2021
Measurement Date: June 30, 2021
For Fiscal Year-End: June 30, 2022**

*Prepared by:
Total Compensation Systems, Inc.*

Date: April 14, 2022

Table of Contents

PART I: EXECUTIVE SUMMARY	1
A. INTRODUCTION	1
B. KEY RESULTS	1
C. SUMMARY OF GASB 75 ACCOUNTING RESULTS.....	2
1. <i>Changes in Net OPEB Liability</i>	2
2. <i>Deferred Inflows and Outflows</i>	2
3. <i>OPEB Expense</i>	3
4. <i>Adjustments</i>	3
5. <i>Trend and Interest Rate Sensitivities</i>	3
D. DESCRIPTION OF RETIREE BENEFITS	4
E. SUMMARY OF VALUATION DATA	4
F. CERTIFICATION	5
PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS.....	7
A. INTRODUCTION	7
B. LIABILITY FOR RETIREE BENEFITS	7
C. ACTUARIAL ACCRUAL.....	8
D. ACTUARIAL ASSUMPTIONS	8
E. TOTAL OPEB LIABILITY	9
F. VALUATION RESULTS	10
1. <i>Actuarial Present Value of Projected Benefit Payments (APVPBP)</i>	10
2. <i>Service Cost</i>	10
3. <i>Total OPEB Liability and Net OPEB Liability</i>	11
4. <i>"Pay As You Go" Projection of Retiree Benefit Payments</i>	11
G. ADDITIONAL RECONCILIATION OF GASB 75 RESULTS	12
H. PROCEDURES FOR FUTURE VALUATIONS.....	13
PART III: ACTUARIAL ASSUMPTIONS AND METHODS.....	14
A. ACTUARIAL METHODS AND ASSUMPTIONS:	14
B. ECONOMIC ASSUMPTIONS:	15
C. NON-ECONOMIC ASSUMPTIONS:.....	16
PART IV: APPENDICES	18
APPENDIX A: DEMOGRAPHIC DATA BY AGE.....	18
APPENDIX B: ADMINISTRATIVE BEST PRACTICES	19
APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES	20
APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES.....	25
APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS	28

Santa Cruz County Office of Education
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

This report was produced by Total Compensation Systems, Inc. for Santa Cruz County Office of Education to determine the liabilities associated with its current retiree health program as of a June 30, 2021 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2022. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2022 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2022 measurement date is provided on page 13.

B. Key Results

Santa Cruz COE uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2021 will be used on a look back basis for the June 30, 2022 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$9,831,539	\$10,019,001
Fiduciary Net Position (FNP)	\$12,543,343	\$9,407,496
Net OPEB Liability (NOL)	(\$2,711,804)	\$611,505
Service Cost (for year following)	\$339,179	\$486,669
Estimated Pay-as-you-go Amount (for year following)	\$907,023	\$849,569
GASB 75 OPEB Expense (for year ending)	\$244,141	\$694,854

Refer to results section beginning on page 10 or the glossary on page 28 for descriptions of the above items.

Key Assumptions	Current Year	Prior Year
	<i>June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>
Valuation Interest Rate	6.75%	7.00%
Expected Rate of Return on Assets	6.75%	7.00%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

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C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. A more detailed version of this table can be found on page 12.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2020 Measurement Date	\$10,019,001	\$9,407,496	\$611,505
Service Cost	\$486,669	\$0	\$486,669
Interest on TOL / Return on FNP	\$688,629	\$2,736,582	(\$2,047,953)
Employer Contributions*	\$0	\$1,336,559	(\$1,336,559)
Benefit Payments*	(\$933,545)	(\$933,545)	\$0
Administrative Expenses	\$0	(\$3,749)	\$3,749
Experience (Gains)/Losses	(\$461,816)	\$0	(\$461,816)
Changes in Assumptions	\$32,601	\$0	\$32,601
Other	\$0	\$0	\$0
Net Change	(\$187,462)	\$3,135,847	(\$3,323,309)
Actual Balance at June 30, 2021 Measurement Date	\$9,831,539	\$12,543,343	(\$2,711,804)

* Includes \$123,857 due to implied rate subsidy.

2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 25.

Balances at June 30, 2022 Fiscal Year-End	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$1,258,715	(\$441,146)
Changes in assumptions	\$30,112	\$0
Differences between projected and actual return on assets	\$190,019	(\$1,666,486)
Total	\$1,478,846	(\$2,107,632)

To be recognized fiscal year ending June 30:	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2023	\$202,288	(\$464,694)
2024	\$202,285	(\$449,474)
2025	\$197,100	(\$449,474)
2026	\$137,218	(\$449,472)
2027	\$137,218	(\$36,657)
Thereafter	\$602,737	(\$257,861)
Total	\$1,478,846	(\$2,107,632)

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3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

To be recognized fiscal year ending June 30, 2022	<i>Expense Component</i>
Service Cost	\$486,669
Interest Cost	\$688,629
Expected Return on Assets	(\$672,499)
Administrative Expenses	\$3,749
Recognition of Experience (Gain)/Loss Deferrals	\$98,072
Recognition of Assumption Change Deferrals	\$2,489
Recognition of Investment (Gain)/Loss Deferrals	(\$362,968)
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2022	\$244,141

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2021 to June 30, 2022 minus prior contributions after the measurement date of \$1,082,961 should also be reflected in OPEB expense. June 30, 2022 deferred outflows should include contributions from July 1, 2021 to June 30, 2022.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

Net OPEB Liability at June 30, 2021 Measurement Date	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	(\$1,936,144)	(\$3,577,141)
Current Assumption	(\$2,711,804)	(\$2,711,804)
1% Increase in Assumption	(\$3,400,770)	(\$1,704,352)

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D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<u>Certificated</u>	<u>Classified*</u>	<u>Management</u>
Benefit types provided	Medical, dental and vision	Medical and dental	Medical, dental and vision
Duration of Benefits	1 year of benefits per 2 years of service, but not beyond age 65	1 year of benefits per 2 years of service, but not beyond age 65***	1 year of benefits per 2 years of service, but not beyond age 65***
Required Service	10 years	10 years	10 years
Minimum Age	55	55	50 for PERS, 55 for STRS
Dependent Coverage	Yes	No**	Yes
District Contribution %	100%	100%	100%
District Cap	Capped at HMO Rate	Capped at HMO rate at retirement**	Capped at HMO Rate

*including Confidential

**Hired prior to 7/1/99, dependent coverage, not limited to HMO

***Not limited to age 65 if hired prior to 7/1/99. Management hired before 7/1/99 receive lifetime coverage

E. Summary of Valuation Data

This report is based on census data provided to us as of January, 2022. Distributions of participants by age and service can be found on page 18. For non-lifetime benefits, the active count below excludes employees for whom it is not possible to receive retiree benefits (e.g. employees who are already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Current Year <i>June 30, 2021 Valuation Date</i> <i>June 30, 2021 Measurement Date</i>	Prior Year <i>June 30, 2019 Valuation Date</i> <i>June 30, 2020 Measurement Date</i>
Active Employees eligible for future benefits		
Count	248	239
Average Age	43.3	43.8
Average Years of Service	8.3	8.1
Retirees currently receiving benefits		
Count	72	66
Average Age	69.5	69.6

We were not provided with information about any terminated, vested employees.

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F. Certification

The actuarial information in this report is intended solely to assist Santa Cruz COE in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Santa Cruz COE. Release of this report may be subject to provisions of the Agreement between Santa Cruz COE and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2021 to June 30, 2022, using a measurement date of June 30, 2021. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Santa Cruz COE. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the County Office personnel records.
- We used relevant sections of collective bargaining agreements provided by the County Office.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

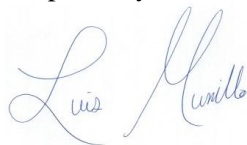
The signing actuary is independent of Santa Cruz COE and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all

Total Compensation Systems, Inc.

applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in blue ink, reading "Luis Murillo". The signature is written in a cursive style with a large initial "L" and "M".

