

# NAPA COUNTY OFFICE OF EDUCATION

AUDIT REPORT  
JUNE 30, 2023



NAPA COUNTY OFFICE  
OF  
EDUCATION

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

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## **FINANCIAL SECTION**

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

Governing Board  
Napa County Office of Education  
Napa, California

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Napa County Office of Education, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Napa County Office of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Napa County Office of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Napa County Office of Education's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Napa County Office of Education's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the Napa County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Napa County Office of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Napa County Office of Education's internal control over financial reporting and compliance.

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

San Diego, California  
December 14, 2023

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

## INTRODUCTION

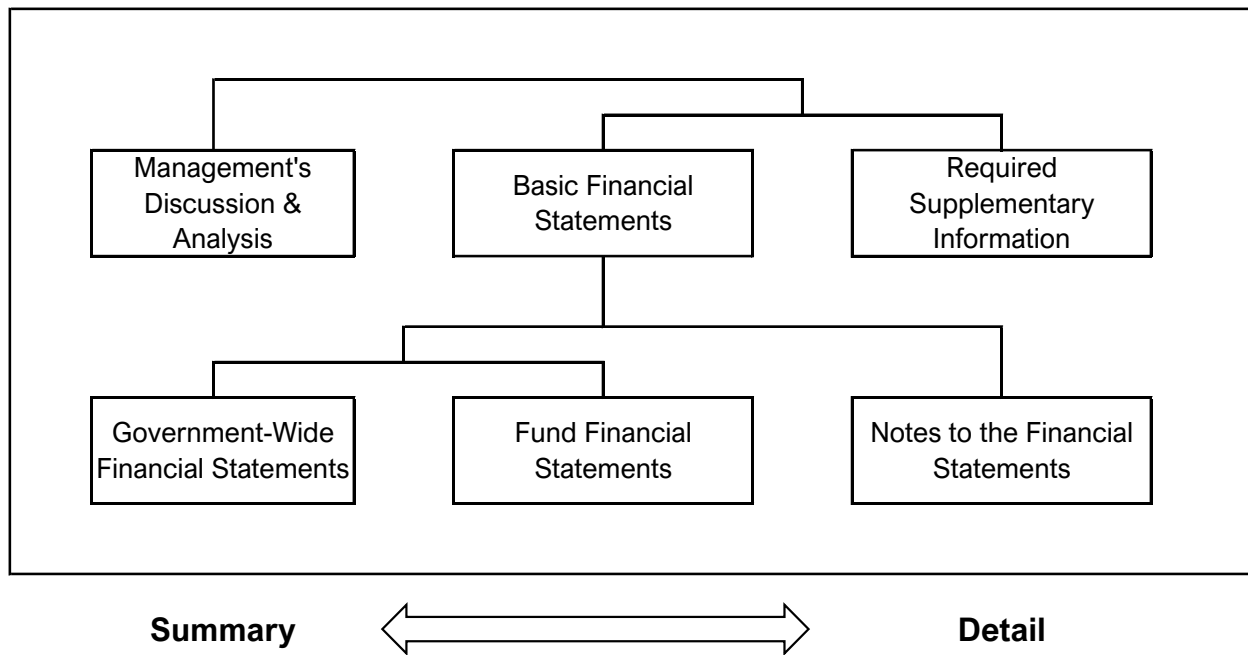
Our discussion and analysis of Napa County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the County Office of Education's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

## FINANCIAL HIGHLIGHTS

- The County Office of Education's total net position was \$4,486,929 at June 30, 2023. This was an increase of \$2,796,673 from the prior year.
- Overall revenues were \$58,965,977 which exceeded expenses of \$56,169,304.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity’s overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of County Office of Education operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office of Education’s programs.
  
  - ▶ **Fiduciary Funds** report resources held for the benefit of parties outside of the County Office of Education. Fiduciary funds are not reflected in the government-wide statement because the resources of the fund are not available to support the County Office of Education’s own programs.

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

**Government-Wide Statements**

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

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

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

**NAPA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2023**

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

**Net Position**

The County Office of Education's net position was \$4,486,929 at June 30, 2023, as reflected in the table below. Of this amount, \$(13,111,624) 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 that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 36,654,700	\$ 33,188,508	\$ 3,466,192
Capital assets	24,466,326	24,826,547	(360,221)
<b>Total Assets</b>	<b>61,121,026</b>	<b>58,015,055</b>	<b>3,105,971</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>15,180,408</b>	<b>8,701,572</b>	<b>6,478,836</b>
<b>LIABILITIES</b>			
Current liabilities	17,407,713	14,684,427	2,723,286
Long-term liabilities	52,177,246	37,051,983	15,125,263
<b>Total Liabilities</b>	<b>69,584,959</b>	<b>51,736,410</b>	<b>17,848,549</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,229,546</b>	<b>13,289,961</b>	<b>(11,060,415)</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,442,290	12,539,688	(97,398)
Restricted	5,156,263	3,599,407	1,556,856
Unrestricted	(13,111,624)	(14,448,839)	1,337,215
<b>Total Net Position</b>	<b>\$ 4,486,929</b>	<b>\$ 1,690,256</b>	<b>\$ 2,796,673</b>

**NAPA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 8,006,393	\$ 8,454,952	\$ (448,559)
Operating grants and contributions	36,994,613	35,441,727	1,552,886
General revenues			
Property taxes	10,710,824	7,231,349	3,479,475
Unrestricted federal and state aid	2,047,572	2,023,153	24,419
Other	1,206,575	452,265	754,310
<b>Total Revenues</b>	<b>58,965,977</b>	<b>53,603,446</b>	<b>5,362,531</b>
<b>EXPENSES</b>			
Instruction	15,091,506	14,450,075	641,431
Instruction-related services	16,741,098	14,564,255	2,176,843
Pupil services	3,737,855	3,212,921	524,934
General administration	7,378,658	6,145,250	1,233,408
Plant services	1,913,255	1,321,662	591,593
Ancillary and community services	57,832	51,503	6,329
Debt service	150,898	361,364	(210,466)
Other outgo	10,162,610	8,200,223	1,962,387
Depreciation	933,033	939,835	(6,802)
Enterprise activities	2,559	-	2,559
<b>Total Expenses</b>	<b>56,169,304</b>	<b>49,247,088</b>	<b>6,922,216</b>
<b>Change in net position</b>	<b>2,796,673</b>	<b>4,356,358</b>	<b>(1,559,685)</b>
<b>Net Position - Beginning</b>	<b>1,690,256</b>	<b>(2,666,102)</b>	<b>4,356,358</b>
<b>Net Position - Ending</b>	<b>\$ 4,486,929</b>	<b>\$ 1,690,256</b>	<b>\$ 2,796,673</b>

The cost of all our governmental activities this year was \$56,169,304 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$10,710,824 because the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services, unrestricted federal and state aid, and miscellaneous revenues.

**NAPA COUNTY OFFICE OF EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2023**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

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

	<b>Net Cost of Services</b>	
	<b>2023</b>	<b>2022</b>
Instruction	\$ (89,530)	\$ 111,843
Instruction-related services	1,635,574	1,047,251
Pupil services	154,326	33,145
General administration	4,774,595	3,318,176
Plant services	1,280,349	(528,513)
Ancillary and community services	2,925	(2,990)
Debt service	150,898	361,364
Transfers to other agencies	2,323,569	70,298
Depreciation	933,033	939,835
Enterprise activities	2,559	-
<b>Total</b>	<b>\$ 11,168,298</b>	<b>\$ 5,350,409</b>

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

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$19,683,754, which is less than last year’s ending fund balance of \$18,097,592. The County Office of Education’s County School Service Fund had \$1,263,718 more in operating revenues than expenditures for the year ended June 30, 2023. The County Office of Education’s Special Education Pass-Through Fund had \$25,617 less in operating revenues than expenditures for the year ended June 30, 2023. The County Office of Education’s Child Development Fund had \$893,762 more in operating revenues than expenditures for the year ended June 30, 2023.

