

Forest Charter School

470 Searls Avenue
Nevada City, CA 95959

Monthly Charter Council Meeting Agenda

March 10, 2020

5:00 p.m. Regular Session
470 Searls Avenue
Room 7, Sequoia
Nevada City, CA 95959

Dan Thiem, Chair
Karen Fruchtenicht, Vice Chair
<VACANT>, Parent Representative
Jennifer Sheffo, Parent Representative
Jean Watson, Parent Representative
Tita Fowler, Secretary

NOTE: Jean Watson may be joining the meeting by teleconference from 10725 Pioneer Trail, Truckee, CA.

AGENDA:

1. Call To Order
2. Learning Center Roll Call
3. Pledge of Allegiance
4. Information/Action: A & B may be considered for Consent Agenda—Meshawn Simmons (E-Attachments)
 - Should the Consent Agenda be approved?
 - A. Adoption of the March 10, 2020 Agenda (*page 1*)
 - B. February 4, 2020 Charter Council Meeting Minutes (*page 4*)
 - C. New Contracts (*page 8*)
 - D. Warrants (February) (*page 9*)

5. Discussion: Other

This is an opportunity for members of the audience to address the Council on non-agendized items. Agendized items may be either addressed at this time or when the items come up for discussion.

The Council cannot discuss or take action on non-agendized items tonight, but items may be agendized at a later Council meeting for discussion and/or action. Public comments are limited to five minutes.

Discussion/Information Items:

6. Discussion: Performance Review for the Executive Director—Dan Thiem

Dan will update the Council on the performance review of the Executive Director.

7. Information: Forest Charter 2019 LCAP Update—Peter Sagebiel

Peter will provide the Council with an LCAP update.

8. Information: Student Achievement and Data Institute—B.J. Hatcher, Peter Sagebiel

BJ will provide the Council with an update on upcoming CAASPP testing and benchmark assessments. Peter and B.J. will discuss Data Institute findings and analysis.

9. Information: Healthy Kids Survey—B.J. Hatcher

BJ will provide the Council with an analysis of the data from the Health Kids Survey.

10. Information: FCS Survey Results—B.J. Hatcher

BJ will discuss the results of the FCS Survey Results.

11. Information: 2019-20 Budget and Cash Flow —Meshawn Simmons

(page 17)

Meshawn will update the Council on 2019-20 Budget items and Cash Flow.

12. Information: Business Services—Peter Sagebiel, Meshawn Simmons

Peter and Meshawn will provide the Council with an update on FCS Business Services for the 2020-21 school year.

Action Items:

13. Action: School's 18/19 State Audit Report—Meshawn Simmons

(page 18)

- Should the Council accept the School's 18/19 State Audit Report?

14. Action: FCS Tobacco Policy—Peter Sagebiel

(page 123)

- Should the Council approve the FCS Tobacco Policy?

15. Director's Update—Peter Sagebiel

- Enrollment
- Real Estate
- Coronavirus
- Science Fair
- Other

16. Future Agenda Items

- One-Time Spending Funds (Peter and Meshawn)
- Student Achievement (as needed)
- Foundation Report (as needed)
- Action Plan Update (as needed)
- SB740
- Vaccination Law Updates
- Tobacco Free Policy
- Enrollment Policy and Co-op Participation Policy Updates

17. Information: Reminder of Future Meetings

2020: 4/21, 5/18*, 5/19, 6/2**

***Special Meeting **Budget Meeting**

18. Action: Adjourn

Forest Charter School

Monthly Charter Council Meeting Minutes – February 4, 2020

5:00 p.m. Regular Session
470 Searls Avenue
Room 7, Sequoia
Nevada City, CA 95959

Council Members:

Dan Thiem, Chair
Karen Fruchtenicht, Parent Representative
<VACANT>, Parent Representative
Jennifer Sheffo, Parent Representative
Jean Watson, Parent Representative
Tita Fowler, Secretary

Minutes

Present: Dan Thiem, Peter Sagebiel, Katy Baggett, Laura Lysen (via teleconference, Foresthill), Tita Fowler, Karen Fruchtenicht, B.J. Hatcher (via teleconference, Truckee), Jennifer Sheffo, Meshawn Simmons, Paul Simoes, Dave Stanger, Christine Sween (via teleconference, Auburn), Jean Watson (via teleconference, Truckee)

1. Call to Order: 5:03 pm

2. Learning Center Roll Call

Teleconference Attendance:

- **Auburn - Christine Sween**
- **Foresthill - Scott Namanny**
- **Truckee - B.J. Hatcher**

3. Pledge of Allegiance

4. Information/Action: A, B, C, and D may be considered for Consent Agenda—Meshawn Simmons

The February 4, 2020 Charter Council Agenda and January 14, 2020 Meeting Minutes, New Contracts and Warrants were presented for approval.

Karen Fruchtenicht made a motion to approve the Consent Agenda. Jennifer Sheffo seconded.

Ayes: Karen Fruchtenicht, Jen Sheffo, Dan Thiem, Jean Watson
Nays: None

5. Discussion: Other

None.

Discussion/Information Items:

6. Information: Forest Charter 2019 LCAP Update—Peter Sagebiel

Peter provided the Council with an LCAP update. The draft LCAP will be brought to the council in April. In May, the LCAP will be presented to the Council in a public hearing and then brought to the Council for approval.

7. Information: Student Achievement—B.J. Hatcher

B.J. informed the Council the 2020 CAASPP expanded testing dates have been set. The second round of benchmarks are underway with a focus on students testing below standard to help with early intervention. The State has indicated schools will be dinged for students not testing with a score of "0" which will impact the school's performance marks.

8. Information: Healthy Kids Survey—B.J. Hatcher

B.J. will provide the Council with an analysis of the data from the Health Kids Survey at the next meeting.

9. Information: Data Institute—Peter Sagebiel

Peter provided the Council with a Data Institute analysis update which will help in analyzing data to expose and determine specific needs of the school. This information will be used to develop a plan for the future.

Action Items:

10. Action: Business Services—Peter Sagebiel

Peter provided the Council with a brief summary of the history of Business Services and what changes might benefit Forest Charter School in the future. Peter will bring the contract back to the Council for approval.

Jen Sheffo made a motion for the Council to authorize the Director to negotiate a new Business Services Contract, and provider, which will be approved by the Council at a later date. Jean Watson seconded.

Ayes: Karen Fruchtenicht, Jennifer Sheffo, Dan Thiem, Jean Watson

Nays: None

11. Action: Core English Graduation Requirement—Peter Sagebiel

Peter reviewed the changes to the Core English Graduation Requirement which will be increased to four years of Core English for students starting with the 2020-21 school year.

Jean Watson made a motion to change the Core English Graduation Requirement to four years of Core English starting with the 2020-21 school year. Karen Fruchtenicht seconded.

Ayes: Karen Fruchtenicht, Jennifer Sheffo, Dan Thiem, Jean Watson

Nays: None

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12. Action: Forest Charter School's 18/19 State Audit Report—Meshawn Simmons

Meshawn informed the Council there were no findings for Forest Charter School in the 2018/2019 State Audit Report. Motion to accept was deferred to next month so the Council can review the report.

13. Action: Review and Approval of the 2019-20 FCS School Safety Plan—Peter Sagebiel

Peter reviewed the changes to the 2019-20 FCS School Safety Plan which included a new template.

Karen Fruchtenicht made a motion to approve the new 2019-20 FCS School Safety Plan. Jennifer Sheffo seconded.

Ayes: Karen Fruchtenicht, Jennifer Sheffo, Dan Thiem, Jean Watson

Nays: None

14. Action: 2019-20 2nd Interim Budget—Meshawn Simmons

Meshawn presented the Budget Narrative to the Council which included the 2019-20 2nd Interim Budget, Cash Flow and 3-Year Projections.

Jean Watson made a motion to approve the Budget Narrative including the 2019-20 2nd Interim Budget, Cash Flow and 3-Year Projections. Karen Fruchtenicht seconded.