Luis Murillo, ASA, MAAA
Actuary
Total Compensation Systems, Inc.
(805) 496-1700

PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Santa Cruz COE. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Santa Cruz COE uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the participant is not eligible. The participant is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2021 at 6.75% interest.

For any **current retirees**, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2021 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

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C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The ***“trend” rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on County Office contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- ***Mortality rates*** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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F. Valuation Results

This section details the measured values of the concepts described on the previous pages.

1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

Actuarial Present Value of Projected Benefit Payments as of June 30, 2021 Valuation Date

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
Active: Pre-65 Benefit	\$6,786,993	\$461,999	\$2,387,543	\$3,420,963	\$415,574	\$100,914
Post-65 Benefit	\$515,941	\$0	\$0	\$286,583	\$229,358	\$0
Subtotal	\$7,302,934	\$461,999	\$2,387,543	\$3,707,546	\$644,932	\$100,914
Retiree: Pre-65 Benefit	\$1,381,737	\$112,778	\$403,838	\$365,712	\$401,153	\$98,256
Post-65 Benefit	\$4,284,444	\$1,226,466	\$0	\$1,192,651	\$1,686,714	\$178,613
Subtotal	\$5,666,181	\$1,339,244	\$403,838	\$1,558,363	\$2,087,867	\$276,869
Grand Total	\$12,969,115	\$1,801,243	\$2,791,381	\$5,265,909	\$2,732,799	\$377,783
Subtotal Pre-65 Benefit	\$8,168,730	\$574,777	\$2,791,381	\$3,786,675	\$816,727	\$199,170
Subtotal Post-65 Benefit	\$4,800,385	\$1,226,466	\$0	\$1,479,234	\$1,916,072	\$178,613

2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Valuation Year Beginning July 1, 2021

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
# of Eligible Employees	248	19	78	135	13	3
First Year Service Cost						
Pre-65 Benefit	\$325,048	\$20,824	\$109,980	\$168,615	\$22,230	\$3,399
Post-65 Benefit	\$14,131	\$0	\$0	\$5,265	\$8,866	\$0
Total	\$339,179	\$20,824	\$109,980	\$173,880	\$31,096	\$3,399

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

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3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the County Office will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

Total OPEB Liability and Net OPEB Liability as of June 30, 2021 Valuation Date

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
Active: Pre-65 Benefit	3,698,496	\$241,165	\$1,204,057	\$1,973,900	\$216,541	\$62,833
Active: Post-65 Benefit	\$466,862	\$0	\$0	\$268,167	\$198,695	\$0
Subtotal	\$4,165,358	\$241,165	\$1,204,057	\$2,242,067	\$415,236	\$62,833
Retiree: Pre-65 Benefit	\$1,381,737	\$112,778	\$403,838	\$365,712	\$401,153	\$98,256
Retiree: Post-65 Benefit	\$4,284,444	\$1,226,466	\$0	\$1,192,651	\$1,686,714	\$178,613
Subtotal	\$5,666,181	\$1,339,244	\$403,838	\$1,558,363	\$2,087,867	\$276,869
Subtotal: Pre-65 Benefit	\$5,080,233	\$353,943	\$1,607,895	\$2,339,612	\$617,694	\$161,089
Subtotal: Post-65 Benefit	\$4,751,306	\$1,226,466	\$0	\$1,460,818	\$1,885,409	\$178,613
Total OPEB Liability (TOL)	\$9,831,539	\$1,580,409	\$1,607,895	\$3,800,430	\$2,503,103	\$339,702
Fiduciary Net Position as of June 30, 2021	\$12,543,343					
Net OPEB Liability (NOL)	<u>(\$2,711,804)</u>					

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the County Office's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are certain to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the County Office's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning July 1</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
2021	\$907,023	\$145,214	\$174,944	\$358,839	\$185,840	\$42,186
2022	\$801,157	\$128,189	\$127,136	\$307,660	\$194,541	\$43,631
2023	\$841,772	\$128,668	\$131,383	\$347,646	\$205,000	\$29,075
2024	\$736,419	\$128,869	\$104,776	\$307,576	\$183,050	\$12,148
2025	\$732,574	\$130,148	\$74,036	\$324,568	\$191,273	\$12,549
2026	\$761,331	\$132,062	\$94,849	\$329,345	\$192,119	\$12,956
2027	\$787,591	\$113,440	\$131,148	\$329,989	\$199,645	\$13,369
2028	\$739,254	\$116,364	\$86,206	\$331,035	\$191,863	\$13,786
2029	\$802,137	\$133,501	\$113,602	\$336,603	\$204,227	\$14,204
2030	\$884,488	\$149,963	\$152,336	\$349,856	\$217,711	\$14,622

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G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2020	\$10,019,001	\$9,407,496	\$611,505
Service Cost	\$486,669	\$0	\$486,669
Interest on Total OPEB Liability	\$688,629	\$0	\$688,629
Expected Investment Income	\$0	\$672,499	(\$672,499)
Administrative Expenses	\$0	(\$3,749)	\$3,749
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$1,003,014	(\$1,003,014)
Employer Contributions as Benefit Payments***	\$0	\$333,545	(\$333,545)
Actual Benefit Payments from Trust	(\$600,000)	(\$600,000)	\$0
Actual Benefit Payments from Employer***	(\$333,545)	(\$333,545)	\$0
Expected Minus Actual Benefit Payments**	\$83,976	\$0	\$83,976
Expected Balance at June 30, 2021	\$10,344,730	\$10,479,260	(\$134,530)
Experience (Gains)/Losses	(\$545,792)	\$0	(\$545,792)
Changes in Assumptions	\$32,601	\$0	\$32,601
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$2,064,083	(\$2,064,083)
Other	\$0	\$0	\$0
Net Change during 2021	(\$187,462)	\$3,135,847	(\$3,323,309)
Actual Balance at June 30, 2021*	\$9,831,539	\$12,543,343	(\$2,711,804)

* May include a slight rounding error.

** Deferrable as an Experience Gain or Loss.

*** Includes \$123,857 due to implied rate subsidy.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Santa Cruz COE is shown beginning on page 25. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2022

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	\$1,377,457	(\$461,816)	(\$98,072)	\$817,569
Assumption Changes	\$0	\$32,601	(\$2,489)	\$30,112
Investment (Gains)/Losses	\$224,648	(\$2,064,083)	\$362,968	(\$1,476,467)
Deferred Balances	\$1,602,105	(\$2,493,298)	\$262,407	(\$628,786)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2022

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$611,505	(\$2,711,804)	(\$3,323,309)
Deferred Balances	\$1,602,105	(\$628,786)	(\$2,230,891)
Net Position	(\$990,600)	(\$2,083,018)	(\$1,092,418)
Adjust Out Employer Contributions			\$1,336,559
OPEB Expense			\$244,141

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H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for Santa Cruz COE will be a roll-forward valuation with a measurement date of June 30, 2022 which will be used for the fiscal year ending June 30, 2023. Please let us know if Santa Cruz COE would like to discuss whether another full valuation would be preferable based on any of the examples listed above.

PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The County Office should carefully review these assumptions and methods to make sure they reflect the County Office's assessment of its underlying experience. It is important for Santa Cruz COE to understand that the appropriateness of all selected actuarial assumptions and methods are Santa Cruz COE's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Santa Cruz COE's actual historical experience, and TCS's judgment based on experience and training.

A. ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Santa Cruz COE regarding practices with respect to employer and employee contributions and other relevant factors.

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B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.75% per year net of expenses. This is based on assumed long-term return on employer assets. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Santa Cruz COE.