**CURRENT YEAR BUDGET 2022-2023**

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

**NAPA COUNTY OFFICE OF EDUCATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2023**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2022-2023 the County Office of Education had invested \$24,466,326 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Construction in progress	\$ 2,550	\$ -	\$ 2,550
Land improvements	1,263,539	698,171	565,368
Buildings & improvements	27,645,224	28,290,883	(645,659)
Furniture & equipment	4,576,733	4,380,249	196,484
Less: Accumulated depreciation	(9,021,720)	(8,542,756)	(478,964)
<b>Total Capital Assets</b>	<b>\$ 24,466,326</b>	<b>\$ 24,826,547</b>	<b>\$ (360,221)</b>

**Long-Term Liabilities**

At year-end, the County Office of Education had \$52,177,246 in long-term liabilities. This was a decrease of 47.87% from last year, as shown in the table below. More detailed information about the County Office of Education’s long-term liabilities is presented in footnotes to the financial statements.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total certificates of participation	\$ 12,024,036	\$ 12,286,859	\$ (262,823)
Compensated absences	314,026	311,020	3,006
Net OPEB liability (asset)	117,140	(927,056)	1,044,196
Net pension liability	39,989,867	23,960,927	16,028,940
Less: current portion of long-term liabilities	(267,823)	(346,823)	79,000
<b>Total Long-term Liabilities</b>	<b>\$ 52,177,246</b>	<b>\$ 35,284,927</b>	<b>\$ 16,892,319</b>

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

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

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California’s economy regardless of the Federal Reserve’s policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**NAPA COUNTY OFFICE OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2023**

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

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

The County Office of Education participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the County Office of Education. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the County Office of Education's budget for the 2023-24 fiscal year.

**CONTACTING THE COUNTY OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the County Office of Education's finances and to show the County Office of Education's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Joshua Schultz, Deputy Superintendent, Napa County Office of Education at (707) 253-6832.

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

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 19,346,943
Accounts receivable	16,961,488
Prepaid expenses	346,269
Capital assets, not depreciated	2,550
Capital assets, net of accumulated depreciation	24,463,776
<b>Total Assets</b>	<b>61,121,026</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	14,134,910
Deferred outflows related to OPEB	1,045,498
<b>Total Deferred Outflows of Resources</b>	<b>15,180,408</b>
<b>LIABILITIES</b>	
Accrued liabilities	11,005,376
Unearned revenue	6,134,514
Long-term liabilities, current portion	267,823
Long-term liabilities, non-current portion	52,177,246
<b>Total Liabilities</b>	<b>69,584,959</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	2,120,396
Deferred inflows related to OPEB	109,150
<b>Total Deferred Inflows of Resources</b>	<b>2,229,546</b>
<b>NET POSITION</b>	
Net investment in capital assets	12,442,290
Restricted:	
Capital projects	619,185
Debt service	617,533
Educational programs	3,622,242
Food service	297,303
Unrestricted	(13,111,624)
<b>Total Net Position</b>	<b>\$ 4,486,929</b>

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

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

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 15,091,506	\$ 3,283,439	\$ 11,897,597	\$ 89,530
Instruction-related services				
Instructional supervision and administration	16,346,554	2,141,244	12,834,209	(1,371,101)
Instructional library, media, and technology	394,544	93,445	36,626	(264,473)
Pupil services				
Home-to-school transportation	166,630	94,082	67,790	(4,758)
Food services	1,249,915	60,382	1,193,169	3,636
All other pupil services	2,321,310	959,076	1,209,030	(153,204)
General administration				
Centralized data processing	1,959,099	-	-	(1,959,099)
All other general administration	5,419,559	573,622	2,030,441	(2,815,496)
Plant services	1,913,255	119,518	513,388	(1,280,349)
Community services	57,832	-	54,907	(2,925)
Enterprise activities	2,559	-	-	(2,559)
Interest on long-term debt	150,898	-	-	(150,898)
Other outgo	10,162,610	681,585	7,157,456	(2,323,569)
Depreciation (unallocated)	933,033	-	-	(933,033)
<b>Total Governmental Activities</b>	<b>\$ 56,169,304</b>	<b>\$ 8,006,393</b>	<b>\$ 36,994,613</b>	<b>(11,168,298)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				10,710,824
Federal and state aid not restricted for specific purposes				2,047,572
Interest and investment earnings				(763,737)
Interagency revenues				493,790
Miscellaneous				1,476,522
<b>Subtotal, General Revenue</b>				<b>13,964,971</b>
<b>CHANGE IN NET POSITION</b>				<b>2,796,673</b>
<b>Net Position - Beginning</b>				<b>1,690,256</b>
<b>Net Position - Ending</b>				<b>\$ 4,486,929</b>

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



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

	County School Services Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 16,222,482	\$ 2,377,654	\$ 6,108	\$ 740,699	\$ 19,346,943
Accounts receivable	12,396,518	2,196,579	2,171,400	196,991	16,961,488
Prepaid expenditures	346,269	-	-	-	346,269
<b>Total Assets</b>	<b>\$ 28,965,269</b>	<b>\$ 4,574,233</b>	<b>\$ 2,177,508</b>	<b>\$ 937,690</b>	<b>\$ 36,654,700</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 5,230,340	\$ 4,691,983	\$ 892,907	\$ 21,202	\$ 10,836,432
Unearned revenue	6,067,535	-	66,979	-	6,134,514
<b>Total Liabilities</b>	<b>11,297,875</b>	<b>4,691,983</b>	<b>959,886</b>	<b>21,202</b>	<b>16,970,946</b>
<b>FUND BALANCES</b>					
Nonspendable	375,562	-	-	-	375,562
Restricted	2,404,302	-	1,217,622	916,488	4,538,412
Assigned	8,234,006	-	-	-	8,234,006
Unassigned	6,653,524	(117,750)	-	-	6,535,774
<b>Total Fund Balances</b>	<b>17,667,394</b>	<b>(117,750)</b>	<b>1,217,622</b>	<b>916,488</b>	<b>19,683,754</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,965,269</b>	<b>\$ 4,574,233</b>	<b>\$ 2,177,508</b>	<b>\$ 937,690</b>	<b>\$ 36,654,700</b>

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

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

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**Total Fund Balance - Governmental Funds** \$ 19,683,754

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 33,488,046	
Accumulated depreciation	<u>(9,021,720)</u>	24,466,326

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(168,944)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total certificates of participation	\$ 12,024,036	
Compensated absences	314,026	
Net OPEB liability (asset)	117,140	
Net pension liability	<u>39,989,867</u>	(52,445,069)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 14,134,910	
Deferred inflows of resources related to pensions	<u>(2,120,396)</u>	12,014,514

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 1,045,498	
Deferred inflows of resources related to OPEB	<u>(109,150)</u>	936,348

**Total Net Position - Governmental Activities** \$ 4,486,929

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

	County School Services Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 12,643,327	\$ 66,726	\$ -	\$ -	\$ 12,710,053
Federal sources	9,639,464	4,683,605	876,405	818,030	16,017,504
Other state sources	11,389,722	2,448,875	5,220,399	111,831	19,170,827
Other local sources	10,653,697	(25,617)	1,466,005	6,022	12,100,107
<b>Total Revenues</b>	<b>44,326,210</b>	<b>7,173,589</b>	<b>7,562,809</b>	<b>935,883</b>	<b>59,998,491</b>
<b>EXPENDITURES</b>					
Current					
Instruction	12,413,949	-	3,891,469	-	16,305,418
Instruction-related services					
Instructional supervision and administration	15,905,176	-	743,412	-	16,648,588
Instructional library, media, and technology	415,368	-	6,820	-	422,188
Pupil services					
Home-to-school transportation	166,630	-	-	-	166,630
Food services	10,295	-	327,493	897,234	1,235,022
All other pupil services	2,579,982	-	41,122	-	2,621,104
General administration					
Centralized data processing	1,902,974	-	-	-	1,902,974
All other general administration	4,628,596	-	501,824	16,432	5,146,852
Plant services	1,655,038	-	262,000	-	1,917,038
Facilities acquisition and construction	-	-	-	567,918	567,918
Community services	-	-	54,907	-	54,907
Enterprise activities	2,559	-	-	-	2,559
Transfers to other agencies	2,963,404	7,199,206	-	-	10,162,610
Debt service					
Principal	240,000	-	840,000	-	1,080,000
Interest and other	178,521	-	-	-	178,521
<b>Total Expenditures</b>	<b>43,062,492</b>	<b>7,199,206</b>	<b>6,669,047</b>	<b>1,481,584</b>	<b>58,412,329</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,263,718</b>	<b>(25,617)</b>	<b>893,762</b>	<b>(545,701)</b>	<b>1,586,162</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	472,039	472,039
Transfers out	(472,039)	-	-	-	(472,039)
<b>Net Financing Sources (Uses)</b>	<b>(472,039)</b>	<b>-</b>	<b>-</b>	<b>472,039</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>791,679</b>	<b>(25,617)</b>	<b>893,762</b>	<b>(73,662)</b>	<b>1,586,162</b>
<b>Fund Balance - Beginning</b>	<b>16,875,715</b>	<b>(92,133)</b>	<b>323,860</b>	<b>990,150</b>	<b>18,097,592</b>
<b>Fund Balance - Ending</b>	<b>\$ 17,667,394</b>	<b>\$ (117,750)</b>	<b>\$ 1,217,622</b>	<b>\$ 916,488</b>	<b>\$ 19,683,754</b>