Ayes: Karen Fruchtenicht, Jennifer Sheffo, Dan Thiem, Jean Watson

Nays: None

15. Director's Update—Peter Sagebiel

- Enrollment - currently 787, still some movement as it is the start of the semester, starting to look at next year
- LCAP Training - already covered in LCAP update
- Real Estate - NCLC Lease ends in 2022 but looking to negotiate an extension with the same terms for another 10 years.
- Other - none

16. Information: Future Agenda Items

- One-Time Spending Funds (Peter and Meshawn)
- Student Achievement (monthly)
- Foundation Report (as needed)
- Action Plan Update (as needed)
- SB740
- Vaccination Law Updates
- Healthy Kids Survey Results (March)

- Data Institute (March)
- State Audit Report - electronic (March)
- Lease Renewal (March - April)

17. Information: Reminder of Future Meetings

Dates for the 2019/20 Charter Council meetings were set as follows:

2020: 3/10, 4/21 (no Thiem), 5/18*, 5/19, 6/2**
***Special Meeting **Budget Meeting**

18. Action: Adjourn at 6:28 p.m.

Respectfully submitted:

Tita Fowler, Secretary

Date

Charter Council Approved:

Dan Thiem, Chair

Date

Contracts to be approved: (February 2020)

At-Will:

Robinette, Cassandra	\$2553.06	Block Class Instructor
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Stipends:

Baggett, Katy	\$789.50	Block Class Instructor
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Hourly:

Alkire, Catherine		NC Substitute as needed
Anderson, Tyler	\$2268.00	Block Class Instructor
Borel, Jenn	\$490.00	Tutor
Brownwood, Bellamy	\$1139.76	Supervised Activities
Collings, Camille	\$140.00	Enrichment Instruction
Collings, Camille	\$245.00	Tutor
Collings, Camille	\$210.00	Tutor
Flam, Eric	\$612.00	Tutor
Kelley, Emily	\$800.00	Tutor
Manuola, Colleen	\$800.00	Tutor
Ojeda-Chatigny, Kaleen	\$490.00	Tutor (x2)
Quine, Sarah	\$720.00	Tutor
Robinette, Cassandra	\$510.00	Tutor

Checks Dated 02/01/2020 through 02/29/2020				
Check Number	Check Date	Pay to the Order of FF-RRRR-OOOO-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-2750-000-0000	66.90	.00
20-478335	02/07/2020	CALTRONICS BUSINESS SYSTEMS 81-0009-4300-00-000-0-0000-2750-000-0000	12.00	.00
20-478345	02/07/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-2750-000-0000	124.17	.00
20-478355	02/07/2020	WILLIAMS STATIONERY 81-0009-4300-00-000-0-0000-2750-000-0000	676.09	.00
20-478750	02/13/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-2750-000-0000	390.40	.00
20-479086	02/21/2020	NEVADA CITY SCHOOL OF THE ARTS 81-0009-4300-00-000-0-0000-2750-000-0000	37.17	.00
20-479087	02/21/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-2750-000-0000	778.24	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-2750-000-0000	42.35	.00
20-479416	02/28/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-2750-000-0000	48.74	.00
20-479063	02/21/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-2750-671-0000	17.33	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-2750-671-0000	18.37	.00
20-479087	02/21/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-2750-678-0000	256.12	.00
20-479416	02/28/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-2750-678-0000	40.08	.00
20-478348	02/07/2020	REED'S LOCKS INC 81-0009-4300-00-000-0-0000-8100-000-0000	63.74	.00
20-478753	02/13/2020	B & C ACE HOME CENTER 81-0009-4300-00-000-0-0000-8100-000-0000	52.26	.00
20-478783	02/13/2020	WAXIE SANITARY SUPPLY 81-0009-4300-00-000-0-0000-8100-000-0000	368.90	.00
20-479410	02/28/2020	EDWIN HATCHER 81-0009-4300-00-000-0-0000-8100-000-0000	8.65	.00
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-0000-8100-678-0000	23.56	.00
20-479087	02/21/2020	OFFICE DEPOT 81-0009-4300-00-000-0-0000-8100-678-0000	38.61	.00
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-000-0000	1,020.19	.00
20-478339	02/07/2020	INTL ACADEMY OF SCIENCE 81-0009-4300-00-000-0-1110-1000-000-0000	259.00	.00

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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Page 1 of 8

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Check Number	Check Date	Pay to the Order of FF-RRRR-0000-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478340	02/07/2020	JULI MARKS 81-0009-4300-00-000-0-1110-1000-000-0000	23.91	.00
20-478347	02/07/2020	RAINBOW RESOURCE CENTER 81-0009-4300-00-000-0-1110-1000-000-0000	32.14	.00
20-478351	02/07/2020	STUDIES WEEKLY 81-0009-4300-00-000-0-1110-1000-000-0000	32.20	.00
20-478750	02/13/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-000-0000	416.28	.00
20-478756	02/13/2020	BRAVE WRITER LLC 81-0009-4300-00-000-0-1110-1000-000-0000	149.00	.00
20-478773	02/13/2020	RAINBOW RESOURCE CENTER 81-0009-4300-00-000-0-1110-1000-000-0000	63.03	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-4300-00-000-0-1110-1000-000-0000	348.20	.00
20-479063	02/21/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-000-0000	103.58	.00
20-479076	02/21/2020	HORIZON GROUP USA 81-0009-4300-00-000-0-1110-1000-000-0000	29.58	.00
20-479083	02/21/2020	MILLER, JESSICA J 81-0009-4300-00-000-0-1110-1000-000-0000	19.95	.00
20-479090	02/21/2020	RAINBOW RESOURCE CENTER 81-0009-4300-00-000-0-1110-1000-000-0000	231.18	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-000-0000	294.01	.00
20-479407	02/28/2020	ANDERSON, TYLER J 81-0009-4300-00-000-0-1110-1000-000-0000	105.02	.00
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-674-0000	551.36	.00
20-478338	02/07/2020	INSTITUTE FOR EXCELLENCE IN WRITING 81-0009-4300-00-000-0-1110-1000-674-0000	315.54	.00
20-478347	02/07/2020	RAINBOW RESOURCE CENTER 81-0009-4300-00-000-0-1110-1000-674-0000	271.96	.00
20-478350	02/07/2020	SINGAPORE MATH INC 81-0009-4300-00-000-0-1110-1000-674-0000	116.46	.00
20-478750	02/13/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-674-0000	31.23	.00
20-478773	02/13/2020	RAINBOW RESOURCE CENTER 81-0009-4300-00-000-0-1110-1000-674-0000	27.71	.00
20-478776	02/13/2020	SINGAPORE MATH INC 81-0009-4300-00-000-0-1110-1000-674-0000	74.81	.00
20-478777	02/13/2020	STUDIES WEEKLY 81-0009-4300-00-000-0-1110-1000-674-0000	32.20	.00

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ESCAPE ONLINE

Page 2 of 8

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20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-4300-00-000-0-1110-1000-674-0000	57.98	.00
20-479063	02/21/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-0009-4300-00-000-0-1110-1000-674-0000	21.12	.00
20-479421	02/28/2020	SINGAPORE MATH INC 81-0009-4300-00-000-0-1110-1000-674-0000	63.96	.00
20-479422	02/28/2020	SPD MARKET-NEVADA CITY ACCT 81-0009-4700-00-000-0-0000-3700-000-0000	53.25	.00
20-478769	02/13/2020	NEVADA COUNTY CHARTER SERVICES AUTHORITY 81-0009-5100-00-000-0-1110-3140-000-0000	709.82	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-5210-00-000-0-1110-1000-000-0000	418.02	.00
20-479415	02/28/2020	MICHELLE OGAIDI 81-0009-5210-00-000-0-1110-1000-000-0000	145.06	.00
20-479420	02/28/2020	SARAH M QUINE 81-0009-5210-00-000-0-1110-1000-000-0000	188.31	.00
20-478768	02/13/2020	MIC WRIGHT SPECIALTY 81-0009-5400-00-000-0-0000-2750-000-0000	2,972.92	.00
20-479100	02/21/2020	TRUCKEE DONNER PUBLIC UTILITY REMITTANCE CENTER 81-0009-5520-00-000-0-0000-8140-000-0000	554.27	.00
20-479417	02/28/2020	PACIFIC GAS & ELECTRIC COMPANY 81-0009-5520-00-000-0-0000-8140-000-0000	1,194.16	.00
20-479418	02/28/2020	PACIFIC GAS & ELECTRIC COMPANY 81-0009-5520-00-000-0-0000-8140-000-0000	1.75	.00
20-478758	02/13/2020	COOLERZONE 81-0009-5540-00-000-0-0000-8140-000-0000	480.00	.00
20-479100	02/21/2020	TRUCKEE DONNER PUBLIC UTILITY REMITTANCE CENTER 81-0009-5540-00-000-0-0000-8140-000-0000	100.87	.00
20-478782	02/13/2020	WASTE MANAGEMENT 81-0009-5570-00-000-0-0000-8100-000-0000	273.49	.00
20-478336	02/07/2020	DE LAGE LANDEN FINCL SRV INC 81-0009-5600-00-000-0-0000-2740-000-0000	1,200.29	.00
20-479066	02/21/2020	CALTRONICS BUSINESS SYSTEMS 81-0009-5600-00-000-0-0000-2740-000-0000	2,223.88	.00
20-479072	02/21/2020	DE LAGE LANDEN FINCL SRV INC 81-0009-5600-00-000-0-0000-2740-000-0000	190.28	.00
20-478346	02/07/2020	PIONEER COMMERCE CENTER 81-0009-5600-00-000-0-0000-8700-000-0000	1,294.85	.00
20-478772	02/13/2020	PIONEER COMMERCE CENTER 81-0009-5600-00-000-0-0000-8700-000-0000	32.70	.00
20-479067	02/21/2020	CANYON VIEW ASSEMBLY 81-0009-5600-00-000-0-0000-8700-000-0000	1,000.00	.00