Fiduciary Net Position as of June 30, 2021

	<u>06/30/2020</u>	<u>06/30/2021</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$64,003
Total Investments	\$10,134,907	\$13,079,340
Capital Assets	\$0	\$0
Total Assets	<u>\$10,134,907</u>	<u>\$13,143,343</u>
Benefits Payable	<u>(\$727,411)</u>	<u>(\$600,000)</u>
Fiduciary Net Position	<u>\$9,407,496</u>	<u>\$12,543,343</u>

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C. NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

MORTALITY

<i>Participant Type</i>	<i>Mortality Tables</i>
Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Certificated Management	Hired 2012 and earlier: 2020 CalSTRS 2.0% @60 Rates Hired 2013 and later: 2020 CalSTRS 2.0% @62 Rates
Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0% @60 Rates Hired 2013 and later: 2020 CalSTRS 2.0% @62 Rates
Classified	Hired 2012 and earlier: 2017 CalPERS 2.0% @55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0% @62 Rates for Schools Employees
Classified Management	Hired 2012 and earlier: 2017 CalPERS 2.0% @55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0% @62 Rates for Schools Employees
Confidential	Hired 2012 and earlier: 2017 CalPERS 2.0% @55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0% @62 Rates for Schools Employees

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 20.3% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any County Office contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Certificated	Employer portion of premium: \$18,170 Implied rate subsidy: \$3,698	
Certificated Management	Employer portion of premium: \$14,438 Implied rate subsidy: \$2,729	
Classified	Employer portion of premium: \$15,152 Implied rate subsidy: \$2,855	\$9,263
Classified Management	Employer portion of premium: \$16,405 Implied rate subsidy: \$3,556	\$9,477
Confidential	Employer portion of premium: \$16,405 Implied rate subsidy: \$3,556	

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Certificated	100%	
Classified	100%	100%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Certificated	2020 CalSTRS Termination Rates
Classified	2017 CalPERS Termination Rates for School Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

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SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

AGING FACTORS

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

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PART IV: APPENDICES

APPENDIX A: DEMOGRAPHIC DATA BY AGE

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
Under 25	5	0	0	4	1	0
25 – 29	25	0	1	23	1	0
30 – 34	29	1	9	18	0	1
35 – 39	40	2	14	22	1	1
40 – 44	34	2	14	15	2	1
45 – 49	38	8	14	13	3	0
50 – 54	41	6	16	16	3	0
55 – 59	21	0	8	12	1	0
60 – 64	12	0	2	10	0	0
65 and older	3	0	0	2	1	0
Total	248	19	78	135	13	3

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE

<i>Total</i>	<i>Under 5 Years of Service</i>	<i>5 – 9 Years of Service</i>	<i>10 – 14 Years of Service</i>	<i>15 – 19 Years of Service</i>	<i>20 – 24 Years of Service</i>	<i>25 – 29 Years of Service</i>	<i>30 – 34 Years of Service</i>	<i>Over 34 Years of Service</i>
Under 25	5	4	1					
25 – 29	25	22	3					
30 – 34	29	18	10	1				
35 – 39	40	23	10	5	1	1		
40 – 44	34	12	7	7	8			
45 – 49	38	18	9	3	2	6		
50 – 54	41	17	6	11	2	5		
55 – 59	21	4	6	4	3	2	2	
60 – 64	12		6	1	1	1	1	2
65 and older	3				2			1
Total	248	118	52	37	17	17	1	3

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>	<i>Confidential</i>
Under 50	0	0	0	0	0	0
50 – 54	2	0	0	2	0	0
55 – 59	4	1	0	1	2	0
60 – 64	18	1	8	5	2	2
65 – 69	17	1	0	10	6	0
70 – 74	18	4	0	11	3	0
75 – 79	4	1	0	2	1	0
80 – 84	4	3	0	0	1	0
85 – 89	2	2	0	0	0	0
90 and older	3	1	0	1	1	0
Total	72	14	8	32	16	2

APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions Santa Cruz COE should take to manage the liability created by the current retiree health program. The following items are intended only to allow the County Office to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Santa Cruz COE's practices, it is possible that Santa Cruz COE is already complying with some or all of these suggestions.

- We suggest that Santa Cruz COE maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Santa Cruz COE should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Santa Cruz COE should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Santa Cruz COE should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Santa Cruz COE should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for County Office-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under Santa Cruz COE's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, Santa Cruz COE should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Santa Cruz COE to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The County Office should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the County Office in complying with GASB 74/75 disclosure requirements:

Paragraph 50: Information about the OPEB Plan

Most of the information about the OPEB plan should be supplied by Santa Cruz COE. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	72
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	248
Total Number of participants	320

*We were not provided with information about any terminated, vested employees

Paragraph 51: Significant Assumptions and Other Inputs

Shown in Part III.

Paragraph 52: Information Related to Assumptions and Other Inputs

The following information is intended to assist Santa Cruz COE in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2017 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

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Mortality Table	2020 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.
Mortality Table	2017 CalPERS Retiree Mortality for All Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Retiree Mortality for All Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2017 CalPERS 2.0% @55 Rates for Schools Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0% @55 Rates for Schools Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2017 CalPERS 2.0% @62 Rates for Schools Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0% @62 Rates for Schools Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2020 CalSTRS 2.0% @60 Rates
Disclosure	The retirement assumptions are based on the 2020 CalSTRS 2.0% @60 Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2020 CalSTRS 2.0% @62 Rates
Disclosure	The retirement assumptions are based on the 2020 CalSTRS 2.0% @62 Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

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Turnover Tables

Turnover Table	2017 CalPERS Termination Rates for School Employees
Disclosure	The turnover assumptions are based on the 2017 CalPERS Termination Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Table	2020 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2020 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	(\$3,577,141)	(\$2,711,804)	(\$1,704,352)

Paragraph 53:

Discount Rate

The following information is intended to assist Santa Cruz COE to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.75% was used in the valuation. The interest rate used in the prior valuation was 7.00%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 19 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 50 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.

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CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.0000	7.5450
All Fixed Income	25.0000	4.2500
Real Estate Investment Trusts	8.0000	7.2500
All Commodities	3.0000	7.5450
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	(\$1,936,144)	(\$2,711,804)	(\$3,400,770)

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on pages 2 or 12.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Santa Cruz COE to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2021.

The measurement date is June 30, 2021.

56.b: We are not aware of a special funding arrangement.

56.c: The interest assumption changed from 7.00% to 6.75%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

Paragraph 57: **Required Supplementary Information**

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the County Office contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 19 years.

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57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the County Office contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 19 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of
Experience Gains and Losses
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2017-18	\$56,926	11.8	\$14,475	\$4,825	\$37,626	\$4,825	\$4,825	\$4,825	\$4,825	\$4,825	\$13,501
2018-19	\$1,610,801	12.4	\$259,808	\$129,904	\$1,221,089	\$129,904	\$129,904	\$129,904	\$129,904	\$129,904	\$571,569
2019-20	(\$17,390)	12.4	(\$1,403)	(\$1,403)	(\$14,584)	(\$1,403)	(\$1,403)	(\$1,403)	(\$1,403)	(\$1,403)	(\$7,569)
2020-21	(\$461,816)	13.1	\$0	(\$35,254)	(\$426,562)	(\$35,254)	(\$35,254)	(\$35,254)	(\$35,254)	(\$35,254)	(\$250,292)
Net Increase (Decrease) in OPEB Expense			\$272,880	\$98,072	\$817,569	\$98,072	\$98,072	\$98,072	\$98,072	\$98,072	\$327,209

Total Compensation Systems, Inc.

CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2020-21	\$32,601	13.1	\$0	\$2,489	\$30,112	\$2,489	\$2,489	\$2,489	\$2,489	\$2,489	\$17,667
Net Increase (Decrease) in OPEB Expense			\$0	\$2,489	\$30,112	\$2,489	\$2,489	\$2,489	\$2,489	\$2,489	\$17,667

Total Compensation Systems, Inc.

INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2017-18	(\$76,104)	5	(\$45,663)	(\$15,221)	(\$15,220)	(\$15,220)					
2018-19	\$25,937	5	\$10,376	\$5,188	\$10,373	\$5,188	\$5,185				
2019-20	\$299,410	5	\$59,882	\$59,882	\$179,646	\$59,882	\$59,882	\$59,882			
2020-21	(\$2,064,083)	5	\$0	(\$412,817)	(\$1,651,266)	(\$412,817)	(\$412,817)	(\$412,817)	(\$412,815)		
Net Increase (Decrease) in OPEB Expense			\$24,595	(\$362,968)	(\$1,476,467)	(\$362,967)	(\$347,750)	(\$352,935)	(\$412,815)	\$0	\$0

APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

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<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.