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

**NAPA COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ 1,586,162

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

**Capital outlay:**

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 764,402	
Depreciation expense:	<u>(933,033)</u>	(168,631)

**Debt service:**

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

1,080,000

**Gain or loss from the disposal of capital assets:**

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(191,590)

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

4,800

**Compensated absences:**

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(3,006)

**Postemployment benefits other than pensions (OPEB):**

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

(19,527)

*(continued on the following page)*

**NAPA COUNTY OFFICE OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2023**

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Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 485,642

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 22,823

<b>Change in Net Position of Governmental Activities</b>		<b>\$ 2,796,673</b>
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**NAPA COUNTY OFFICE OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

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	<b>Payroll Trust Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 6,299,610
<b>Total Assets</b>	<u>6,299,610</u>
<b>LIABILITIES</b>	
Accrued liabilities	-
<b>Total Liabilities</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted	6,299,610
<b>Total Net Position</b>	<u>\$ 6,299,610</u>

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

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

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	<b>Payroll Trust Fund</b>
<b>ADDITIONS</b>	
Investment earnings	\$ 1,065,723
<b>Total Additions</b>	<u>1,065,723</u>
 <b>CHANGE IN NET POSITION</b>	 1,065,723
<b>Net Position - Beginning</b>	<u>5,233,887</u>
<b>Net Position - Ending</b>	<u>\$ 6,299,610</u>

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

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

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

**A. Financial Reporting Entity**

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

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

**B. Component Units**

Component units are legally separate organizations for which the County Office of Education is financially accountable. Component units may also include organizations that are fiscally dependent on the County Office of Education in that the County Office of Education approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the County Office of Education is not financially accountable but the nature and significance of the organization's relationship with the County Office of Education is such that exclusion would cause the County Office of Education's financial statements to be misleading or incomplete. During the year ended June 30, 2018, NCOE Foundation was created and incorporated as a blended component unit of the Napa County Office of Education. The financial activity of the NCOE Foundation has been blended, or combined, with the activity of the County School Service Fund for presentation in the financial statements.

**C. Basis of Presentation**

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

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



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

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

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County Office of Education that cannot be used to support the County Office of Education's own programs.

**Major Governmental Funds**

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

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

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

**Non-Major Governmental Funds**

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

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the County Office of Education's food service program (*Education Code Sections 38091 and 38100*).

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

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

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

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

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

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

**Fiduciary Funds**

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

**Payroll Trust Fund:** This agency fund exists as a clearing account for payroll and withholdings for all school districts in Napa County.

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

**Government-Wide and Fiduciary Fund Financial Statements**

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

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

**Governmental Funds**

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

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

**D. Basis of Accounting – Measurement Focus (continued)**

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**Unearned Revenue**

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

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

**Expenses/Expenditures**

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

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

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

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The County Office of Education maintains a capitalization threshold of \$5,000. The County Office of Education does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 50 years depending on the asset class.

**Interfund Balances**

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

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

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

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

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

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

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

**Premiums and Discounts**

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

**Deferred Outflows/Deferred Inflows of Resources**

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

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

**Pensions**

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

**Fund Balance**

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

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

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

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

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

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

**Fund Balance (continued)**

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

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

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

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

**F. Interfund Activity**

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

**G. Estimates**

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

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

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

**H. Budgetary Data**

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

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

**I. Property Tax**

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

**J. New Accounting Pronouncements**

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The County Office of Education has fully implemented this Statement as of June 30, 2023.

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



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

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

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

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

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

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

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

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Investment in county treasury	\$ 19,403,902	\$ 6,299,610
Fair value adjustment	(843,091)	-
Cash with fiscal agent	756,839	-
Cash in revolving fund	29,293	-
<b>Total</b>	<b>\$ 19,346,943</b>	<b>\$ 6,299,610</b>

**B. Policies and Practices**

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

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

**Cash with Fiscal Agent** – The County Office of Education maintains cash balances with US Bank related to the 2021 Certificates of Participation.

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

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment with the County Treasury with a fair value of \$18,560,811 in governmental activities. The County Office of Education also maintains a pooled investment with the County Treasury with a fair value of \$6,299,610 in fiduciary activities. The weighted average maturity for this pool is 387 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

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

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the County Office of Education's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

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

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

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

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

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

The County Office of Education's fair value measurements at June 30, 2023 were as follows for governmental and fiduciary activities:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<u>\$ 18,560,811</u>
<b>Total</b>	<b><u>\$ 18,560,811</u></b>

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	<b>County School Services Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal Government					
Categorical aid	\$ 4,858,065	\$ 2,125,756	\$ 111,588	\$ 195,049	\$ 7,290,458
State Government					
Apportionment	1,705	-	-	-	1,705
Categorical aid	3,973,721	70,823	1,535,351	1,942	5,581,837
Lottery	7,247	-	-	-	7,247
Local Government					
Other local sources	3,555,780	-	524,461	-	4,080,241
<b>Total</b>	<b>\$ 12,396,518</b>	<b>\$ 2,196,579</b>	<b>\$ 2,171,400</b>	<b>\$ 196,991</b>	<b>\$ 16,961,488</b>

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 2,550	\$ -	\$ 2,550
Total capital assets not being depreciated	-	2,550	-	2,550
Capital assets being depreciated				
Land improvements	698,171	565,368	-	1,263,539
Buildings & improvements	28,290,883	-	645,659	27,645,224
Furniture & equipment	4,380,249	196,484	-	4,576,733
Total capital assets being depreciated	33,369,303	761,852	645,659	33,485,496
Less: Accumulated depreciation				
Land improvements	105,448	64,587	-	170,035
Buildings & improvements	6,313,301	628,156	454,069	6,487,388
Furniture & equipment	2,124,007	240,290	-	2,364,297
Total accumulated depreciation	8,542,756	933,033	454,069	9,021,720
Total capital assets being depreciated, net	24,826,547	(171,181)	191,590	24,463,776
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 24,826,547</b>	<b>\$ (168,631)</b>	<b>\$ 191,590</b>	<b>\$ 24,466,326</b>

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

**NOTE 5 – INTERFUND TRANSACTIONS**

**Interfund Transfers**

During the year ended June 30, 2023, the County Office of Education made the following interfund transfers:

	<b>Interfund Transfers Out</b>	<b>Interfund Transfers In</b>	
		<b>Non-Major Governmental Funds</b>	<b>Total</b>
County School Services Fund		\$ 472,039	\$ 472,039
<b>Total</b>		<b>\$ 472,039</b>	<b>\$ 472,039</b>
Transfer from the County School Services Fund to the the Cafeteria Fund for program support.			\$ 41,957
Transfer from the County School Services Fund to the County School Facilities Fund for program expenditures.			430,082
<b>Total</b>			<b>\$ 472,039</b>

**NOTE 6 – ACCRUED LIABILITIES**

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

	<b>County School Services Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Non-Major Governmental Funds</b>	<b>District-Wide</b>	<b>Governmental Activities</b>
Payroll	\$ 617,585	\$ -	\$ 20,084	\$ -	\$ -	\$ 637,669
Vendors payable	4,587,249	4,691,983	872,823	21,202	-	10,173,257
Unmatured interest	-	-	-	-	168,944	168,944
Due to grantor government	25,506	-	-	-	-	25,506
<b>Total</b>	<b>\$ 5,230,340</b>	<b>\$ 4,691,983</b>	<b>\$ 892,907</b>	<b>\$ 21,202</b>	<b>\$ 168,944</b>	<b>\$ 11,005,376</b>

**NOTE 7 – UNEARNED REVENUE**

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

	<b>County School Services Fund</b>	<b>Child Development Fund</b>	<b>Governmental Activities</b>
Federal sources	\$ 756,246	\$ -	\$ 756,246
State categorical sources	2,884,635	66,979	2,951,614
Local sources	2,426,654	-	2,426,654
<b>Total</b>	<b>\$ 6,067,535</b>	<b>\$ 66,979</b>	<b>\$ 6,134,514</b>

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

**NOTE 8 – LONG-TERM LIABILITIES**

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
<b>Governmental Activities</b>					
Direct placement certificates					
of participation	\$ 11,625,000	\$ -	\$ 240,000	\$ 11,385,000	\$ 245,000
Unamortized premium	661,859	-	22,823	639,036	22,823
Total direct placement certificates					
of participation	12,286,859	-	262,823	12,024,036	267,823
Compensated absences	311,020	3,006	-	314,026	-
Net OPEB liability (asset)	(927,056)	1,044,196	-	117,140	-
Net pension liability	23,960,927	16,028,940	-	39,989,867	-
CCFRF loan	840,000	-	840,000	-	-
<b>Total</b>	<b>\$ 36,471,750</b>	<b>\$ 17,076,142</b>	<b>\$ 1,102,823</b>	<b>\$ 52,445,069</b>	<b>\$ 267,823</b>