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ESCAPE ONLINE

Page 3 of 8

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20-479080	02/21/2020	MASTERS COURT TRUST 81-0009-5600-00-000-0-0000-8700-000-0000	952.86	.00
20-479085	02/21/2020	NEVADA CITY SCHOOL DISTRICT 81-0009-5600-00-000-0-0000-8700-000-0000	13,750.00	.00
20-479088	02/21/2020	PIONEER COMMERCE CENTER 81-0009-5600-00-000-0-0000-8700-000-0000	13,593.75	.00
20-479411	02/28/2020	FOREST CHARTER SCHOOL REVOLVING CASH ACCOUNT 81-0009-5600-00-000-0-0000-8700-000-0000	128.00	.00
20-478747	02/13/2020	ABSOLUTE COMM SOLUTIONS 81-0009-5800-00-000-0-0000-2740-000-0000	255.00	.00
20-479089	02/21/2020	R&B COMMUNICATIONS 81-0009-5800-00-000-0-0000-2740-000-0000	395.00	.00
20-479091	02/21/2020	SAN JOAQUIN CO OFFICE OF ED 81-0009-5800-00-000-0-0000-2740-000-0000	30.30	.00
20-478333	02/07/2020	ABSOLUTELY ELECTRIC INC 81-0009-5800-00-000-0-0000-8100-000-0000	311.26	.00
20-478749	02/13/2020	ALPENGLOW CLEANING INC 81-0009-5800-00-000-0-0000-8100-000-0000	2,240.00	.00
20-478779	02/13/2020	THE CLEANING SOLUTION 81-0009-5800-00-000-0-0000-8100-000-0000	2,157.50	.00
20-478337	02/07/2020	EXTREME GYMNASTICS INC 81-0009-5800-00-000-0-1110-1000-000-0000	75.00	.00
20-478341	02/07/2020	JULIE LANGSTON 81-0009-5800-00-000-0-1110-1000-000-0000	150.00	.00
20-478342	02/07/2020	KARINA L WAHLMAN MY FATHERS LANDS TRNG CNTR 81-0009-5800-00-000-0-1110-1000-000-0000	165.00	.00
20-478343	02/07/2020	LYNNE CROFT 81-0009-5800-00-000-0-1110-1000-000-0000	100.00	.00
20-478344	02/07/2020	NORTHERN SIERRA AQUATICS 81-0009-5800-00-000-0-1110-1000-000-0000	128.00	.00
20-478349	02/07/2020	SEAN BIANCO 81-0009-5800-00-000-0-1110-1000-000-0000	360.00	.00
20-478352	02/07/2020	TAHOE TUTORING 81-0009-5800-00-000-0-1110-1000-000-0000	195.00	.00
20-478353	02/07/2020	TIME4LEARNING-TIME4WRITING 81-0009-5800-00-000-0-1110-1000-000-0000	99.75	.00
20-478354	02/07/2020	VICTORIA GARRETT 81-0009-5800-00-000-0-1110-1000-000-0000	65.00	.00
20-478752	02/13/2020	AUBURN SKI CLUB 81-0009-5800-00-000-0-1110-1000-000-0000	225.00	.00
20-478754	02/13/2020	BALLET REJOICE SCHOOL FOR THE ARTS 81-0009-5800-00-000-0-1110-1000-000-0000	400.00	.00
20-478757	02/13/2020	CLAUDIA C JEFFERS DBA MUD HUT 81-0009-5800-00-000-0-1110-1000-000-0000	275.00	.00
20-478759	02/13/2020	EDGENUITY INC 81-0009-5800-00-000-0-1110-1000-000-0000	650.00	.00
20-478760	02/13/2020	GOLD COUNTRY GYMNASTICS 81-0009-5800-00-000-0-1110-1000-000-0000	698.00	.00

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Page 4 of 8

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Check Number	Check Date	Pay to the Order of FF-RRRR-0000-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478761	02/13/2020	HAFDIS TRAUSTADOTTIR 81-0009-5800-00-000-0-1110-1000-000-0000	560.00	.00
20-478762	02/13/2020	INSPIRE LEARNING ACADEMY 81-0009-5800-00-000-0-1110-1000-000-0000	212.76	.00
20-478765	02/13/2020	JUANITA Q MCCREERY 81-0009-5800-00-000-0-1110-1000-000-0000	560.50	.00
20-478766	02/13/2020	LINDA COUPER 81-0009-5800-00-000-0-1110-1000-000-0000	256.00	.00
20-478771	02/13/2020	PHILLIPS SCHOOL OF KUNG FU SAN SOO 81-0009-5800-00-000-0-1110-1000-000-0000	85.00	.00
20-478774	02/13/2020	ROSE-MAY MICKELSON 81-0009-5800-00-000-0-1110-1000-000-0000	100.00	.00
20-478778	02/13/2020	TEAMWORK EQUINE SERVICES 81-0009-5800-00-000-0-1110-1000-000-0000	585.00	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-5800-00-000-0-1110-1000-000-0000	317.94	.00
20-478781	02/13/2020	VICTORIA GARRETT 81-0009-5800-00-000-0-1110-1000-000-0000	520.00	.00
20-479068	02/21/2020	CENTER STAGE DANCE STUDIO 81-0009-5800-00-000-0-1110-1000-000-0000	934.00	.00
20-479070	02/21/2020	DAVID A COLLINS 81-0009-5800-00-000-0-1110-1000-000-0000	297.00	.00
20-479071	02/21/2020	DAY BY DAY SPANISH 81-0009-5800-00-000-0-1110-1000-000-0000	360.00	.00
20-479073	02/21/2020	EDGENUITY INC 81-0009-5800-00-000-0-1110-1000-000-0000	650.00	.00
20-479074	02/21/2020	EZ WAY DRIVING SCHOOL 81-0009-5800-00-000-0-1110-1000-000-0000	565.00	.00
20-479075	02/21/2020	GRASS VALLEY CROSSFIT 81-0009-5800-00-000-0-1110-1000-000-0000	87.50	.00
20-479078	02/21/2020	KARLA A RAUBITSCHEK ONE II ONE MATH TUTORING 81-0009-5800-00-000-0-1110-1000-000-0000	140.00	.00
20-479079	02/21/2020	KEN WILER 81-0009-5800-00-000-0-1110-1000-000-0000	580.00	.00
20-479084	02/21/2020	NEVADA CITY BALLET ACADEMY 81-0009-5800-00-000-0-1110-1000-000-0000	385.00	.00
20-479092	02/21/2020	SARAH BERTRAM 81-0009-5800-00-000-0-1110-1000-000-0000	210.00	.00
20-479098	02/21/2020	TAHOE TUTORING 81-0009-5800-00-000-0-1110-1000-000-0000	243.75	.00
20-479409	02/28/2020	CLEVER MINDS 81-0009-5800-00-000-0-1110-1000-000-0000	1,610.00	.00
20-479412	02/28/2020	KARLA A RAUBITSCHEK ONE II ONE MATH TUTORING 81-0009-5800-00-000-0-1110-1000-000-0000	105.00	.00
20-478762	02/13/2020	INSPIRE LEARNING ACADEMY 81-0009-5800-00-000-0-1110-1000-674-0000	300.60	.00

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

Page 5 of 8

Checks Dated 02/01/2020 through 02/29/2020

Check Number	Check Date	Pay to the Order of FF-RRRR-0000-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478765	02/13/2020	JUANITA Q MCCREERY 81-0009-5800-00-000-0-1110-1000-674-0000	892.00	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-5800-00-000-0-1110-1000-674-0000	17.29	.00
20-479095	02/21/2020	SEBASTIAN YAVAR 81-0009-5800-00-000-0-1110-1000-674-0000	250.00	.00
20-479409	02/28/2020	CLEVER MINDS 81-0009-5800-00-000-0-1110-1000-674-0000	480.00	.00
20-479411	02/28/2020	FOREST CHARTER SCHOOL REVOLVING CASH ACCOUNT 81-0009-5800-00-000-0-1110-1000-674-0000	450.00	.00
20-479412	02/28/2020	KARLA A RAUBITSCHEK ONE II ONE MATH TUTORING 81-0009-5800-00-000-0-1110-1000-674-0000	140.00	.00
20-478755	02/13/2020	BEFORE THE MOVIE INC 81-0009-5801-00-000-0-0000-2750-000-0000	179.00	.00
20-479077	02/21/2020	IMS 81-0009-5801-00-000-0-0000-2750-000-0000	391.02	.00
20-479102	02/21/2020	YP LLC 81-0009-5801-00-000-0-0000-2750-000-0000	39.00	.00
20-479093	02/21/2020	SCHOOL PATHWAYS LLC 81-0009-5806-00-000-0-0000-2740-000-0000	2,532.40	.00
20-479096	02/21/2020	STATE OF CALIFORNIA/DOJ DEPT OF JUSTICE/CASHIER UNIT 81-0009-5840-00-000-0-0000-2750-000-0000	145.00	.00
20-479422	02/28/2020	SPD MARKET-NEVADA CITY ACCT 81-0009-5920-00-000-0-0000-2740-000-0000	144.87	.00
20-478751	02/13/2020	AT&T 81-0009-5930-00-000-0-0000-2740-000-0000	73.45	.00
20-478775	02/13/2020	SEBASTIAN 81-0009-5930-00-000-0-0000-2740-000-0000	141.28	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-0009-5930-00-000-0-0000-2740-000-0000	19.95	.00
20-479064	02/21/2020	AT&T 81-0009-5930-00-000-0-0000-2740-000-0000	189.44	.00
20-479069	02/21/2020	COMCAST 81-0009-5930-00-000-0-0000-2740-000-0000	781.12	.00
20-479097	02/21/2020	SUDDENLINK COMMUNICATIONS 81-0009-5930-00-000-0-0000-2740-000-0000	237.20	.00
20-479101	02/21/2020	WAVE 81-0009-5930-00-000-0-0000-2740-000-0000	183.68	.00
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-1100-4300-00-000-0-1110-1000-000-0000	359.53	.00
20-478748	02/13/2020	ALL ABOUT LEARNING PRESS INC 81-1100-4300-00-000-0-1110-1000-000-0000	156.21	.00
20-478750	02/13/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-1100-4300-00-000-0-1110-1000-000-0000	295.95	.00