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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 7.4

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Dr. Faris Sabbah, County Superintendent of Schools

SUBJECT: COVID-19 School Update

BACKGROUND

Superintendent Sabbah will give a presentation regarding the ways in which the Santa Cruz County Office of Education has been working in collaboration with School Districts and other partners to keep schools open and students and staff healthy as we address the COVID19 Pandemic.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Receive presentation.



SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.1

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Sandra Nichols, Chair, Community Outreach & Legislation Committee
Sofia Sorensen, Multilingual Coordinator, Educational Services

SUBJECT: Approve Resolution #22-07 Recognizing April as Bilingual/Multilingual Advocacy Month and Recognizing the Multilingual Network as Advocates for Multilingual Students

BACKGROUND

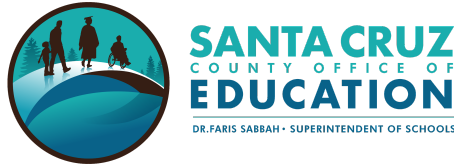
The Santa Cruz County Office of Education believes being proficient in more than one language is a skill to celebrate. With close to 43% of the Santa Cruz County's students, K-12th grade currently learning academic English as a second language. The Board will consider adopting Resolution #22-07 recognizing April as National Bilingual/Multilingual Learner Advocacy Month and recognizing the work of the Multilingual Network Members in supporting and advocating for multilingual students.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-07.



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RESOLUTION #22-07

In Recognition of April as National Bilingual/Multilingual Learner Advocacy Month And in Recognition of Members of the Multilingual Leadership Network and EL RISE as Advocates for Santa Cruz County's Multilingual Students

WHEREAS, 40% of Santa Cruz County's students, TK-12th grade, are multilingual learners;

WHEREAS, these students represent an asset to our community of multilingual citizens;

WHEREAS, "National Bilingual/Multilingual Learner Advocacy Month" highlights a commitment to ensure educational equity and access for these learners to thrive academically and become productive biliterate/multiliterate global citizens;

WHEREAS, the CA English Learner Roadmap explicitly calls for counties and districts to develop leaders and educators who are knowledgeable and responsive to the strengths and needs of English learners and their communities and who establish clear goals and commitments to English learners and who maintain a systemic focus on continuous improvement and progress towards these goals;

AND WHEREAS, the members of the Santa Cruz County Multilingual Leadership Network and the participants in the EL RISE Educator Workforce Investment Grant have consistently exemplified the advocacy and commitment to transforming practices essential to implementation of the principles of the California EL Roadmap here in Santa Cruz County,

NOW, BE IT THEREFORE RESOLVED, that the Santa Cruz County Office of Education and the Santa Cruz County Board of Education recognize and celebrate April 2022 as "National Bilingual/Multilingual Learner Advocacy Month" and the members of the Multilingual Leadership Network and EL RISE as exemplary advocates for our county's multilingual learners.

Live Oak School District

Karla Atencio, Teacher
Emily Avila, Teacher
Julie Curley, Teacher
Theresa Gilbert, Teacher
Mary Ann Hilton, Director of Curriculum and Instruction
Christiane Orellana, Teacher
Lisa Rispaud, Teacher

Resolution #22-07 In Recognition of April as National Bilingual/Multilingual Learner Advocacy Month and in Recognition of Members of the Multilingual Leadership Network
Santa Cruz County Board of Education
April 21, 2022

Alicia Romero, Teacher
Kathryn Silva-Grizzle, Teacher
Greg Stein, Principal, Live Oak Elementary School

Mountain Elementary School District

Sita Kaimal, Language Expo Coordinator and Language Ambassador Advisor

Pacific Collegiate Charter School

Valeria Miranda, ELPAC Coordinator
Caitlin Spohrer, Teacher
Andrea Roth, Teacher

Pajaro Valley Unified School District

Alma Anguiano, Teacher
Michael Berman, Director of Accountability, Equity and Categorical Programs
Katryn Bermudez, Teacher
Jose Humberto Camacho, Teacher
Kristina Carter, Teacher
Debra Davidson, Teacher
Lilia Diaz, Teacher
Gina Elisalde, Principal
Maria Fajardo, English Learner Specialist
George Feldman, Teacher
Cynthia Fernandez, Teacher
Martha Garcia, Teacher
Evelyn Garcia-Monge, Teacher
Juan Gonzalez, Teacher
Erin Levi, Teacher
Stephanie Pomplun, Coordinator of English Learner and Bilingual Programs
Maria Rocha, Teacher
Sharon Sanchez, Teacher
Josette Thomas, Teacher
Patricia Unruhe, Teacher and After School Coordinator
Maria Vazquez, Teacher
Ruby Vasquez, Parent Education Trainer
Maribel Zuniga, Teacher
Candelaria Zuniga, Teacher

Santa Cruz City Schools

Shannon Calden, Director of Curriculum, Instruction and Assessment, Elementary
Kristen Cameron, ELD TOSA
Julia Hodges, Director of Curriculum, Instruction and Assessment, Secondary
Jessica Serna-Castaneda, Bilingual Parent/ Community Coordinator

Resolution #22-07 In Recognition of April as National Bilingual/Multilingual Learner Advocacy Month and in Recognition of Members of the Multilingual Leadership Network
Santa Cruz County Board of Education
April 21, 2022

Amy Spiers, Assistant Principal
Sara Norris, Assistant Principal
Sierra Hill Leahy, Teacher
Shanna Kiesz, Teacher
Melissa Morales-McGibben, Response to Intervention Coordinator
Maria Carmen Zuniga Martinez

Santa Cruz County Office of Education, Alternative Education

Blanca Corrales, Community Organizer
Cristal Renteria, Assistant Director of Alternative Education
Elizabeth Shaw, Teacher

Santa Cruz County Office of Education, Curriculum and Instruction

Debi Bodenheimer, Associate Superintendent, Educational Services
Cristine Chopra, Executive Director, S5C
Angela Meeker, Senior Director, District Support
Amity Sandage, Environmental Literacy Coordinator

San Lorenzo Valley Unified School District

Linda Buie, Teacher and EL Coordinator
Bridgett O'Shea, EL Coordinator
Jen McRae, Chief Academic Officer
Mitzi Poetzinger, EL Coordinator and School Psychologist
Jen Wilson, EL Coordinator

Scotts Valley Unified School District

Alexandra Friel, Director of Curriculum
Monica Keller, Teacher
Tracey Neilsen, Principal
Joann Tassone, Teacher

Soquel Union Elementary School District

Erica Akin, Teacher
Tina Bonar, Teacher
Martha Buendia, Paraeducator
Siena Castillo, Teacher
Jane Crump, Teacher
Jill Donalson, Teacher
Monica Einaudi, Teacher
Noelle Eurs, Teacher
Mary Flynn, Teacher
Kelley Freitas, Teacher

Resolution #22-07 In Recognition of April as National Bilingual/Multilingual Learner Advocacy Month and in Recognition of
Members of the Multilingual Leadership Network
Santa Cruz County Board of Education
April 21, 2022

Millicent Frost, Teacher
Sarah Galvan, Teacher
Hilda Hernandez-Meza, Teacher
Barbara Huebner, ELD TOSA
Laura Johnson, Teacher
Ailish Johnson, Teacher
Jessica Kiernan, Assistant Superintendent, Educational Services
Jessica Lari, Teacher
Julie Livingstone, Teacher
Callie Lyon, Teacher
Lynn Macy, Teacher
Sara Marsh, Teacher
Erica Marquez, Teacher
Jaime Mcmillan, Teacher
Peter O'Reilly, Teacher
Megan Pereira, Teacher
Christa Petrauskas, Teacher
Aaron Reisman, Teacher
Tamara Riedel, Teacher
Samantha Roger, Teacher
Leah Rogers, Teacher
Laura Salerno, Teacher
Desiree Sattari, Teacher
Katie Shank, Teacher
Michelle Spahn, Teacher
Heather Springe, Teacher
Katie Stewart, Teacher
Rebecca Voigt, Teacher
Beth Willen, Teacher
Ann Wilson, Teacher
Eric Witter, Principal