**A. Certificates of Participation**

On June 2, 2021, the Napa County Office of Education issued the 2021 Certificates of Participation (COPs) in the principal amount of \$12,000,000 for the purpose of funding capital projects. The COPs bear interest rates ranging from 2.25% to 4.00% and are scheduled to mature in January 2051. Payments on the COPs are made in the County School Service Fund. The annual requirements to amortize the 2021 COPs outstanding as of June 30, 2023 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 245,000	\$ 337,888	\$ 582,888
2025	255,000	328,088	583,088
2026	270,000	317,888	587,888
2027	280,000	307,087	587,087
2028	290,000	295,887	585,887
2029 - 2033	1,630,000	1,296,037	2,926,037
2034 - 2038	1,970,000	950,613	2,920,613
2039 - 2043	2,250,000	674,486	2,924,486
2044 - 2048	2,525,000	397,394	2,922,394
2049 - 2051	1,670,000	84,125	1,754,125
<b>Total</b>	<b>\$ 11,385,000</b>	<b>\$ 4,989,493</b>	<b>\$ 16,374,493</b>

**B. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$314,026. This amount is included as part of long-term liabilities in the government-wide financial statements. Payments for compensated absences are typically liquidated in the County School Service Fund and the non-major governmental fund.

**C. Other Postemployment Benefits**

The District's beginning net OPEB liability (asset) was \$(927,056) and increased by \$1,044,196 during the year ended June 30, 2023. The ending net OPEB liability at June 30, 2023 was \$117,140. See Note 10 for additional information regarding the net OPEB liability.

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

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**D. Net Pension Liability**

The County Office of Education’s beginning net pension liability was \$23,960,927 and increased by \$16,028,940 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$39,989,867. See Note 11 for additional information regarding the net pension liability.

**E. Child Care Facilities Revolving Fund (CCFRF) Loan**

During the year ended June 30, 2021, the County Office of Education entered into a Child Care Facilities Revolving Fund Loan with the California Department of Education for purposes of financing a facilities project at Calistoga Preschool. The loan does not bear any interest. The balance of the loan was paid in full during the 2022-23 year.

**NOTE 9 – FUND BALANCES**

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

	<b>County School Services Fund</b>	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable					
Revolving cash	\$ 29,293	\$ -	\$ -	\$ -	\$ 29,293
Prepaid expenditures	346,269	-	-	-	346,269
Total non-spendable	<u>375,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,562</u>
Restricted					
Educational programs	1,617,825	-	1,217,622	-	2,835,447
Food service	-	-	-	297,303	297,303
Capital projects	-	-	-	619,185	619,185
Debt service	786,477	-	-	-	786,477
Total restricted	<u>2,404,302</u>	<u>-</u>	<u>1,217,622</u>	<u>916,488</u>	<u>4,538,412</u>
Assigned					
Other assignments	8,234,006	-	-	-	8,234,006
Total assigned	<u>8,234,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,234,006</u>
Unassigned	6,653,524	(117,750)	-	-	6,535,774
<b>Total</b>	<u>\$ 17,667,394</u>	<u>\$ (117,750)</u>	<u>\$ 1,217,622</u>	<u>\$ 916,488</u>	<u>\$ 19,683,754</u>

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



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

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

**A. Plan Description**

The County Office of Education participates in a single-employer retiree benefit plan that provides post-employment health insurance benefits to eligible employees. The County Office of Education’s OPEB plan (the Plan) provides retiree health benefits, based on age, service and eligibility for pension benefits under either the California State Teachers' Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS).

**B. OPEB Plan Fiduciary Net Position**

The County Office of Education is a participant in the California Employers’ Retiree Benefit Trust (CERBT) and has invested assets that are accumulated in the trust. Detailed information about the Plan’s fiduciary net position is available in the separately-issued CalPERS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. This report also contains information on the Trust’s investment policies. Copies of the CalPERS’ ACFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**C. Benefits Provided**

The eligibility requirements and benefits provided by the Plan are described below. (Some grandfathered certificated retirees receive additional benefits under a recent retirement incentive.)

	<b>Certificated</b>	<b>Classified</b>	<b>Management</b>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65*	To age 65*	To age 65*
Required Service	10 years*	10 years*	10 years*
Minimum Age	55	55*	55*
Dependent Coverage	No	No	No
County Office Contribution %	100%	100%	100%
County Office Cap	\$325 per month*	\$350 per month*	None*

\*Those who don’t qualify for the above benefits or who exhaust these benefits are entitled to statutory minimum contributions toward medical coverage.

\*Those who do not qualify for the above benefits or who exhaust these benefits are entitled to statutory minimum CalPERS contributions toward medical coverage.

All contracts with County Office of Education employees will be renegotiated at various times in the future and, thus, costs and benefits are subjected to change. Benefits and contribution requirements (both employee and employer) for OPEB Plan are established by various labor agreements.

**D. Contributions**

For the measurement period, the County Office of Education contributed \$222,453 to the Plan, of which \$142,882 was used for current premiums and \$144,646 was contributed to the trust. The County Office of Education is a participant in the CERBT trust and has invested assets that are accumulated in the trust, which meets the criteria in paragraph 4 of GASB Statement 75.

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

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

**E. Plan Membership**

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	64
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>256</u>
<b>Total number of participants**</b>	<u><b>320</b></u>

\*Information not provided

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

**F. Net OPEB Liability/(Asset)**

The components of the net OPEB liability/(asset) of the County Office of Education at June 30, 2023, were as follows:

Total OPEB liability	\$ 4,792,641
Plan fiduciary net position	<u>(4,675,501)</u>
<b>County Office of Education's net OPEB liability</b>	<u><b>\$ 117,140</b></u>

Plan fiduciary net position as a percentage of total OPEB liability	97.6%
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**G. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

**Economic assumptions:**

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.75%
Healthcare cost trend rates	4.00%

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

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

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

**Non-economic assumptions:**

*Mortality:*

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

*Retirement rates:*

Certificated	<u>Hired 2012 and earlier:</u> 2020 CalSTRS 2% at 60 Rates <u>Hired after 2013:</u> 2020 CalSTRS 2% at 62 Rates
Classified	<u>Hired 2012 and earlier:</u> 2017 CalPERS 2% at 60 Rates <u>Hired after 2013:</u> 2017 CalPERS 2% at 62 Rates

*Vesting rates:*

Certificated Management	Statutory minimum benefits: 100% at 5 years of service Supplemental benefits: 100% at 10 years of service
Certificated	Statutory minimum benefits: 100% at 5 years of service Supplemental benefits: 100% at 10 years of service
Classified	Statutory minimum benefits: 100% at 5 years of service Supplemental benefits: 100% at 10 years of service
Classified Management	Statutory minimum benefits: 100% at 5 years of service Supplemental benefits: 100% at 10 years of service

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

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

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

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

**H. Changes in Net OPEB Liability/(Asset)**

	<u>June 30, 2023</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 237,446
Interest on total OPEB liability	299,564
Difference between expected and actual experience	17,384
Benefits payments	<u>(144,646)</u>
Net change in total OPEB liability	409,748
Total OPEB liability - beginning	<u>4,382,893</u>
Total OPEB liability - ending (a)	<u>\$ 4,792,641</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 222,453
Net investment income	(710,910)
Benefit payments	(144,646)
Administrative expenses	<u>(1,345)</u>
Net change in plan fiduciary net position	(634,448)
Plan fiduciary net position - beginning	<u>5,309,949</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,675,501</u>
 County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 117,140</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	97.56%
 Covered-employee payroll	\$ 19,966,362
 County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	0.59%

**I. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability/(asset) of the Napa County Office of Education, as well as what the County Office of Education's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
Net OPEB liability (asset)	\$ 775,421	\$ 117,140	\$ (426,005)

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

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

**J. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate**

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

	<b>1% Decrease</b>	<b>Valuation Trend Rate</b>	<b>1% Increase</b>
	<b>(3.00%)</b>	<b>(4.00%)</b>	<b>(5.00%)</b>
Net OPEB liability (asset)	\$ (557,910)	\$ 117,140	\$ 970,423

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

For the fiscal year ended June 30, 2023, the Napa County Office of Education recognized OPEB expense of \$267,515. At June 30, 2023, the Napa County Office of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual earnings on plan investments	\$ 417,622	\$ -
Differences between expected and actual experience	87,464	109,150
Changes in assumptions	209,588	-
County Office of Education contributions subsequent to the measurement date	330,824	-
<b>Total</b>	<b>\$ 1,045,498</b>	<b>\$ 109,150</b>

The \$330,824 reported as deferred outflows of resources related to OPEB resulting from County Office contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2024	\$ 109,764	\$ 14,563
2025	105,149	14,563
2026	79,745	14,563
2027	244,852	14,563
2028	30,472	14,563
Thereafter	144,692	36,335
<b>Total</b>	<b>\$ 714,674</b>	<b>\$ 109,150</b>

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

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**NOTE 11 – PENSION PLANS**

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

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 8,765,387	\$ 3,409,237	\$ 1,343,491	\$ (260,803)
PERS Pension	31,224,480	10,725,673	776,905	4,593,074
<b>Total</b>	<b>\$ 39,989,867</b>	<b>\$ 14,134,910</b>	<b>\$ 2,120,396</b>	<b>\$ 4,332,271</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

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

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

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

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$1,226,934 for the year ended June 30, 2023.