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ESCAPE ONLINE

Page 6 of 8

Checks Dated 02/01/2020 through 02/29/2020

Check Number	Check Date	Pay to the Order of FF-RRRR-0000-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478767	02/13/2020	LOGIC OF ENGLISH 81-1100-4300-00-000-0-1110-1000-000-0000	196.87	.00
20-478773	02/13/2020	RAINBOW RESOURCE CENTER 81-1100-4300-00-000-0-1110-1000-000-0000	406.23	.00
20-478776	02/13/2020	SINGAPORE MATH INC 81-1100-4300-00-000-0-1110-1000-000-0000	291.86	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-1100-4300-00-000-0-1110-1000-000-0000	141.67	.00
20-478784	02/13/2020	MINDWARE 81-1100-4300-00-000-0-1110-1000-000-0000	339.34	.00
20-479063	02/21/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-1100-4300-00-000-0-1110-1000-000-0000	2,208.20	.00
20-479082	02/21/2020	MCGRAW-HILL EDUCATION INC 81-1100-4300-00-000-0-1110-1000-000-0000	113.19	.00
20-479087	02/21/2020	OFFICE DEPOT 81-1100-4300-00-000-0-1110-1000-000-0000	295.03	.00
20-479099	02/21/2020	TRIARCO 81-1100-4300-00-000-0-1110-1000-000-0000	90.10	.00
20-479405	02/28/2020	ALL ABOUT LEARNING PRESS INC 81-1100-4300-00-000-0-1110-1000-000-0000	68.41	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-1100-4300-00-000-0-1110-1000-000-0000	1,424.73	.00
20-479408	02/28/2020	BLICK ART MATERIALS 81-1100-4300-00-000-0-1110-1000-000-0000	39.99	.00
20-479416	02/28/2020	OFFICE DEPOT 81-1100-4300-00-000-0-1110-1000-000-0000	84.39	.00
20-479419	02/28/2020	RAINBOW RESOURCE CENTER 81-1100-4300-00-000-0-1110-1000-000-0000	151.54	.00
20-479421	02/28/2020	SINGAPORE MATH INC 81-1100-4300-00-000-0-1110-1000-000-0000	41.74	.00
20-479423	02/28/2020	STUDIES WEEKLY 81-1100-4300-00-000-0-1110-1000-000-0000	32.20	.00
20-478763	02/13/2020	INTL ACADEMY OF SCIENCE 81-1100-5800-00-000-0-1110-1000-000-0000	200.00	.00
20-479065	02/21/2020	BYU CONTINUING EDUCATION 81-1100-5800-00-000-0-1110-1000-000-0000	2,124.00	.00
20-479073	02/21/2020	EDGENUITY INC 81-1100-5800-00-000-0-1110-1000-000-0000	1,300.00	.00
20-479094	02/21/2020	SCOUT FROM UNIV OF CA 81-1100-5800-00-000-0-1110-1000-000-0000	399.00	.00
20-478780	02/13/2020	US BANK CORPORATE PAYMENT SYS 81-1100-5871-00-000-0-1110-1000-000-0000	65.28	.00
20-478769	02/13/2020	NEVADA COUNTY CHARTER SERVICES AUTHORITY 81-3310-5100-00-000-0-5001-2750-000-0000 81-3310-5100-00-000-0-5770-1190-000-0000	5,722.99 160.00	.00 .00

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE
Page 7 of 8

Checks Dated 02/01/2020 through 02/29/2020

Check Number	Check Date	Pay to the Order of FF-RRRR-0000-SS-LLL-Y-GGGG-FFFF-RRR-DDDD	Expensed Amount	Check Amount
20-478750	02/13/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-6300-4300-00-000-0-1110-1000-000-0000	194.80	.00
20-478764	02/13/2020	JACKRIS PUBLISHING 81-6300-4300-00-000-0-1110-1000-000-0000	23.83	.00
20-478770	02/13/2020	NEVADA COUNTY SUPERINTENDENT OF SCHOOLS 81-6300-4300-00-000-0-1110-1000-000-0000	322.00	.00
20-479081	02/21/2020	MATH U SEE INC. 81-6300-4300-00-000-0-1110-1000-000-0000	111.38	.00
20-479082	02/21/2020	MCGRAW-HILL EDUCATION INC 81-6300-4300-00-000-0-1110-1000-000-0000	23.10	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-6300-4300-00-000-0-1110-1000-000-0000	70.28	.00
20-479413	02/28/2020	LEARNING WITHOUT TEARS 81-6300-4300-00-000-0-1110-1000-000-0000	32.00	.00
20-479414	02/28/2020	LOGIC OF ENGLISH 81-6300-4300-00-000-0-1110-1000-000-0000	53.38	.00
20-479419	02/28/2020	RAINBOW RESOURCE CENTER 81-6300-4300-00-000-0-1110-1000-000-0000	225.90	.00
20-479421	02/28/2020	SINGAPORE MATH INC 81-6300-4300-00-000-0-1110-1000-000-0000	66.12	.00
20-478334	02/07/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-6500-4300-00-000-0-5770-1190-000-0000	112.26	.00
20-479406	02/28/2020	AMAZON.COM AMAZON CAPITAL SERVICES INC 81-6500-4300-00-000-0-5770-1190-000-0000	8.74	.00
20-479416	02/28/2020	OFFICE DEPOT 81-6500-4300-00-000-0-5770-1190-000-0000	31.41	.00
20-478769	02/13/2020	NEVADA COUNTY CHARTER SERVICES AUTHORITY 81-6500-5100-00-000-0-5001-3120-000-0000	18,111.31	.00
		81-6500-5100-00-000-0-5770-1120-000-0000	36,493.92	.00
		81-6500-5100-00-000-0-5770-1190-000-0000	5,830.58	.00
		81-6512-5100-00-000-0-5001-3120-000-0000	3,350.17	.00
20-478765	02/13/2020	JUANITA Q MCCREERY 81-7510-5800-00-000-0-1110-1000-000-0000	105.00	.00
Total Number of Checks			120	156,952.54

Fund Recap

Fund	Description	Check Count	Expensed Amount
81	FOREST CHARTER SCHOOL	120	156,952.54
	Total Number of Checks	120	156,952.54
	Less Unpaid Tax Liability		29.80-
	Net (Check Amount)		156,922.74

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

Page 8 of 8

FOREST CHARTER SCHOOL

Date that actuals are posted thru....