PASSED AND ADOPTED by the Board of Education Santa Cruz County on this Day of April 21, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Resolution #22-07 In Recognition of April as National Bilingual/Multilingual Learner Advocacy Month and in Recognition of
Members of the Multilingual Leadership Network
Santa Cruz County Board of Education
April 21, 2022

Abel Sanchez, President

ATTEST:

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.2

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Sandra Nichols, Chair, Community Outreach & Legislation Committee

SUBJECT: Approve Resolution #22-08 Proclaiming May 2-6, 2022 For Flying the Rainbow Flag and Honoring Harvey Milk Day

BACKGROUND

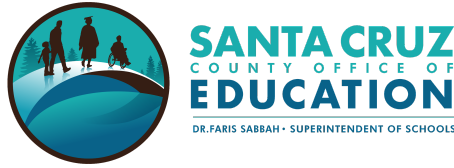
Harvey Milk Day was established by the California legislature and signed into law by Governor Arnold Schwarzenegger in 2009. Harvey Milk was the first openly gay elected official in the history of California. The Santa Cruz County Office of Education celebrates Harvey Milk Day and invites all educational institutions, organizations, companies and individuals across Santa Cruz to fly the rainbow flag from May 2-6, 2022 in honor of Harvey Milk Day, and encourages teachers to teach lessons about LGBTQ+ history during this week in their classrooms aligned with the State History Framework. The Board will consider adopting Resolution #22-08.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-08.



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RESOLUTION #22-08

PROCLAIMING MAY 2-6, 2022 FOR FLYING THE RAINBOW FLAG AND HONORING HARVEY MILK DAY

WHEREAS, Harvey Milk Day was established by the California legislature and signed into law by Governor Arnold Schwarzenegger in 2009; and

WHEREAS, California *Education Code* Section 37222.13 designates May 22 of each year as Harvey Milk Day, a day having special significance and encourages all public schools and educational institutions to conduct exercises remembering the life of Harvey Milk, recognizing his accomplishments, and familiarizing pupils with the contributions he made to this state.

WHEREAS, on July 14, 2011, the Fair, Accurate, Inclusive and Respectful (FAIR) Education Act was passed and signed into law in California and mandates the inclusion of the political, economic, and social contributions of lesbian, gay, bisexual, and transgender people in the social studies and history curricula in California public schools; and

WHEREAS, on July 14, 2016, the California State Board of Education passed a new History Social Science Framework that includes LGBTQ+ American history content to be taught in K-12 classrooms that includes the importance of Harvey Milk; and

WHEREAS, Harvey Milk was the first openly gay elected official in the history of California; and

WHEREAS, LGBTQ+ community members across Santa Cruz County have made significant contributions to our community including Senator John Laird who was the first openly gay elected official in Santa Cruz County, Mayor Jimmy Dutra in Watsonville, Mayor Donna Meyers in Santa Cruz, Cabrillo College Trustees Adam Spickler and Steve Trujillo, and many other public officials across the county; and

WHEREAS, LGBTQ+ individuals and allies across Santa Cruz County continue to make noteworthy and important contributions to American history, culture and society; and

WHEREAS, all students deserve to feel safe and welcome in their schools and to see themselves represented in the curricula; and

WHEREAS, the Santa Cruz County Office of Education supports the rights, freedoms and equality of those who are lesbian, gay, bisexual, transgender, queer, questioning, intersex, pansexual, and asexual (LGBTQ+); and

WHEREAS, the Santa Cruz County Office of Education affirms its role in, and commitment to, continuing the historical process of transforming the educational system to ensure inclusiveness, safety, and a sense of belonging for all LGBTQ+ students, teachers, staff, and their families; and

NOW THEREFORE BE IT RESOLVED that the Santa Cruz County Office of Education celebrates Harvey Milk Day and invites all educational institutions, organizations, companies and individuals across Santa Cruz to fly the rainbow flag from May 2-6, 2022 in honor of Harvey Milk Day, and encourages teachers to teach lessons about LGBTQ+ history during this week in their classrooms aligned with the State History Framework.

PASSED AND ADOPTED by the Santa Cruz County Board of Education, County of Santa Cruz, State of California, this day, the 21st day, of April, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Abel Sanchez, President

ATTEST:

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



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AGENDA ITEM 8.3

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Sandra Nichols, Chair, Community Outreach & Legislation Committee

SUBJECT: Approve Resolution #22-09 In Recognition of National Child Abuse Prevention Month

BACKGROUND

Each year, millions of reports of child abuse are reported to child protective services in the U.S. The Board will consider adoption of Resolution #22-09.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-09.



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RESOLUTION #22-09

In Recognition of National Child Abuse Prevention Month

WHEREAS, child safety is of the utmost importance; and

WHEREAS, child abuse and neglect is a serious problem affecting every segment of our community, and finding solutions requires input and action from everyone; and

WHEREAS, our children are our most valuable resources and will shape the future of Santa Cruz County and beyond; and

WHEREAS, child abuse can have long-term psychological, emotional, and physical effects that have lasting consequences for victims of abuse and the adults they become; and

WHEREAS, in California the largest number of suspected child abuse reports are made by teachers, who during the year-long COVID19 pandemic, are having much less direct contact with students due to the use of distance learning and thus it is thought that thousands of cases of child abuse may go unreported; and

WHEREAS, protective factors are conditions that reduce or eliminate risk and promote the social, emotional, and developmental well-being of children and cultivate relationships that are based on dignity, respect, equity, and compassion; and

WHEREAS, effective child abuse prevention activities succeed because of the partnerships created between child welfare professionals, education, health, community- and faith-based organizations, businesses, law enforcement agencies, and families; and

WHEREAS, communities must make every effort to promote programs and activities that create strong and thriving children and families; and

WHEREAS, we acknowledge that we must work together as a community to increase awareness about child abuse and contribute to promote the social and emotional well-being of children and families in a safe, stable, and nurturing environment; and

WHEREAS, prevention remains the best defense for our children and families;

NOW, THEREFORE, BE IT RESOLVED, that the Santa Cruz County Board of Education does hereby proclaim April 2022 as NATIONAL CHILD ABUSE PREVENTION MONTH and urge all members of the Santa Cruz County educational community to recognize this month by dedicating ourselves to the task of improving the quality of life for all children and families.

PASSED AND ADOPTED by the Santa Cruz County Board of Education, County of Santa Cruz, State of California, this day, the 21st day, of April, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Abel Sanchez, President

ATTEST:

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.4

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Sandra Nichols, Chair, Community Outreach & Legislation Committee

SUBJECT: Adopt Resolution #22-10 In Support of Day of the Teacher

BACKGROUND

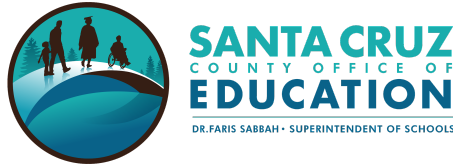
Education Code, Section 372229(a), specifies the Second Wednesday in May as the Day of the Teacher, a day having special significance. All public schools and educational institutions are encouraged to observe those days, and, specifically on the Day of the Teacher, conduct exercises commemorating and directing attention to the teachers and the teaching profession. The Board will be asked to adopt Resolution #22-10.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-10.



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RESOLUTION #22-10

In Support of Day of the Teacher

WHEREAS, May 11, 2022 is designated as Day of the Teacher throughout California, the Santa Cruz County Board of Education extends appreciation to teachers and other certificated employees at the County Office of Education as well as throughout the County; and

WHEREAS, because of our outstanding teachers, the County Office of Education is well placed to give every student the opportunity to succeed both in and outside of the classroom; and

WHEREAS, teaching is a profession that requires skill, determination, patience, and energy with teachers fulfilling many roles as motivators and mentors; and

WHEREAS, the Board recognizes that educated community members serve as the foundation of our nation, and that teachers mold the minds and train the workforce of tomorrow; and

WHEREAS, effective teaching grows in value and pays dividends far beyond the classroom and well into the future; and

WHEREAS, our progress as a nation can be no swifter than our progress in education and, without teacher appreciation, there can be no student progress; and

WHEREAS, teaching is a vital element in a child's development with the critical factor being not curriculum nor class size, but the nature of the teaching as it affects learning;

NOW THEREFORE, BE IT RESOLVED, that the Santa Cruz County Board of Education and administrators of the Santa Cruz County Office of Education urge all students, parents, and the community to observe this day by taking time to honor those who give the gift of knowledge through teaching.