**On-Behalf Payments**

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$704,197 to CalSTRS.

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

At June 30, 2023, the County Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office of Education. The amount recognized by the County Office of Education as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County Office of Education were as follows:

County Office of Education's proportionate share of the net pension liability	\$ 8,765,387
State's proportionate share of the net pension liability associated with the County Office of Education	<u>4,389,731</u>
<b>Total</b>	<b><u>\$ 13,155,118</u></b>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 rolling forward the total pension liability to June 30, 2022. The County Office of Education’s proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2022, the County Office of Education’s proportion was 0.013 percent, which was unchanged from its proportion measured as of June 30, 2021.

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

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

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

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

For the year ended June 30, 2023, the County Office of Education recognized pension expense of \$(260,803). In addition, the County Office of Education recognized pension expense and revenue of \$(328,317) for support provided by the State. At June 30, 2023, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 428,518
Differences between expected and actual experience	7,190	657,221
Changes in assumptions	434,699	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	1,740,414	257,752
County Office of Education contributions subsequent to the measurement date	1,226,934	-
<b>Total</b>	<u>\$ 3,409,237</u>	<u>\$ 1,343,491</u>

The \$1,226,934 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 739,305	\$ 561,088
2025	371,586	562,130
2026	317,565	731,165
2027	317,567	(632,118)
2028	255,616	91,077
2029	180,664	30,149
<b>Total</b>	<u>\$ 2,182,303</u>	<u>\$ 1,343,491</u>



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

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

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

\*20-year geometric average

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

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 14,886,878	\$ 8,765,387	\$ 3,682,709

**Pension Plan Fiduciary Net Position**

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

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

**Plan Description**

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

**Benefits Provided**

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

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

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

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

**Contributions**

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

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the County Office of Education were \$3,590,979 for the year ended June 30, 2023.

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

At June 30, 2023, the County Office of Education reported a liability of \$31,224,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The County Office of Education’s proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2022, the County Office of Education’s proportion was 0.091 percent, which was an increase 0.0001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County Office of Education recognized pension expense of \$4,593,074. At June 30, 2023, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 3,686,762	\$ -
Differences between expected and actual experience	141,116	776,905
Changes in assumptions	2,309,809	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	997,007	-
County Office of Education contributions subsequent to the measurement date	3,590,979	-
<b>Total</b>	<u>\$ 10,725,673</u>	<u>\$ 776,905</u>

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

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

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

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

The \$3,590,979 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 2,099,489	\$ 272,398
2025	1,755,509	272,398
2026	1,031,638	232,109
2027	2,248,058	-
<b>Total</b>	<b>\$ 7,134,694</b>	<b>\$ 776,905</b>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

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

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

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

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

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

**Actuarial Assumptions (continued)**

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

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

**Discount Rate**

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

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

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

	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
County Office of Education's proportionate share of the net pension liability	\$ 45,105,342	\$ 31,224,480	\$ 19,752,457

**Pension Plan Fiduciary Net Position**

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

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

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2023.

**B. Litigation**

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2023.

**C. Construction Commitments**

As of June 30, 2023, the County Office of Education had no outstanding commitments with respect to unfinished capital projects.

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

The County Office of Education participates in two joint powers agreement (JPA) entities, the North Bay Schools Insurance Authority for Workers' Compensation and Property and Liability Insurance and the Schools Self Insurance of Contra Costa County for Dental and Vision. The relationship is such that the JPAs are not component units of the County Office of Education 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 Office of Education are included in these financial statements. Audited financial statements are available from the respective entities.

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

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

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was \$14,134,910 and total deferred inflows related to pensions was \$2,120,396.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to OPEB was \$1,045,498 and total deferred inflows related to OPEB was \$109,150.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 9,229,374	\$ 9,739,337	\$ 12,643,327	\$ 2,903,990
Federal sources	13,289,301	16,149,119	10,490,930	(5,658,189)
Other state sources	12,156,588	16,604,223	10,538,256	(6,065,967)
Other local sources	13,431,380	14,493,536	10,791,917	(3,701,619)
<b>Total Revenues</b>	<b>48,106,643</b>	<b>56,986,215</b>	<b>44,464,430</b>	<b>(12,521,785)</b>
<b>EXPENDITURES</b>				
Certificated salaries	6,523,119	6,912,232	5,610,839	1,301,393
Classified salaries	17,839,842	19,153,279	14,800,689	4,352,590
Employee benefits	7,344,089	7,765,297	6,507,975	1,257,322
Books and supplies	3,994,839	4,591,331	1,578,891	3,012,440
Services and other operating expenditures	12,994,996	17,933,779	11,551,718	6,382,061
Capital outlay	260,281	1,234,628	148,711	1,085,917
Other outgo				
Excluding transfers of indirect costs	587,488	587,488	3,555,667	(2,968,179)
Transfers of indirect costs	(489,727)	(689,667)	(518,256)	(171,411)
<b>Total Expenditures</b>	<b>49,054,927</b>	<b>57,488,367</b>	<b>43,236,234</b>	<b>14,252,133</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(948,284)</b>	<b>(502,152)</b>	<b>1,228,196</b>	<b>1,730,348</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	13,500	17,008	3,508
Transfers out	(15,000)	(56,993)	(58,965)	(1,972)
<b>Net Financing Sources (Uses)</b>	<b>(15,000)</b>	<b>(43,493)</b>	<b>(41,957)</b>	<b>1,536</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(963,284)</b>	<b>(545,645)</b>	<b>1,186,239</b>	<b>1,731,884</b>
<b>Fund Balance - Beginning</b>	<b>12,320,673</b>	<b>12,320,673</b>	<b>12,320,673</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 11,357,389</b>	<b>\$ 11,775,028</b>	<b>\$ 13,506,912</b>	<b>\$ 1,731,884</b>

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

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

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

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ -	\$ -	\$ 66,726	\$ 66,726
Federal sources	3,817,517	4,667,219	4,683,605	16,386
Other state sources	2,183,796	2,268,412	2,448,875	180,463
Other local sources	-	(12,431)	(12,431)	-
<b>Total Revenues</b>	<b>6,001,313</b>	<b>6,923,200</b>	<b>7,186,775</b>	<b>263,575</b>
<b>EXPENDITURES</b>				
Other outgo				
Excluding transfers of indirect costs	6,001,313	6,935,631	7,199,206	(263,575)
<b>Total Expenditures</b>	<b>6,001,313</b>	<b>6,935,631</b>	<b>7,199,206</b>	<b>(263,575)</b>
<b>NET CHANGE IN FUND BALANCE</b>	-	(12,431)	(12,431)	-
<b>Fund Balance - Beginning</b>	12,431	1,231	12,431	-
<b>Fund Balance - Ending</b>	<b>\$ 12,431</b>	<b>\$ (11,200)</b>	<b>\$ -</b>	<b>\$ -</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because audit adjustments are not reflected in the schedule above.