02/29/20

CASH FLOW REPORT 2019-20

PROJECTED YEAR BUDGET Descriptions	2019-20 Current or Revised Budget 2019-20	Original Budget 2019-20									Total Jul-Jan						Total Jul-Jun	2019-20 Accrue	Other Adjustments Explain	Cash & Accrual Total	Diff. s/b \$0
			July	August	September	October	November	December	January	February		March	April	May	June						
Beginning Cash Balance	1,690,707	1,549,996	1,690,707	1,839,522	1,762,160	2,083,710	1,951,898	1,896,932	2,209,523	2,011,000	2,011,000	1,854,488	2,773,503	3,513,545	4,113,545	4,777,054	4,777,054	4,030,528	1,690,707		
RECEIPTS																					
Prop Tax 8020-8079	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
State Aid (Appr 8010-8019)	6,474,744	6,065,481	233,643	233,643	737,301	420,557	420,557	420,557	420,557	2,886,815	498,689	750,000	600,000	600,000	1,139,240	6,474,744	0	0	6,474,744	-	
RL Trf & PERS 8080-8099	980,924	791,702	0	0	48,264	96,528	0	316,744	144,015	605,551	0	144,015	144,015	0	87,343	980,924	0	0	980,924	-	
Total 8010-8099 8010-8099	7,455,668	6,857,183	233,643	233,643	785,565	517,085	420,557	737,301	564,572	3,492,366	498,689	894,015	744,015	600,000	1,226,583	7,455,668	0	0	7,455,668	-	
Federal Reven 8100-8299	137,600	137,600	0	0	0	0	0	0	0	0	0	0	0	0	137,600	137,600	0	0	137,600	-	
Other State Re 8300-8599	1,045,906	626,316	11,510	11,301	47,947	43,678	41,755	250,954	45,229	452,374	0	25,000	32,119	0	0	509,493	536,413	1,045,906	-		
Other Local Re 8600-8799	124,501	56,100	7,010	6,801	19,373	7,209	30,068	3,766	20,717	94,944	30,764	0	0	0	0	125,708	(1,207)	124,501	-		
Transfers In 8910-8929	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-		
Sources 8931-8979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-		
Contributions 8980-8999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-		
TOTAL RECEIPTS	8,763,675	7,677,199	252,163	251,745	852,885	567,972	492,380	892,021	630,518	4,039,684	529,453	919,015	776,134	600,000	1,364,183	8,228,469	535,206	0	8,763,675	-	
DISBURSEMENTS																					
Cert Salaries 1000-1999	3,431,551	3,306,340	55,000	296,427	296,427	296,427	303,907	303,907	303,907	1,856,002	322,000	322,000	322,000	322,000	287,549	3,431,551	0	0	3,431,551	-	
Actuals			50,769	165,132	308,373	314,200	319,192	351,227	322,000	1,830,893	325,804	0	0	0	0	2,478,697			2,478,697	-	
Classified Sala 2000-2999	884,244	736,066	50,107	73,687	73,687	73,687	64,802	64,802	64,802	465,574	75,000	75,000	75,000	75,000	75,000	840,574	43,670	0	884,244	-	
Actuals			29,068	48,623	71,555	80,574	74,806	85,728	74,902	465,256	80,594	0	0	0	0	620,752			620,752	-	
Empl Benefits 3000-3999	1,681,188	1,317,250	81,257	140,099	140,099	140,099	102,587	102,587	102,587	809,315	102,587	105,000	105,000	105,000	105,000	1,331,902	349,286	0	1,681,188	-	
Actuals			31,156	67,011	98,845	102,555	107,375	110,725	103,295	620,962	104,818	0	0	0	0	829,075			829,075	-	
Supplies 4000-4999	279,396	259,974	21,665	21,665	21,665	21,665	23,000	15,000	15,000	139,658	15,000	25,000	20,000	20,000	15,000	234,658	44,738	0	279,396	-	
Actuals			18	21,572	38,547	48,989	12,781	12,507	13,163	145,567	15,788	0	0	0	0	174,478			174,478	-	
Services 5000-5999	2,250,921	1,987,416	165,618	165,618	165,618	165,618	165,618	64,802	165,618	1,058,510	150,000	175,000	150,000	195,000	150,000	1,878,510	372,411	0	2,250,921	-	
Actuals			159,354	124,548	164,277	153,022	147,513	117,983	315,679	1,182,376	140,944	0	0	0	0	1,638,999			1,638,999	-	
TOTAL Est.										4,329,060						7,717,196					
TOTAL Actual 4000-5999	2,530,317	2,247,390	270,365	426,886	679,597	699,340	661,667	678,170	829,029	4,245,054	667,918	0	0	0	0	5,742,001	0	0	4,103,002	-	
Capital Outlays 6000-6999	9,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,000	0	9,000	-	
Other Outgo 7000-7399	45,200	89,813	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45,200	0	45,200	-	
Trf of Indirect 7300-7399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
Debt Service 7400-7499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
Total 7000-7499	8290	45,200	89,813	0	0	0	0	0	0	0	0	0	0	0	0	0	45,200	0	45,200	-	
Interfund Trans 7600-7629	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
Financing User 7630-7699	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
Trans 9640	9640	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
TOTAL DISBURSEMENTS	8,581,500	7,696,859	270,365	426,886	679,597	699,340	661,667	678,170	829,029	4,245,054	667,918	0	0	0	0	5,742,001	884,304	0	8,581,500	-	
CURR YR NET INC/DEC	182,175	(19,660)	(18,202)	(175,141)	173,288	(131,368)	(169,287)	313,851	(198,511)	(205,370)	(138,465)	919,015	776,134	600,000	1,364,183	2,486,468	(329,099)	0	182,175	-	
Total Prior Year Transaction	(646,578)	73,447	167,017	97,779	148,262	(444)	114,321	(1,261)	(12)	525,662	(18,046)	0	(36,093)	0	(700,674)	(229,151)	(417,427)	0	(646,578)	-	
TOTAL NET INC/DEC	(464,403)	53,787	148,815	(77,362)	321,550	(131,812)	(54,966)	312,590	(198,523)	320,292	(156,511)	919,015	740,041	600,000	663,509	2,257,317	(746,526)	0	(464,403)	-	
ENDING CASH BALANCE	1,226,304	1,603,783	1,839,522	1,762,160	2,083,710	1,951,898	1,896,932	2,209,523	2,011,000	2,331,292	1,854,488	2,773,503	3,513,545	4,113,545	4,777,054	7,034,371	4,030,528	4,030,528	1,226,304	-	
																~Cash	Cash & Accrual				

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COUNTY OF NEVADA
GRASS VALLEY, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Fiduciary Funds	19
Notes to Financial Statements	20
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) and Actual - County School Service Fund	52
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) and Actual - Charter School Fund	53
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) and Actual - Special Education Pass-Through Fund	54

TABLE OF CONTENTS

	<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)</u>	
Schedules of the County Office's Proportionate Share of the Net Pension Liability	55
Schedules of the County Office's Contributions	56
Notes to Required Supplementary Information	57
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Organization/Board of Education/Administration	59
Schedule of Average Daily Attendance	60
Schedule of Instructional Time	63
Schedule of Charter Schools	64
Schedule of Expenditures of Federal Awards	65
Reconciliation of Unaudited Actuals Financial Report with Audited Financial Statements	66
Schedule of Financial Trends and Analysis	67
Combining Statements - Non-Major Governmental Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Combining Statements - Charter School Fund:	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71
Bitney College Prep High School:	
Balance Sheet	72
Statement of Revenues, Expenditures, and Changes in Fund Balances	73

TABLE OF CONTENTS

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION (CONCLUDED)</u>	
Forest Charter:	
Balance Sheet	74
Statement of Revenues, Expenditures, and Changes in Fund Balances	75
Sierra Montessori Academy:	
Balance Sheet	76
Statement of Revenues, Expenditures, and Changes in Fund Balances	77
Twin Ridges Home Study Charter:	
Balance Sheet	78
Statement of Revenues, Expenditures, and Changes in Fund Balances	79
Yuba River Charter:	
Balance Sheet	80
Statement of Revenues, Expenditures, and Changes in Fund Balances	81
Combining Statement of Changes in Assets and Liabilities Agency Funds – Fiduciary Funds	82
Notes to Supplementary Information	83
<u>OTHER INDEPENDENT AUDITOR'S REPORT SECTION</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	86

TABLE OF CONTENTS

	<u>Page</u>
<u>OTHER INDEPENDENT AUDITOR'S REPORT SECTION (CONCLUDED)</u>	
Independent Auditor's Report on Compliance with State Laws and Regulations	88
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Audit Findings and Questioned Costs	90
Section I - Summary of Auditor's Results	90
Section II - Financial Statement Findings	91
Section III - Federal Award Findings and Questioned Costs	94
Section IV - State Award Findings and Questioned Costs	94
Summary Schedule of Prior Year Audit Findings	95

FINANCIAL SECTION



Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Nevada County Superintendent of Schools
Grass Valley, California

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevada County Superintendent of Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Nevada County Superintendent of Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Nevada County Superintendent of Schools, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 52 through 54 and accounting by employer for pensions on pages 55 and 56 be presented to supplement the basic financial statements.

Other Matters (Concluded)

Required Supplementary Information (Concluded)

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nevada County Superintendent of Schools' basic financial statements. The introductory, financial and statistical information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 9, 2019, on my consideration of Nevada County Superintendent of Schools' internal control over financial reporting and my 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 my 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 Nevada County Superintendent of Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevada County Superintendent of Schools' internal control over financial reporting and compliance.