PASSED AND ADOPTED by the Board of Education Santa Cruz County on this Day of April 21, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Resolution #22-10 In Support of Day of the Teacher
Santa Cruz County Board of Education
April 21, 2022

Abel Sanchez, President

ATTEST:

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



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SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.5

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Sandra Nichols, Chair, Community Outreach & Legislation Committee

SUBJECT: Adopt Resolution #22-11 In Support of Classified Employees Week

BACKGROUND

California Senate Bill 1552, passed in 1984, decreed the third full week in May as California School Employees' Week in official recognition of the services and dedication of classified school employees. The Board is asked to adopt Resolution #22-11.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-11.



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RESOLUTION #22-11

In Support of Classified Employees Week

WHEREAS, the week of May 15 through May 21, 2022, is designated as Classified School Employees Week throughout California; and

WHEREAS, the Santa Cruz County Board of Education celebrates the many contributions of those employees who work at the County Office of Education and school districts throughout Santa Cruz County; and

WHEREAS, classified employees provide a vital link in the education of a child and make a difference in our schools and communities; and

WHEREAS, the many contributions of those classified employees who work at the Santa Cruz County Office of Education, schools and districts support and enhance the educational process by assisting teachers, transporting students, preparing meals, maintaining buildings and grounds, and performing all technical, business, clerical and administrative- secretarial functions; and

WHEREAS, without these services, the quality of the educational process would be greatly diminished; and

WHEREAS, classified school employees employed by the Santa Cruz County Office of Education, as well as schools and districts countywide, strive for excellence in all areas relating to the educational community;

NOW THEREFORE, BE IT RESOLVED, that recognition is deserved year-round and the Santa Cruz County Board and Office of Education extend sincere appreciation and commendation to the classified school employees of the County Office of Education and encourage acknowledgment of those employees, hereby proclaiming the week of May 15 through May 21, 2022, as Classified School Employees Week.

PASSED AND ADOPTED by the Board of Education Santa Cruz County on this Day of April 21, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Resolution #22-11 In Support of Classified Employees Week
Santa Cruz County Board of Education
April 21, 2022

Abel Sanchez, President

ATTEST:

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



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AGENDA ITEM 8.6

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Dr. Faris Sabbah, County Superintendent of Schools

SUBJECT: Approve Resolution #22-12 Ordering an Election (Santa Cruz County)

BACKGROUND

Trustee Area terms for areas 1, 2, and 7 expire this November. The Board will be asked to adopt Resolution #22-12 Ordering an Election, requesting County Elections to Conduct the election, and requesting the consolidation of the election, and specifications of the election order in Santa Cruz County.

FUNDING IMPLICATIONS

I.

RECOMMENDATION

Approve Resolution #22-11.



RESOLUTION #22-12

Resolution Ordering an Election, Requesting County Elections to Conduct the Election, and Requesting Consolidation of the Election, and Specifications of the Election Order in Santa Cruz County

WHEREAS, pursuant to Education Code Section 5322, whenever a school district election is ordered, the governing board of the district or the board or officer authorized to make such designations shall, concurrently with or after the order of election, but not less than 123 days prior to the date set for the election in the case of an election for governing board members, or at least 88 days prior to the date of the election in the case of an election on a measure, including a bond measure, by resolution delivered to the county superintendent of schools and the officer conducting the election specify the date of the election and the purpose of the election;

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any city or district may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city or district relating to the conduct of an election;

WHEREAS, the resolution of the governing body of the city or district shall specify the services requested; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order the consolidation; and

WHEREAS, the resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, pursuant to Education Code Section 5342 and Elections Code Section 10400, such election for school districts may be either completely or partially consolidated;

WHEREAS, various district, county, and statewide and other political subdivision elections have been or may be called to be held on November 8, 2022;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED THAT the Governing Board/Board of Trustees of the Santa Cruz County Board of Education hereby orders an election to be called and consolidated with any and all elections also called to be held on November 8, 2022 insofar as said elections are to be held in the same territory or in territory that is in part the same as the territory of the School District request to the Board of Supervisors of the County of Santa Cruz to order such consolidation under Elections Code Section 10400; and

BE IT FURTHER RESOLVED AND ORDERED that said School Board hereby requests the Board of Supervisors to permit the Santa Cruz County Elections Department to provide any and all services necessary for conducting the election; and

BE IT FURTHER RESOLVED AND ORDERED that pursuant to Education Code Section 5322, the authority for the specifications of the election order, the governing body of the Santa Cruz County Board of Education hereby orders an election to be held with the following specifications:

 X The election shall be held on Tuesday, November 8, 2022;

Seats Open:	Office:	Term:	District/Division:
One	Governing Board Trustee	Four-year	Trustee Area 1 (Roth)
One	Governing Board Trustee	Four-year	Trustee Area 2 (Van Allen)
One	Governing Board Trustee	Four-year	Trustee Area 7 (Sanchez)

No election will be held if there are an insufficient number of nominees.

The qualifications of a nominee of an elective officer of the school district are as follows:

Check one: ☐ registered voter of the district
☒ registered voter of the district residing in the trustee area

The Candidate's Statement of Qualifications shall be limited to:

Check one: ☒ 200 Words
☐ 400 Words

Candidates are permitted to file a statement to be posted online shortly.

Check one: ☒ Yes
☐ No

Candidates are responsible for paying the cost of printing their Candidate's Statement of Qualifications in the County Voter Information Guide or posting online at the time of filing his/her statement.

Check one: ☒ Yes
☐ No. The District will pay for the cost.

Candidates for special districts pay the County Clerk.

Date of last map change: 2017 A current map showing the boundaries within the County of the school district and the divisions of the school district, if any, is attached.

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Elections Department is ordered that in the event of a tie vote, the candidate will be selected by (Ed. Code 5016(b)):

☐ Run-off election
☒ By lot

PASSED and ADOPTED by the Board of Education of Santa Cruz County on this 21st day of April, 2022 by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Abel Sanchez, President
Santa Cruz County Board of Education

Faris M. Sabbah, Secretary
Santa Cruz County Superintendent of Schools

Contact Information/Incumbent Roster

Name of District/City:

Santa Cruz County Office of Education

Contact Person:

Verenise Valentin

Title:

Administrative Assistant to the Superintendent, Clerk to the Santa Cruz County Board of Education

Mailing Address:

400 Encinal St., Santa Cruz CA 95060

Telephone: **(831) 466-5900**

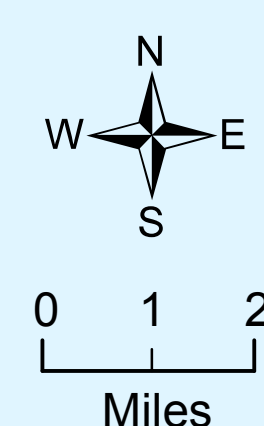
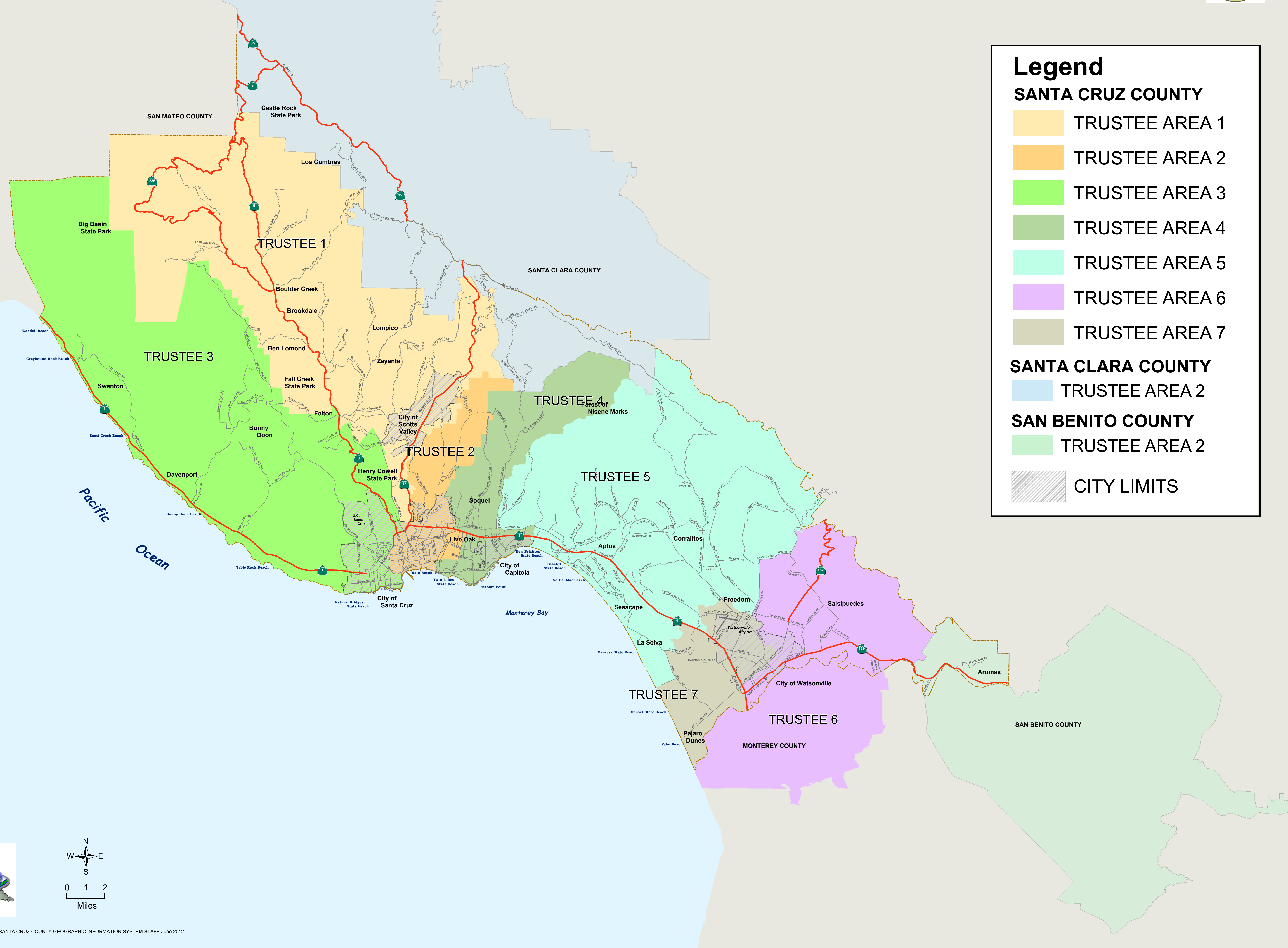
E-Mail:

vvalentin@santacruzcoe.org

Website:

www.santacruzcoe.org

Incumbent's Name:	Year Elected or Appointed:	Term of Office:
Ed Acosta	2020	Four (4) years
Alyssa Alto	2020	Four (4) years
Rose Filicetti	2020	Four (4) years
Sandra Nichols	2020	Four (4) years
Sue Roth	2018	Four (4) years
Abel Sanchez	2018	Four (4) years
Bruce Van Allen	2018	Four (4) years





Santa Cruz County Board of Education • 400 Encinal Street, Santa Cruz, CA 95060 • Tel (831) 466-5900 • www.santacruzcoe.org
Mr. Ed Acosta • Ms. Alyssa Alto • Ms. Rose Filicetti • Ms. Sandra Nichols
Ms. Sue Roth • Mr. Abel Sanchez • Mr. Bruce Van Allen

NOTICE TO THE COUNTY CLERK OF THE ELECTIVE OFFICES TO BE FILLED AND TRANSMITTAL OF MAP AND BOUNDARIES

SANTA CRUZ COUNTY BOARD OF EDUCATION

To the County Clerk of Santa Cruz County:

(1) Notice is hereby given that the elective offices of the district/city to be elected

Check one: _____ at large or
 X by division

At the General Election Scheduled for November 8, 2022

Office:	Incumbent's Name	Term:	District/Division:
Santa Cruz County Board of Education	Sue Roth	Four (4) Years	Trustee Area 1
Santa Cruz County Board of Education	Bruce Van Allen	Four (4) Years	Trustee Area 2
Santa Cruz County Board of Education	Abel Sanchez	Four (4) Years	Trustee Area 7

Special Districts: No election will be held if there is an insufficient number of nominees.

Cities: If there is an insufficient number of nominees, city council will decide to fill the office by appointment by E-75 or proceed with the election. If any city measure is on the ballot, the election is held regardless.

(2) The qualifications of a nominee of an elective officer of the district/city are as follows (i.e. a registered voter in the district/city, homeowner in district):

Nominees of an elective officer of the Santa Cruz County Board of Education must be a registered voter and resident of the trustee area vacancy for which they apply.

April 16, 2020

(3) The Candidate's Statement of Qualifications shall be limited to

Check one: ☒ 200 words

☐ 400 words (double the cost)

Candidates are responsible for paying the cost of printing their Candidate's Statement of Qualifications in the County Voter Information Guide or posting online at the time of filing his/her statement.

Check one: ☒ Yes

☐ No. The District/City will pay the cost.

Candidates for special districts pay the County Clerk. Candidates for city offices pay the City Clerk.

(4) Tie votes for City and District elections are resolved by lot according to Elections Code §15651 and §10551. In lieu of resolving a tie vote by lot, the District/City may resolve a tie vote by the conduct of a special runoff election, pursuant to §15651 (b). A special runoff election shall be held only if the legislative body adopts the provisions of this code prior to the conduct of the election. If a legislative body decides to call a special runoff election in the event of a tie vote, all future elections conducted by that body shall be resolved by the conduct of a special runoff election, unless the legislative body later repeals the authority for the conduct of a special runoff election.

To conduct a tie vote by special runoff election for this election and all future elections, check here.

(5) Date of last map change: 2017. Who should we contact from your jurisdiction to come to our office at 701 Ocean St., Room 310, in Santa Cruz, to review the map on file to confirm the district boundaries?

Name: Verenise Valentin, Assistant to the Superintendent, Clerk to the Board

Phone: (831) 466-5900

E-mail: vvalentin@santacruzcoe.org

Signature (District Secretary/City Clerk)

Dated: _____



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
DR. FARIS SABBABH • SUPERINTENDENT OF SCHOOLS

SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.7

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Dr. Faris Sabbah, County Superintendent of Schools

SUBJECT: Schedule a Special Board Meeting to conduct a Board Self-Evaluation

BACKGROUND

The Board will consider scheduling a Special Board Meeting on Saturday June 11, 2022 to conduct a Board Self-Evaluation with Luan Rivera, CSBA facilitator.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Schedule a Special Board meeting on June 11, 2022

Governance Consultant



Luan Burman Rivera
Governance Consultant

Luan Burman Rivera served as a board member of the Ramona Unified School District in San Diego County for 16 years and is a past president of the California School Boards Association. A former teacher and longtime school and community volunteer, Rivera brings more than 30 years of experience in public education to her work at CSBA. She is currently on the faculty for CSBA's Masters in Governance program and teaches the Foundations of Effective Governance, Human Resources, Policy and Judicial Review and Community Relations and Advocacy modules. Additionally, Rivera is a Governance Educator/Consultant with CSBA's Governance Consulting Services and is a part of the team that teaches the Board Presidents Workshop and the New and First-Term Board Members Institute. She is an experienced facilitator and has the knowledge and skills to effectively assist governance teams in improving their leadership skills and organizational effectiveness.

Rivera was elected to the Ramona school board in 1994 and graduated from CSBA's Masters in Governance program in 2000. She has been a member of the San Diego County Achievement Gap Task Force and the CSU Education Leadership Doctorate Advisory Board. She has also served on the National Council for Accreditation of Teacher Education Board of Examiners.