**NAPA COUNTY OFFICE OF EDUCATION  
CHILD DEVELOPMENT FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 153,470	\$ 270,962	\$ 876,405	\$ 605,443
Other state sources	3,710,287	5,504,602	5,220,399	(284,203)
Other local sources	1,364,531	1,458,525	1,466,323	7,798
<b>Total Revenues</b>	<b>5,228,288</b>	<b>7,234,089</b>	<b>7,563,127</b>	<b>329,038</b>
<b>EXPENDITURES</b>				
Certificated salaries	1,724,558	1,848,837	2,209,359	(360,522)
Classified salaries	1,152,523	1,267,407	1,217,356	50,051
Employee benefits	1,150,180	1,218,845	1,350,284	(131,439)
Books and supplies	583,620	2,221,423	296,504	1,924,919
Services and other operating expenditures	153,764	242,653	227,113	15,540
Capital outlay	-	-	26,607	(26,607)
Other outgo				
Excluding transfers of indirect costs	-	-	840,000	(840,000)
Transfers of indirect costs	463,643	658,785	501,824	156,961
<b>Total Expenditures</b>	<b>5,228,288</b>	<b>7,457,950</b>	<b>6,669,047</b>	<b>788,903</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>(223,861)</b>	<b>894,080</b>	<b>1,117,941</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(223,861)</b>	<b>894,080</b>	<b>1,117,941</b>
<b>Fund Balance - Beginning</b>	<b>323,860</b>	<b>323,860</b>	<b>323,860</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 323,860</b>	<b>\$ 99,999</b>	<b>\$ 1,217,940</b>	<b>\$ 1,117,941</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because audit adjustments are not reflected in the schedule above.

**NAPA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 237,446	\$ 210,653	\$ 205,015	\$ 197,856	\$ 192,561	\$ 187,407
Interest on total OPEB liability	299,564	262,329	240,306	230,534	211,004	193,312
Difference between expected and actual experience	17,384	86,322	(178)	(164,995)	-	-
Changes of assumptions	-	252,804	-	-	-	-
Benefits payments	(144,646)	(142,882)	(123,999)	(130,586)	(123,822)	(142,438)
Net change in total OPEB liability	409,748	669,226	321,144	132,809	279,743	238,281
Total OPEB liability - beginning	4,382,893	3,713,667	3,392,523	3,259,714	2,979,971	2,741,690
Total OPEB liability - ending (a)	<u>\$ 4,792,641</u>	<u>\$ 4,382,893</u>	<u>\$ 3,713,667</u>	<u>\$ 3,392,523</u>	<u>\$ 3,259,714</u>	<u>\$ 2,979,971</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 222,453	\$ 351,003	\$ 297,765	\$ 285,105	\$ 287,786	\$ 290,251
Net investment income	(710,910)	1,112,168	136,752	214,523	237,595	272,426
Benefit payments	(144,646)	(142,882)	(123,999)	(136,348)	(123,822)	(142,438)
Administrative expenses	(1,345)	(1,533)	(1,830)	(727)	(5,465)	(2,287)
Net change in plan fiduciary net position	(634,448)	1,318,756	308,688	362,553	396,094	417,952
Plan fiduciary net position - beginning	5,309,949	3,991,193	3,682,505	3,319,952	2,923,858	2,505,906
Plan fiduciary net position - ending (b)	<u>\$ 4,675,501</u>	<u>\$ 5,309,949</u>	<u>\$ 3,991,193</u>	<u>\$ 3,682,505</u>	<u>\$ 3,319,952</u>	<u>\$ 2,923,858</u>
County Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 117,140</u>	<u>\$ (927,056)</u>	<u>\$ (277,526)</u>	<u>\$ (289,982)</u>	<u>\$ (60,238)</u>	<u>\$ 56,113</u>
Plan fiduciary net position as a percentage of the total OPEB liability	97.56%	121.15%	107.47%	108.55%	101.85%	98.12%
Covered-employee payroll	\$ 19,966,362	\$ 19,083,811	\$ 19,269,571	\$ 17,870,198	\$ 17,259,143	\$ 17,259,143
County Office of Education's net OPEB liability (asset) as a percentage of covered-employee payroll	0.59%	-4.86%	-1.44%	-1.62%	-0.35%	0.33%

See accompanying notes to required supplementary information.

**NAPA COUNTY OFFICE OF EDUCATION  
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.013%	0.012%	0.012%	0.011%	0.012%	0.011%	0.012%	0.012%	0.011%
County Office of Education's proportionate share of the net pension liability	\$ 8,765,387	\$ 5,618,366	\$ 11,290,996	\$ 10,078,227	\$ 10,879,622	\$ 10,497,747	\$ 9,385,548	\$ 7,909,822	\$ 6,428,070
State's proportionate share of the net pension liability associated with the County Office of Education	4,389,731	2,827,003	5,820,463	5,498,390	6,229,124	6,210,429	5,343,811	4,183,413	3,881,546
<b>Total</b>	<u>\$ 13,155,118</u>	<u>\$ 8,445,369</u>	<u>\$ 17,111,459</u>	<u>\$ 15,576,617</u>	<u>\$ 17,108,746</u>	<u>\$ 16,708,176</u>	<u>\$ 14,729,359</u>	<u>\$ 12,093,235</u>	<u>\$ 10,309,616</u>
County Office of Education's covered payroll	\$ 7,240,125	\$ 6,794,532	\$ 6,474,721	\$ 6,211,133	\$ 6,281,999	\$ 6,184,602	\$ 5,540,676	\$ 4,740,388	\$ 4,852,642
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	121.1%	82.7%	174.4%	162.3%	173.2%	169.7%	169.4%	166.9%	132.5%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**NAPA COUNTY OFFICE OF EDUCATION  
 SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
County Office of Education's proportion of the net pension liability	0.091%	0.090%	0.085%	0.083%	0.082%	0.085%	0.087%	0.089%	0.087%
County Office of Education's proportionate share of the net pension liability	\$ 31,224,480	\$ 18,342,561	\$ 25,986,246	\$ 24,139,330	\$ 21,962,120	\$ 20,229,752	\$ 17,181,052	\$ 13,225,104	\$ 9,842,561
County Office of Education's covered payroll	\$ 13,934,030	\$ 12,988,464	\$ 12,272,319	\$ 11,650,717	\$ 11,084,087	\$ 11,074,541	\$ 9,937,270	\$ 9,084,459	\$ 9,102,849
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	224.1%	141.2%	211.7%	207.2%	198.1%	182.7%	172.9%	145.6%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,226,934	\$ 1,210,224	\$ 1,086,780	\$ 1,075,688	\$ 992,278	\$ 900,773	\$ 770,946	\$ 617,428	\$ 492,012
Contributions in relation to the contractually required contribution*	(1,226,934)	(1,210,224)	(1,086,780)	(1,075,688)	(992,278)	(900,773)	(770,946)	(617,428)	(492,012)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 6,529,157	\$ 7,240,125	\$ 6,794,532	\$ 6,474,721	\$ 6,211,133	\$ 6,281,999	\$ 6,184,602	\$ 5,540,676	\$ 4,740,388
Contributions as a percentage of covered payroll	18.79%	16.72%	15.99%	16.61%	15.98%	14.34%	12.47%	11.14%	10.38%

\*Amounts do not include on-behalf contributions

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,226,934	\$ 1,210,224	\$ 1,086,780	\$ 1,075,688	\$ 992,278	\$ 900,773	\$ 770,946	\$ 617,428	\$ 492,012
Contributions in relation to the contractually required contribution*	(1,226,934)	(1,210,224)	(1,086,780)	(1,075,688)	(992,278)	(900,773)	(770,946)	(617,428)	(492,012)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office of Education's covered payroll	\$ 6,529,157	\$ 7,240,125	\$ 6,794,532	\$ 6,474,721	\$ 6,211,133	\$ 6,281,999	\$ 6,184,602	\$ 5,540,676	\$ 4,740,388
Contributions as a percentage of covered payroll	18.79%	16.72%	15.99%	16.61%	15.98%	14.34%	12.47%	11.14%	10.38%

\*Amounts do not include on-behalf contributions



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

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios**

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

**Schedule of the County of Education Contributions for OPEB**

This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

**Changes in Benefit Terms**

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

**Changes in Assumptions**

There were no changes in assumptions from the previous valuation.