MICHELLE M. HANSON
Certified Public Accountant

December 9, 2019

The discussion and analysis of the Nevada County Superintendent of Schools' financial performance provides an overall review of the County Office's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the County Office's financial performance as a whole. To provide a complete understanding of the County Office's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements, and the County Office's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

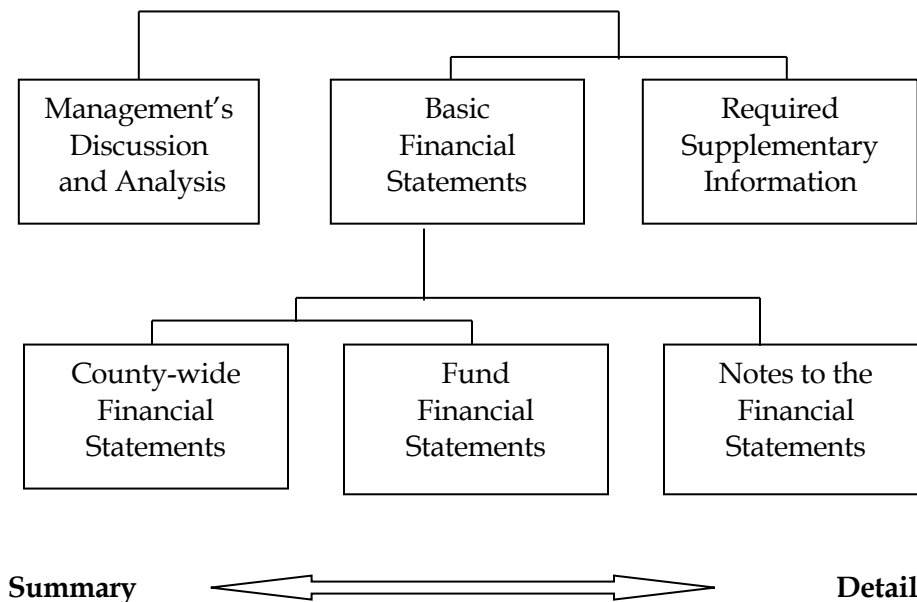
FINANCIAL HIGHLIGHTS

- County School Service Fund revenues and other sources exceeded expenditures and other outgo by \$618 thousand, ending the year with available reserves of \$5.1 million. This is due primarily to the General Operating Fund, Differentiated Assistance revenue received but not spent.
- In complying with GASB 34, fixed assets are valued at historical cost. The total of the County Office's (including Charter Schools) fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$20.3 million. After depreciation, the June 30, 2019 book value for fixed assets totaled \$17.1 million.
- In complying with GASB 68, the County Office recognized its portion of the unfunded STRS and PERS pension liabilities for the first time in 2014-2015. The County Office's portion of the unfunded STRS and PERS pension liability, based on the most recent actuarial valuations, increased \$2.0 million in 2018-2019 and is reported in the Statement of Net Position (this includes the Charter Schools).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Nevada County Superintendent of Schools as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The first two statements are *entity-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole County Office, presenting both an aggregate view of the County Office’s finances and a longer-term view of those finances.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Components of the Financial Section (Concluded)

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County Office's more significant funds with all other non-major funds presented in total in one column. Comparisons of the budgets for the County School Service Fund, Charter School Fund and Special Education Pass-Through Fund are included.

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

Reporting the County Office as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the County Office as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County Office's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the County Office as a whole and its activities in a way that helps answer the question, "How did we do financially during 2018-2019?"

These two statements report the County Office's net position and changes in that position. This change in net position is important because it tells the reader that, for the County Office as a whole, the financial position of the County Office has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the County Office's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the County Office's operating results. However, the County Office's goal is to provide services to our students, districts and community, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the County Office.

- ◆ Increases or decreases in the net position of the County Office over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the County Office need to be considered in assessing the overall health of the County Office.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Reporting the County Office's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the County Office's most significant funds – not the County Office as a whole. Funds are accounting devices the County Office uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the County Office establishes other funds to control and manage money for specific purposes.

◆ Governmental Funds

Most of the County Office's activities are reported in governmental funds. The major governmental funds of the County Office are the County School Service Fund, the Charter School Fund, and the Special Education Pass-Through Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County Office's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the County Office's programs.

◆ Fiduciary Funds

The County Office acts as an agent for cash belonging to others that is accounted for in the Payroll Clearing and Charter School Pass-Through Agency Funds. All of the County Office fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the County Office's other financial statements because the County Office cannot use these assets to finance its operations. The County Office is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The County Office as a Whole

The County Office's net position was \$2.1 million at June 30, 2019. Of this amount a deficit \$10.5 million was unrestricted. Net investment in capital assets account for \$11.3 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

Comparative Statement of Net Position
Table 1

	Governmental Activities	
	2019	(Restated) 2018
ASSETS		
Cash	\$ 7,063,196	\$ 13,323,085
Receivables	7,247,313	4,864,639
Prepaid expenditures	304,300	94,007
Deposits	77,493	97,050
Capital assets	17,113,193	16,155,494
Total assets	31,805,495	34,534,275
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	7,542,416	7,105,665
LIABILITIES		
Accounts payable and other current liabilities	4,426,994	3,879,931
Unearned revenue	69,838	112,343
Long-term liabilities	30,413,702	28,449,551
Total liabilities	34,910,534	32,441,825
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	2,310,121	3,304,451
NET POSITION		
Net investment in capital assets	11,299,906	10,269,211
Restricted	1,357,283	6,271,367
Unrestricted (deficit)	(10,529,933)	(10,646,914)
Total net position	\$ 2,127,256	\$ 5,893,664

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The County Office's net position decreased \$3.8 million this fiscal year (See Table 2.) The County Office's expenses for instruction related services and pupil support services represented 52 percent of total governmental expenses. The general administrative activities supporting Nevada County School District, Charter School and County Office operations accounted for 9 percent of total costs. Expenses for pass-through payments of Federal and State revenues to school districts were 30 percent. The remaining 9 percent was spent in the areas of plant services and other expenses and community activities. (See Figure 2)

Comparative Statement of Change in Net Position
Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program revenues	\$ 18,629,795	\$ 14,828,763
General revenues		
Taxes levied for general purposes	1,813,541	1,666,047
Federal and State Aid not restricted to specific purposes	15,659,199	14,598,408
Interest and investment earnings	215,267	175,875
Interagency revenues	773,340	759,910
Miscellaneous	1,484,086	3,779,019
Total revenues	<u>38,575,228</u>	<u>35,808,022</u>
Expenses		
Instruction	14,270,362	14,256,665
Instruction related services	5,267,789	5,345,772
Pupil support services	2,726,478	2,286,761
General administration	3,883,115	3,830,923
Plant services	1,626,711	1,891,266
Ancillary services	379,145	364,847
Community services	1,238,860	1,327,694
Other Outgo	12,949,176	7,931,994
Total expenses	<u>42,341,636</u>	<u>37,235,922</u>
Decrease in net position	<u>\$ (3,766,408)</u>	<u>\$ (1,427,900)</u>

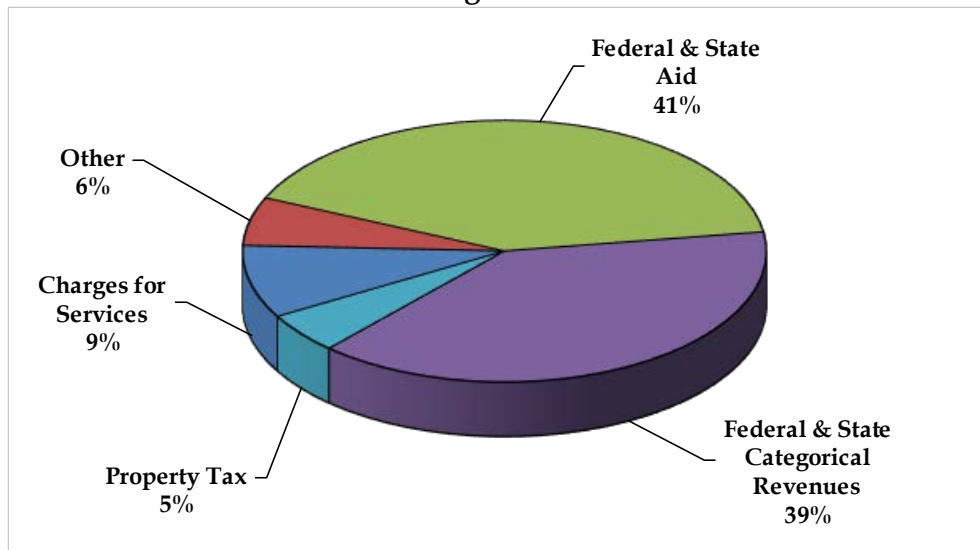
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

Governmental Activities

As reported in the Statement of Activities, the cost of all of the County Office governmental activities this year was \$42.3 million. The amount that our local taxpayers financed for these activities through property taxes was \$1.8 million. Federal and State aid not restricted to specific purposes totaled \$15.7 million. State and Federal Categorical revenue totaled over \$14.9 million, and covered 35 percent of the expenses of the entire County Office. (See Figure 1)