She has been involved with the Cities Counties and Schools Partnership, a partnership between the League of California Cities, California State Association of Counties, and CSBA. While working with the CCS Partnership, she chaired the Conditions of Children Task Force and the board of directors.

Rivera earned a bachelor's degree from the University of Illinois, Champaign-Urbana, and a master's degree from Roosevelt University in Chicago, where she majored in elementary education with a focus on reading. She also holds an English as a second language certificate.



SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.8

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Dr. Faris Sabbah, County Superintendent of Schools

SUBJECT: Schedule a Special Board Meeting to Comply with the Local Control Accountability Plan (LCAP) Requirements

BACKGROUND

The Board will consider scheduling a Special Board Meeting on Thursday June 30, 2022, to comply with Education Code 52062(b)(2), which requires the Board to adopt an LCAP or annual update to the LCAP in a public meeting after, but not the same day as, the public hearing.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Schedule a Special Board meeting on June 30, 2022



SANTA CRUZ
COUNTY OFFICE OF
EDUCATION
DR. FARIS SABBABH • SUPERINTENDENT OF SCHOOLS

SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.9

Board Meeting Date: April 21, 2022

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Action

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Information

TO: Santa Cruz County Board of Education

FROM: Dr. Faris Sabbah, County Superintendent of Schools

SUBJECT: Approve Resolution #22-13 Certification and Approval of Applications for Eligibility Determination and Funding in the School Facility Program When Bond Authority is Exhausted

BACKGROUND

The Santa Cruz County Office of Education has determined that school facilities within the Santa Cruz County Office of Education need to be constructed and/or modernized, as applicable. The Santa Cruz County Office of Education is in support of submitting these applications under the SFP or any future State school facilities program under the conditions described in the resolution. The Board will consider adopting the resolution.

FUNDING IMPLICATIONS

Included herein.

RECOMMENDATION

Approve Resolution #22-13



RESOLUTION #22-13

Certification and Approval of Applications for Eligibility Determination and Funding in the School Facility Program When Bond Authority is Exhausted

WHEREAS, the County Board of Education (“Board”) has determined that school facilities within the Santa Cruz County Office of Education (the “County”), within the County of Santa Cruz need to be constructed and/or modernized, as applicable; and

WHEREAS, the State Allocation Board (SAB) has established an “Applications Received Beyond Bond Authority List” for projects that have been received.

Pursuant to Title 2, Code of California Regulations Section 1859.95.1, the Board here acknowledges the following:

- (1) The Board acknowledges that the remaining SFP bond authority is currently exhausted for the funds being requested on the applications filed with the SAB after the approval of this action.
- (2) The Board acknowledges that the State of California is not expected nor obligated to provide funding for the projects and the acceptance of the applications does not provide a guarantee of future State funding.
- (3) The Board acknowledges that any potential future State bond measures for the School Facility Program may not provide funds for the applications being submitted.
- (4) The Board acknowledges that criteria (including, but not limited to, funding, qualifications, and eligibility) under a future State school facilities program may be substantially different than the current SFP. The County’s Approved Applications may be returned.
- (5) The Board acknowledges that they are electing to commence any pre-construction or construction activities at the County’s discretion and that the State is not responsible for any pre-construction or construction activities.
- (6) The Board acknowledges that, if bond authority becomes available for the SAB to provide funding for the submitted applications, the County must apply for financial hardship status if necessary and applicable at the time.

Resolution #22-13 Certification and Approval of Applications for Eligibility Determination and Funding in the School Facility Program When Bond Authority is Exhausted
Santa Cruz County Board of Education
April 21, 2022

THEREFORE, BE IT RESOLVED, that the Santa Cruz County Board of Education is in support of submitting these applications under the SFP or any future State school facilities program under the conditions described above.

PASSED AND ADOPTED by the Santa Cruz County Board of Education, County of Santa Cruz, State of California, this day, the 21st day, of April, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Abel Sanchez, President

Authority:	<input type="checkbox"/> Education Code	Section: _____
	<input type="checkbox"/> Government Code	Section: _____
	<input checked="" type="checkbox"/> Other	Section: <u>SFP Regulation Section 1859.95.1</u>

Supportive Data: *Certification of Approval of Construction Projects and Authorization to File Applications for Funding*

I certify, under penalty of perjury, the foregoing statements to be true and correct.

Dr. Faris Sabbah
County Superintendent of Schools
Secretary, Santa Cruz County Board of Education



SANTA CRUZ COUNTY BOARD OF EDUCATION

AGENDA ITEM 8.10

Board Meeting Date: April 21, 2022

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Action

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Information

TO: County Board of Education

FROM: Abel Sanchez, President, County Board of Education

SUBJECT: Discussion and Possible Approval of Resolution #22-14 Authorizing Continued Use of Remote Teleconferencing Provisions Pursuant to AB 361 and Government Code section 54953

BACKGROUND

Consistent with Government code section 54953, on March 17, 2022, the County Board of Education adopted Resolution #22-06, finding that meeting in person would present imminent risks to the health or safety of attendees.

The County Board of Education will discuss and consider adopting Resolution #22-14, to make a finding after reconsidering the state of emergency, that the current circumstances meet the requirements of AB 361 and Government Code section 54953 for the Board to continue conducting meetings remotely.

FUNDING IMPLICATIONS

None.

RECOMMENDATION

Approve Resolution #22-14.



RESOLUTION #22-14

AUTHORIZING USE OF REMOTE TELECONFERENCING PROVISIONS (AB 361)

WHEREAS, the Santa Cruz County Board of Education (“Board of Education”) is committed to open and transparent government, and full compliance with the Ralph M. Brown Act (“Brown Act”); and

WHEREAS, the Brown Act generally requires that a public agency take certain actions in order to use teleconferencing to attend a public meeting virtually; and

WHEREAS, the Board of Education recognizes that a local emergency persists due to the worldwide COVID-19 pandemic; and

WHEREAS, the California Legislature has recognized the ongoing state of emergency due to the COVID-19 pandemic and has responded by creating an additional means for public meetings to be held via teleconference (inclusive of internet-based virtual meetings); and

WHEREAS, on September 16, 2021, the California legislature passed Assembly Bill (“AB”) 361, which amends Government Code section 54953 and permits a local agency to use teleconferencing to conduct its meetings in any of the following circumstances:

- (A) the legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing;
- (B) the legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or
- (C) the legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, in order for the Board of Education to use teleconferencing as allowed by AB 361 after October 1, 2021, it must first adopt findings in a resolution, allowing the Board of Education to conduct teleconference meetings for a period of thirty (30) days; and

WHEREAS, Governor Gavin Newsom declared a state of emergency for the State of California due to the COVID-19 pandemic in his order entitled “Proclamation of a State of Emergency,” signed March 4, 2020; and

WHEREAS, the Board of Education hereby finds that the state and local emergencies have caused and will continue to cause imminent risks to the health or safety of attendees; and

WHEREAS, the Board of Education is conducting its meetings through the use of telephonic and internet-based services so that members of the public may observe and participate in meetings and offer public comment;

NOW THEREFORE BE IT RESOLVED, that the recitals set forth above are true and correct and fully incorporated into this Resolution by reference;

BE IT FURTHER RESOLVED, that the Board of Education has determined that given the state of emergency, holding in-person meetings would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED, that the actions taken by the Board of Education through this resolution apply to any and all District committees which are otherwise governed by the Brown Act;

BE IT FURTHER RESOLVED, the Board of Education authorizes the County Superintendent of Schools to take all actions necessary to conduct Board of Education meetings in accordance with Government Code section 54953(e) and all other applicable provisions of the Brown Act, using teleconferencing for a period of thirty (30) days from the adoption of this Resolution after which the Board of Education will reconsider the circumstances of the state of emergency.

PASSED AND ADOPTED by the Santa Cruz County Board of Education, County of Santa Cruz, State of California, this 21st day of April 2022, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Abel Sanchez, Board President
Santa Cruz County Board of Education

Dr. Faris M. Sabbah, Secretary
Santa Cruz County Superintendent of Schools