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

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

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of County Office of Education Contributions**

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

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

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
County School Services Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 587,488	\$ 3,555,667	\$ 2,968,179
Transfers of indirect costs	\$ (689,667)	\$ (518,256)	\$ 171,411
Special Education Pass-Through Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 6,935,631	\$ 7,199,206	\$ 263,575
Child Development Fund			
Certificated salaries	\$ 1,848,837	\$ 2,209,359	\$ 360,522
Employee benefits	\$ 1,218,845	\$ 1,350,284	\$ 131,439
Capital outlay	\$ -	\$ 26,607	\$ 26,607
Other outgo			
Excluding transfers of indirect costs	\$ -	\$ 840,000	\$ 840,000

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## **SUPPLEMENTARY INFORMATION**

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>U. S. DEPARTMENT OF EDUCATION:</b>				
<i>Passed through California Department of Education:</i>				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 44,003	\$ -
ESSA Sch Improv Funds For COEs	84.010	15439	32,601	-
Title I, Part D, Local Delinquent Programs	84.010	14357	27,156	-
Subtotal Title I, Part A			<u>103,760</u>	<u>-</u>
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	418,896	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,049,344	3,609,344
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	849,702	-
IDEA Preschool Capacity Building, Part B, Sec 619	84.173	13839	1,712,718	-
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	224,559	224,559
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	72,800	-
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	144,276	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,292	-
Alternate Dispute Resolution, Part B, Sec 611	84.027A	13007	32,099	-
Subtotal Special Education Cluster			<u>7,086,790</u>	<u>3,833,903</u>
State Improvement Grant, Improving Special Ed Systems	84.323	14913	1,286,430	-
IDEA Early Intervention Grants, Part C	84.181	23761	45,383	-
ARP IDEA Part C, Early Education Program	84.181X	25657	15,836	-
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	124,242	-
Title II: Comprehensive Literacy State Development (CLSD) Grant	84.371	15493	1,553,363	-
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	50,207	-
State Performance Plan Technical Assistance Project (SPP-TAP)	84.UNK	CN220144	95,994	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
California Community Schools Partnership Program	84.425	15537	343,260	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	11,685	-
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	5,125	-
American Rescue Plan - Homeless Children and Youth II (ARP HCY II) Program	84.425	15566	5,993	-
After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve	84.425	15652	171,065	-
21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve	84.425	15651	320,496	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>857,624</u>	<u>-</u>
<b>Total U. S. Department of Education</b>			<u>11,638,525</u>	<u>3,833,903</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through California Department of Education:</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555	13391	29,310	-
Summer Food Service Program for Children	10.559	13004	18,000	-
Subtotal Child Nutrition Cluster			<u>47,310</u>	<u>-</u>
<i>Passed through California Department of Social Services:</i>				
CACFP Claims - Centers and Family Day Care	10.558	13393	886,877	-
<b>Total U. S. Department of Agriculture</b>			<u>934,187</u>	<u>-</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<i>Passed through California Department of Education:</i>				
Child Care and Development Block Grant				
Federal General Child Care and Dev (CCTR); Rs 5026, Family Child Care Home (CFCC)	93.596	13609	16,665	-
Child Development: Quality Improvement Activities	93.575	14130	89,295	-
Federal Local Planning Councils (Contract Prefix CLPC)	93.575	13946	53,117	-
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	59,913	-
Subtotal Child Care and Development Block Grant			<u>218,990</u>	<u>-</u>
<i>Passed through California Department of Public Health:</i>				
Cooperative Agreement for Emergency Response: Public Health Crisis Response Funds	93.UNK	*	224,138	-
<i>Direct Aid:</i>				
Drug Free CATALYST Program	93.276	1H79SP020957-01	147,777	-
SPF Partnerships for Success	93.243	1H79SP081279-01	292,225	-
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>883,130</u>	<u>-</u>

(continued on the following page)

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
CORPORATION FOR NATIONAL COMMUNITY SERVICE:				
<i>Passed through Bay Area Community Resources</i>				
Ameri-Corps				
Ameri-Corps: Cal Serves	94.006	14AFHY22-F133	480,083	-
Ameri-Corps: Cal Serves ARP	94.006	21ACIY28-C143	171,058	-
Ameri-Corps: VIP	94.006	14ESHY23-X112	1,223,697	-
Ameri-Corps: VIP Hart	94.021	*	102,565	-
Subtotal Ameri-Corps			<u>1,977,403</u>	-
<i>Passed through California Office of Planning and Research:</i>				
Volunteer Training	94.UNK	*	43,000	-
<b>Total Corporation for National Community Service</b>			<u>2,020,403</u>	-
<b>Total Federal Expenditures</b>			<u>\$ 15,476,245</u>	<u>\$ 3,833,903</u>

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

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

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	<b>Second Period Report</b>	<b>Annual Report</b>
ALTERNATIVE EDUCATION GRANT PROGRAMS		
JUVENILE COURT SCHOOLS		
ELEMENTARY		
Juvenile Halls, Homes, and Camps	0.18	0.31
Total Elementary	<u>0.18</u>	<u>0.31</u>
SECONDARY		
Juvenile Halls, Homes, and Camps	13.54	12.63
Total Secondary	<u>13.54</u>	<u>12.63</u>
Total Juvenile Court Schools	<u>13.72</u>	<u>12.94</u>
COUNTY FUNDED NON-JUVENILE COURT SCHOOLS		
ELEMENTARY		
Probation Referred, On Probation or Parole, or Expelled	8.47	9.97
Total Elementary	<u>8.47</u>	<u>9.97</u>
SECONDARY		
Probation Referred, On Probation or Parole, or Expelled	56.00	55.46
Total Secondary	<u>56.00</u>	<u>55.46</u>
Total County Funded Non-Juvenile Court Schools	<u>64.47</u>	<u>65.43</u>

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

	2024 (Budget)	2023	2022	2021
County School Service Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 56,042,328	\$ 44,481,438	\$ 41,382,873	\$ 38,039,436
Expenditures And Other Financing Uses	56,590,444	43,295,199	40,261,258	36,561,748
Net change in Fund Balance	\$ (548,116)	\$ 1,186,239	\$ 1,121,615	\$ 1,477,688
Ending Fund Balance	\$ 12,958,796	\$ 13,506,912	\$ 11,534,196	\$ 10,412,581
Available Reserves*	\$ 6,405,371	\$ 6,653,524	\$ 1,203,198	\$ 1,265,018
Available Reserves As A Percentage Of Outgo	11.32%	15.37%	2.99%	3.46%
Long-term Liabilities	\$ 52,177,246	\$ 52,445,069	\$ 37,398,806	\$ 51,253,854
Average Daily Attendance At P-2***	78	78	86	111

The County School Service Fund balance has increased by \$3,094,331 over the past two years. However, the fiscal year 2023-24 budget projects a decrease of \$548,116. For a County Office of Education this size, the State recommends available reserves of at least 3% of County School Service Fund expenditures, transfers out, and other uses (total outgo).

The County Office of Education has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by \$1,191,215 over the past two years.

Average daily attendance has decreased by 33 ADA over the past two years. No change in ADA is anticipated during the 2023-24 fiscal year.

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

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

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

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

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	<b>County School Services Fund</b>	<b>Special Education Pass- Through Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>	<b>Special Reserve for Post- Employment Benefits Fund</b>	<b>County School Facilities Fund</b>
June 30, 2023, annual financial and budget report fund balance	\$ 13,506,912	\$ -	\$ 1,217,940	\$ 303,633	\$ 4,323,265	\$ 641,402	\$ 651,443
Adjustments and reclassifications:							
Increase (decrease) in total fund balances:							
Fair market adjustment - cash in county treasury	(804,185)	(117,750)	(318)	(6,330)	-	-	(32,258)
Fund balance transfer (GASB 54)	4,964,667	-	-	-	(4,323,265)	(641,402)	-
Net adjustments and reclassifications	4,160,482	(117,750)	(318)	(6,330)	(4,323,265)	(641,402)	(32,258)
June 30, 2023, audited financial statement fund balance	\$ 17,667,394	\$ (117,750)	\$ 1,217,622	\$ 297,303	\$ -	\$ -	\$ 619,185

See accompanying note to supplementary information.



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

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0679	Mayacamas Charter Middle School	Active - 8/16/2023	No

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

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	<b>Cafeteria Fund</b>	<b>County School Facilities Fund</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 121,514	\$ 619,185	\$ 740,699
Accounts receivable	196,991	-	196,991
<b>Total Assets</b>	<b>\$ 318,505</b>	<b>\$ 619,185</b>	<b>\$ 937,690</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 21,202	-	\$ 21,202
<b>Total Liabilities</b>	<b>21,202</b>	<b>-</b>	<b>21,202</b>
<b>FUND BALANCES</b>			
Restricted	297,303	619,185	916,488
<b>Total Fund Balances</b>	<b>297,303</b>	<b>619,185</b>	<b>916,488</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 318,505</b>	<b>\$ 619,185</b>	<b>\$ 937,690</b>