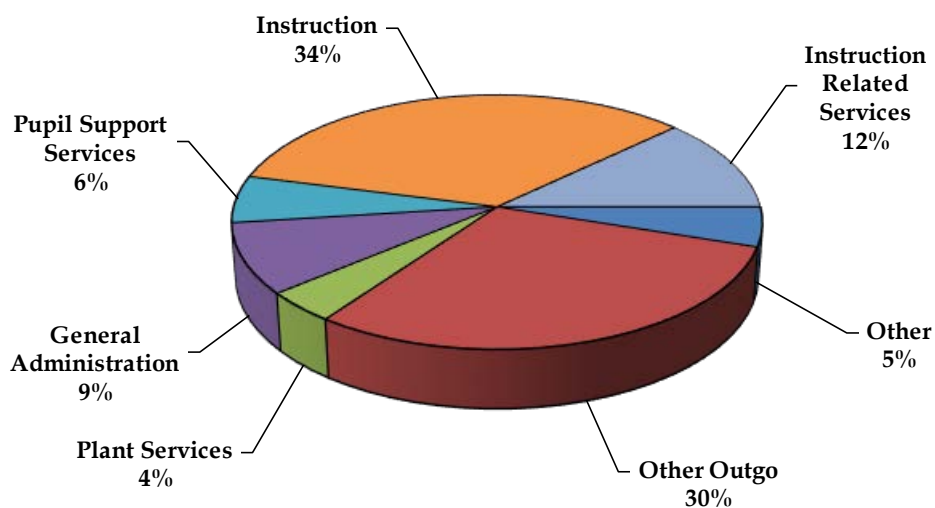
Sources of Revenue for the 2018-2019 Fiscal Year

Figure 1



Expenses for the Fiscal Year 2018-2019

Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the County Office's operations in more detail than the government-wide statements. The County Office's individual fund statements provide information on inflows and outflows and balances of spendable resources. The County Office's governmental funds reported a combined fund balance of \$10.2 million, a decrease of \$4.2 million from the previous fiscal year's combined ending balance of \$14.4 million. The County School Facilities Fund decreased by \$1.3 thousand for the construction of Yuba River Charter School's new school campus. The Charter School Fund increased \$299 thousand and the County School Service Fund increased by \$618 thousand. The Special Education Pass-Through Fund decreased \$3.9 million for the redistribution of revenues from prior years to SELPA member local educational agencies.

County School Service Fund Budgetary Highlights

Over the course of the year, the County Office revised the annual operating budget periodically. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the County School Service Fund projected a net increase to the ending balance of \$665 thousand.

The County Office ended the year with \$6.2 million in the County School Service Fund ending balance, of which \$563 thousand is categorized by the County Office as a reserve for economic uncertainties and \$4.6 million is unassigned. The remaining balance is made up of restricted, committed and assigned fund balances. The State recommends an ending reserve for economic uncertainties of 4 percent. The County Office's ending available reserve, including the reserve for economic uncertainties and other unassigned balances, was 36.5 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2018-2019 fiscal year, the County Office had invested \$20.3 million in capital assets, including school buildings, administrative buildings, site improvements, vehicles and equipment. The major increases during 2018-2019 include the energy efficiency solar projects funded by Proposition 39, California Clean Energy Jobs Act and the new school construction by Yuba River Charter. The capital assets net of accumulated depreciation was \$17.1 million at June 30, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Capital Assets (Concluded)

Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2019 and 2018
Table 3

	2019	2018	Difference Increase (Decrease)
Land	\$ 1,304,647	\$ 1,304,647	
Site Improvements	22,384	24,378	\$ (1,994)
Buildings	15,683,746	4,184,511	11,499,235
Machinery and Equipment	69,416	88,537	(19,121)
Work in Process	33,000	10,553,421	(10,520,421)
Totals	<u>\$ 17,113,193</u>	<u>\$ 16,155,494</u>	<u>\$ 957,699</u>

Long-Term Debt

At June 30, 2019, the County Office had \$30.4 million in long-term debt outstanding.

Comparative Schedule of Outstanding Debt
June 30, 2019 and 2018
Table 4

	2019	2018
Compensated Absences	\$ 85,151	\$ 80,227
Lease Obligation-NCSOS	1,003,958	1,076,954
Lease Obligation-Yuba River Charter	4,809,329	4,809,329
Net Pension Liability	24,515,264	22,483,041
Totals	<u>\$ 30,413,702</u>	<u>\$ 28,449,551</u>

Amounts due to employees for vacation earned, but not yet used, represents the amount shown above in "compensated absences." The lease obligations are for the financing of the County Office Crown Point Circle location and the new school construction by Yuba River Charter. The net pension liability is the County Office's (including Charter Schools) collective share of the STRS and PERS unfunded liabilities. The lease obligation of Yuba River Charter will be paid by the Charter School Fund. All other obligations are expected to be paid by the County School Service Fund and Charter School Fund.

FACTORS BEARING ON THE COUNTY OFFICE'S FUTURE

Local Control Funding Formula

The 2018-2019 budget signifies the seventh year of the LCFF funding model and is fully funded. Numerous variables factor into the future fiscal health of the County Office including cost of living adjustments (COLA) and county wide average daily attendance (ADA). These factors are continuously monitored and the future funding of the County looks positive as enrollment stays consistent and the State continues to fund COLA.

Expenditure Factors

Several new and increasing costs bearing on the financial future of the county office are expected and will be prepared for in coming years. Increasing employer contributions for retirement benefits, impacts of the Affordable Care Act, AB1522 sick leave accrual for part time employees, and increasing salary costs are all considered in balancing future budgets.

CONTACTING THE COUNTY OFFICE FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the County Office's finances and to show the County Office accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chief Business Official, Business Services, Nevada County Superintendent of Schools, (530) 478-6400, ext. 2019.

	Governmental Activities
ASSETS	
Cash (Note 2)	\$ 7,063,196
Accounts Receivable (Note 3)	6,847,313
Notes Receivable (Note 3)	400,000
Prepaid Expenses (Note 1H)	304,300
Other Assets	77,493
Capital Assets, Net of Depreciation (Note 5)	17,113,193
Total Assets	31,805,495
DEFERRED OUTFLOWS OF RESOURCES (NOTE 1H)	
Deferred Outflows on Pensions (Note 8)	7,542,416
LIABILITIES	
Accounts Payable and Other Current Liabilities	4,426,994
Unearned Revenue (Note 1H)	69,838
Long-term Liabilities (Note 6)	
Due Within One Year	282,491
Due After One Year	30,131,211
Total Liabilities	34,910,534
DEFERRED INFLOWS OF RESOURCES (NOTE 1H)	
Deferred Inflows on Pensions (Note 8)	2,310,121
NET POSITION	
Net Investment in Capital Assets	11,299,906
Restricted For:	
Capital Projects	173,279
Education Programs	864,204
Other Purposes (Nonexpendable)	319,800
Unrestricted (Deficit)	(10,529,933)
Total Net Position	\$ 2,127,256

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
			Operating	
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 14,270,362	\$ 940,832	\$ 4,157,949	\$ (9,171,581)
Instruction-Related Services:				
Supervision of Instruction	1,246,968	72,140	313,189	(861,639)
Instructional Library, Media and Technology	42,470		1,285	(41,185)
School Site Administration	3,978,351	84,748	528,976	(3,364,627)
Pupil Services:				
Home-To-School Transportation	694,843	74	241	(694,528)
Food Services	183,844	2,494	145,884	(35,466)
All Other Pupil Services	1,847,791	177,053	931,866	(738,872)
General Administration:				
Data Processing	365,322		8,577	(356,745)
All Other General Administration	3,517,793	123,057	470,606	(2,924,130)
Plant Services	1,626,711	24,212	46,364	(1,556,135)
Ancillary Services	379,145	104,607	168,479	(106,059)
Community Services	1,238,860	673,986	205,599	(359,275)
Interest on Long-Term Debt	21,932			(21,932)
Other Outgo	12,519,791	1,490,383	7,957,194	(3,072,214)
Depreciation (unallocated)	407,453			(407,453)
Total Governmental Activities	<u>\$ 42,341,636</u>	<u>\$ 3,693,586</u>	<u>\$ 14,936,209</u>	<u>(23,711,841)</u>

General Revenues:

Property Taxes Levied For:	
General Purposes	1,813,541
Federal and State Aid Not Restricted to Specific Purposes	15,659,199
Interest and Investment Earnings	215,267
Interagency Revenues	773,340
Miscellaneous	1,484,086
Total General Revenues	<u>19,945,433</u>
Change (Decrease) in Net Position	(3,766,408)
Net Position Beginning (Restated, Note 11)	<u>5,893,664</u>
Net Position Ending	<u>\$ 2,127,256</u>

	County School Service Fund	Charter School Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash (Note 2)	\$ 3,514,717	\$ 2,877,273	\$ 441,859	\$ 229,347	\$ 7,063,196
Accounts Receivable (Note 3)	2,896,581	1,240,093	2,555,270	155,369	6,847,313
Notes Receivable (Note 3)	400,000				400,000
Due From Other Funds (Note 4)	75,730				75,730
Prepaid Expenditures (Note 1H)	238,180	65,658		462	304,300
Other Assets	189	77,304			77,493
Total Assets	<u>\$ 7,125,397</u>	<u>\$ 4,260,328</u>	<u>\$ 2,997,129</u>	<u>\$ 385,178</u>	<u>\$ 14,768,032</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 892,467	\$ 578,345	\$ 2,896,000	\$ 60,182	\$ 4,426,994
Unearned Revenue (Note 1H)	43,545	1,013		25,280	69,838
Due to Other Funds (Note 4)				75,730	75,730
Total Liabilities	<u>936,012</u>	<u>579,358</u>	<u>2,896,000</u>	<u>161,192</u>	<u>4,572,562</u>
Fund Balances (Note 1H):					
Nonspendable	243,180	76,158		462	319,800
Restricted	614,111	99,415	101,129	223,524	1,038,179
Assigned	199,840	3,505,397			3,705,237
Unassigned	<u>5,132,254</u>				<u>5,132,254</u>
Total Fund Balances	<u>6,189,385</u>	<u>3,680,970</u>	<u>101,129</u>	<u>223,986</u>	<u>10,195,470</u>
Total Liabilities and Fund Balances	<u>\$ 7,125,397</u>	<u>\$ 4,260,328</u>	<u>\$ 2,997,129</u>	<u>\$ 385,178</u>	<u>\$ 14,768,032</u>