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

	<b>Cafeteria Fund</b>	<b>County School Facilities Fund</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Federal sources	\$ 818,030	\$ -	\$ 818,030
Other state sources	111,831	-	111,831
Other local sources	(4,537)	10,559	6,022
<b>Total Revenues</b>	<u>925,324</u>	<u>10,559</u>	<u>935,883</u>
<b>EXPENDITURES</b>			
Current			
Pupil services			
Food services	897,234	-	897,234
General administration			
All other general administration	16,432	-	16,432
Facilities acquisition and construction	-	567,918	567,918
<b>Total Expenditures</b>	<u>913,666</u>	<u>567,918</u>	<u>1,481,584</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>11,658</u>	<u>(557,359)</u>	<u>(545,701)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	41,957	430,082	472,039
<b>Net Financing Sources (Uses)</b>	<u>41,957</u>	<u>430,082</u>	<u>472,039</u>
<b>NET CHANGE IN FUND BALANCE</b>	53,615	(127,277)	(73,662)
<b>Fund Balance - Beginning</b>	243,688	746,462	990,150
<b>Fund Balance - Ending</b>	<u>\$ 297,303</u>	<u>\$ 619,185</u>	<u>\$ 916,488</u>

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

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The Napa County Office of Education was established in 1852 and provides coordination of the educational program for the independent school districts located in Napa County and also provides professional and financial supervision for three school districts under its direct jurisdiction. In addition, the Superintendent maintains special schools and programs countywide independently of the school districts. The Mayacamas Charter Middle School opened August 16, 2023 and Napa County Office of Education is the sponsoring County Office of Education.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Don J. Huffman	President	December 2026
Ann Cash	Member	December 2026
Jennifer Kresge	Member	December 2024
Gerald Parrott	Member	December 2024
Jean Donaldson	Member	December 2024
Janna Waldinger	Member	December 2026
Sindy Biederman	Member	December 2024

**COUNTY OFFICE OF EDUCATION ADMINISTRATORS**

Barbara Nemko, Ph.D.  
*Superintendent*

Joshua Schultz  
*Deputy Superintendent*

Julie McClure  
*Associate Superintendent*

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

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2023 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2023.

	<u>AL</u>	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 16,017,504
Child Development: Federal Resource and Referral	93.575	59,913
ARP California State Preschool Program - Rate Supplements	93.575	<u>(601,172)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$15,476,245</u>

The County Office of Education passes-through certain Federal assistance received to other governments (subrecipients). The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. The County Office of Education is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

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

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

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

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

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

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of Charter Schools**

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

**Combining Statements – Non-Major Funds**

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

**Local Education Agency Organization Structure**

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

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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

Governing Board  
Napa County Office of Education  
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Napa County Office of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Napa County Office of Education's basic financial statements, and have issued our report thereon dated December 14, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2023-001)



## Report on Compliance and Other Matters

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

## Napa County Office of Education's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Napa County Office of Education's response to the findings identified in our audit and described in the Schedule of Audit Findings and Questioned Costs. The Napa County Office of Education's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

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

San Diego, California  
December 14, 2023

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

Governing Board  
Napa County Office of Education  
Napa, California

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

We have audited Napa County Office of Education's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Napa County Office of Education's major federal programs for the year ended June 30, 2023. Napa County Office of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Napa County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Napa County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Napa County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Napa County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

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

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

San Diego, California  
December 14, 2023

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

Governing Board  
Napa County Office of Education  
Napa, California

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

We have audited Napa County Office of Education's compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Napa County Office of Education's state programs for the fiscal year ended June 30, 2023, as identified below.

In our opinion, Napa County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Napa County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Napa County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Napa County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Napa County Office of Education's compliance with the state laws and regulations related to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Yes
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Not Applicable
Independent Study Certification for ADA Loss Mitigation	Not Applicable

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

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

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

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

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

San Diego, California  
December 14, 2023



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

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

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>84.027, 84.173, 84.027A, 84.173A</u>	<u>IDEA Special Education Cluster</u>
<u>84.371</u>	<u>Title II: Comprehensive Literacy State Development (CLSD) Grant</u>
<u>10.558</u>	<u>Child and Adult Food Care Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

**FINDING #2023-001: INTERNAL CONTROL OVER CAPITAL ASSETS REPORTING – MATERIAL WEAKNESS (30000)**

**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. This should include procedures and controls that allow for the timely and accurate reporting of capital assets balances. Such internal controls should include a review of additions, deletions, depreciation, and conversion entries used in the preparation of the County Office’s financial statements. The County Office should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

**Condition:** Although the capital assets and related accumulated depreciation balances appear to be materially accurate based on our audit procedures, we found that the County Office does not have adequate controls in place to ensure for the timely and accurate reporting of capital assets balances. The auditor noted variances in the beginning balances for buildings and corresponding accumulated depreciation.

**Effect:** The weaknesses noted during our audit procedures indicate that there is a reasonable possibility that a material misstatement of capital assets balance will not be prevented, or detected and corrected on a timely basis

**Cause:** Difficulties encountered by management in transitioning to a new capital assets reporting software.

**Repeat Finding:** This is a repeat finding of Finding #2022-002.

**Recommendation:** The County Office should implement procedures to ensure that capital assets balance are properly recorded in the County Office’s financial statements.

**Corrective Action Plan:** Napa COE concurs with the finding of inadequate internal control procedures to ensure timely and accurate reporting of capital asset balances. In 2021-22 Napa COE straddled two asset tracking systems and completed the transition in 2022-23. During this time there was also a change in the director managing the General Services and Purchasing Department, which created a need to be heavily reliant on consultants to provide guidance and support to staff performing asset management tasks.

Napa COE now has a Director of General Services and the transition to the new asset tracking software has been completed. Going forward, we will have procedures in place to ensure timely and accurate reporting, including the following:

- Identify and train additional internal staff to support the asset management task.
- Identify dates for a mid-year check-in to ensure beginning balances match to the audited financial statements and asset additions balance to the financial general ledger records.

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

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

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

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

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

There were no state award findings or questioned costs for the year ended June 30, 2023.

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

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**FINDING #2022-001: INTERNAL CONTROL OVER FINANCIAL REPORTING – MATERIAL WEAKNESS (30000)**

**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 include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the County Office’s financial statements. The County Office should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

**Condition:** During our audit, we found a deficiency in internal control over financial reporting. During the preparation of the unaudited actuals, the County Office did not properly account for the activity of the 2021 COP account held with US Bank. This issue resulted in a material audit adjustment to the financial statements.

**Effect:** Audit adjustments were required due to material misstatements within the unaudited financial statements prepared by the County Office.

**Cause:** The conditions appeared to be due to general oversight and turnover in management and staffing.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** The County Office should implement procedures to ensure that the financial activities of the 2021 COP bank account are properly recorded in the County Office’s financial statements.

**Corrective Action Plan:** Napa COE concurs with the finding that the cash balance of the external COP bank account was not accurately recorded in the 2020-21 unaudited financial statements and the subsequent audit adjustment entry sent by Christy White Inc. was not recorded. In addition, a new entry for 2021-22 to reconcile to the June 30, 2022 cash balance of this account was not recorded.

Napa COE recognizes that operating with only one staff member in charge of ensuring all general ledger entries for external accounts are made is not adequate internal controls and opens the agency to possible misstatements within the unaudited financial statements. Going forward, general ledger management of external accounts will be further supported by a second staff member that is already supporting cash reconciliation and will be well suited to ensuring these balances are accurately reflected in the general ledger.

**Current Status:** Implemented.

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

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**FINDING #2022-002: INTERNAL CONTROL OVER CAPITAL ASSETS REPORTING – MATERIAL WEAKNESS (30000)**

**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. This should include procedures and controls that allow for the timely and accurate reporting of capital assets balances. Such internal controls should include a review of additions, deletions, depreciation, and conversion entries used in the preparation of the County Office’s financial statements. The County Office should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

**Condition:** Although the capital assets and related accumulated depreciation balances appear to be materially accurate based on our audit procedures, we found that the County Office does not have adequate controls in place to ensure for the timely and accurate reporting of capital assets balances.

**Effect:** The weaknesses noted during our audit procedures indicate that there is a reasonable possibility that a material misstatement of capital assets balance will not be prevented, or detected and corrected on a timely basis

**Cause:** Difficulties encountered by management in transitioning to a new capital assets reporting software.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** The County Office should implement procedures to ensure that capital assets balance are properly recorded in the County Office’s financial statements.

**Corrective Action Plan:** Napa COE concurs with the finding of inadequate internal control procedures to ensure timely and accurate reporting of capital asset balances. In 2021-22 Napa COE straddled two asset tracking systems and completed the transition in 2022-23. During this time there was also a change in the director managing the General Services and Purchasing Department, which created a need to be heavily reliant on consultants to provide guidance and support to staff performing asset management tasks.

Napa COE now has a Director of General Services that has been in place for one year and the transition to the new asset tracking software has been completed. Going forward, we will have procedures in place to ensure timely and accurate reporting, including the following:

- Identify and train additional internal staff to support the asset management task.
- Identify dates for a mid-year check-in to ensure asset additions balance to the financial general ledger records.

**Current Status:** Partially implemented. See Finding #2023-001.