Total fund balance - governmental funds		\$ 10,195,470
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Amounts reported for governmental activities in the statement of net position are different 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, at historical cost	\$ 20,268,291	
Accumulated depreciation	<u>(3,155,098)</u>	
Net		17,113,193

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:

Net pension liability	\$ 24,515,264	
Compensated absences	85,151	
Lease obligation-NCSOS	1,003,958	
Lease obligation-Yuba River Charter	<u>4,809,329</u>	
Total		(30,413,702)

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 relating to pensions	\$ 7,542,416	
Deferred inflows of resources relating to pensions	<u>(2,310,121)</u>	
Net		5,232,295

Total net position - governmental activities		<u>\$ 2,127,256</u>
--	--	---------------------

	County School Service Fund	Charter School Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local Control Funding					
Formula Sources					
State Apportionments	\$ 2,868,542	\$ 9,863,415			\$ 12,731,957
Local Sources	1,742,829	2,292,378			4,035,207
Total Local Control Funding					
Formula Sources	4,611,371	12,155,793			16,767,164
Federal Revenue	1,074,739	229,085	\$ 2,352,489	\$ 368,782	4,025,095
Other State Revenue	3,294,630	1,709,640	5,779,810	485,290	11,269,370
Other Local Revenue	5,710,943	1,013,053	64,195	692,086	7,480,277
Total Revenues	14,691,683	15,107,571	8,196,494	1,546,158	39,541,906
EXPENDITURES					
Certificated Salaries	2,805,585	5,485,798		22,752	8,314,135
Classified Salaries	3,976,495	2,040,678		757,781	6,774,954
Employee Benefits	2,950,118	2,892,573		348,252	6,190,943
Books and Supplies	359,741	462,965		93,025	915,731
Services and Other					
Operating Expenditures	3,621,479	3,804,786		131,045	7,557,310
Capital Outlay	14,065	93,534		1,257,553	1,365,152
Debt Service:					
Principal Retirement	72,996				72,996
Interest and Fiscal Charges	21,932				21,932
Other Outgo	164,415	28,174	12,102,583	224,618	12,519,790
Total Expenditures	13,986,826	14,808,508	12,102,583	2,835,026	43,732,943
Excess of Revenues Over (Under) Expenditures	704,857	299,063	(3,906,089)	(1,288,868)	(4,191,037)
Other Financing Sources (Uses):					
Operating Transfers In (Note 4)				86,861	86,861
Operating Transfers Out (Note 4)	(86,861)				(86,861)
Total Other Financing Sources (Uses)	(86,861)	0	0	86,861	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	617,996	299,063	(3,906,089)	(1,202,007)	(4,191,037)
Fund Balances - July 01, 2018 (Restated, Note 11)	5,571,389	3,381,907	4,007,218	1,425,993	14,386,507
Fund Balances - June 30, 2019	\$ 6,189,385	\$ 3,680,970	\$ 101,129	\$ 223,986	\$ 10,195,470

Net change (decrease) in fund balances - total governmental funds	\$ (4,191,037)
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Amounts reported for governmental activities in the statement of activities are different 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 was:

Expenditures for capital	\$ 1,365,152	
Depreciation expense	<u>(407,453)</u>	
Net		957,699

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(601,142)
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Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In 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:	72,996
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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 amounts earned. The difference between compensated absences paid and compensated absences earned was:	<u>(4,924)</u>
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Total change (decrease) in net position - governmental activities	<u>\$ (3,766,408)</u>
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	<u>Agency Funds</u>
ASSETS	
Cash (Note 2)	\$ 1,013,043
Receivables	<u>75,142</u>
Total Assets	<u><u>\$ 1,088,185</u></u>
LIABILITIES	
Accounts Payable	<u>\$ 1,088,185</u>
Total Liabilities	<u><u>\$ 1,088,185</u></u>
TOTAL NET POSITION	<u><u>\$ 0</u></u>

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The County Office 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 conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

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 consists of all funds, departments, boards and agencies that are not legally separate from the County Office. For Nevada County Superintendent of Schools, this includes general operations, food service and student related activities of the County Office. The County Office has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles generally accepted in the United States of America.

The Board of Education is the level of government which has approval responsibilities over the budget as prepared by the County Office (Education Code Section 1240). The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have approval authority and the responsibility or primary accountability for fiscal matters.

Muir Charter School, Nevada City School of the Arts and EPIC de Cesar Chavez (the "Charter Schools") are private non-profit Corporations. The Charter Schools are authorized by the County Office which acts as an oversight agency. Funding is received by the County Office and is passed through to the Charter Schools. The financial statements of the Charter Schools are presented in separate reports.

The County Office authorizes and provides business services for five charter schools. The financial statements of Bitney College Prep High School, Forest Charter, Sierra Montessori Academy, Twin Ridges Home Study Charter and Yuba River Charter are presented in the Charter School Fund of the County Office's financial statements. The new school construction activities of Yuba River Charter are presented in the County School Facilities Fund.

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County Office and its component units.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements (Concluded):

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the County Office's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The statement of activities does not include County Office allocation. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County Office, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County Office.

Fund Financial Statements:

Fund financial statements report detailed information about the County Office. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus and the modified accrual basis of accounting.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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. For the County Office, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the County Office 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 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 must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the County Office 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 assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

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's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures incurred in the unrestricted resources shall be reduced first from the committed resources, then from assigned resources and lastly, the unassigned resources.

D. Fund Accounting

The accounts of the County Office are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. County Office resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The County Office reports the following major funds:

County School Service Fund is the general operating fund of the County Office. It is used to account for all financial resources except those required to be accounted for in another fund.

Charter Schools Fund is used to present the financial activities of the charter schools in accordance with guidance provided by the California Department of Education.

Special Education Pass-Through Fund is used to account for Special Education revenue passed through to other member Local Educational Agencies by the Administrative Unit of a Special Education Local Plan Area.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Additionally, the County Office reports the following fund type:

Fiduciary Funds are agency funds used to account for assets of others for which the County Office acts as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the County Office's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The County Office's governing board satisfied these requirements.

These budgets are revised by the County Office's Board of Education and County Office Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the County School Service Fund, Charter School Fund and the Special Education Pass-Through Fund as required supplementary information in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The County Office employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity

1. Deposits and Investments

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the County Office maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the County Office's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County either are secured by federal depository insurance or are collateralized.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

1. Deposits and Investments (Concluded)

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

2. Prepaid Expenditures

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

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes 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(s) and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position includes 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(s) and, as such, will not be recognized as an inflow of resources (revenue) until that time.

5. Unearned Revenue

Cash received for Federal and State special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

6. 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 positions of the California State Teachers Retirement Plan (STRP) and the CalPERS Schools Pool Cost-Sharing Multiple Employer Plan (PERF B) and additions to/deductions from STRP and PERF B fiduciary net positions have been determined on the same basis as they are reported separately by CalSTRS and CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that 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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total pension liability are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension 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.

7. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Accumulated sick leave benefits are not recognized as liabilities of the County Office. The County Office's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

7. Compensated Absences (Concluded)

At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

9. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets " or "restricted net position."

10. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the County Office's policy is to apply restricted net position first.

11. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the County Office is bound to honor constraints on how specific amounts are to be spent:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriable for expenditures.

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

11. Fund Equity (Continued)

Committed Fund Balance - Includes amounts subject to County Office constraints set aside for specific purposes by the County Superintendent. Any funds set aside as committed fund balance shall be presented within the adopted budget and financial reporting process for approval by formal action by a simple majority vote of the County Board of Education.

Assigned Fund Balance - Includes amounts the County Office intends to use for a specific purpose. Assignments may be established by the County Board of Education, or the County Superintendent or their designee.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

Fund Balances

The County Office's fund balances at June 30, 2019 consisted of the following:

	County School Service Fund	Charter School Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total
Nonspendable:					
Revolving Fund	\$ 5,000	\$ 10,500			\$ 15,500
Prepaid Expenditures	238,180	65,658		\$ 462	304,300
Total Nonspendable Fund Balance	243,180	76,158	\$ 0	462	319,800
Restricted For:					
Legally Restricted Categorical Funding	614,111	99,415		50,245	763,771
Special Education Pass-through			101,129		101,129
New School Construction				173,279	173,279
Total Restricted Fund Balance	614,111	99,415	101,129	223,524	1,038,179
Assigned For:					
Special Education Reserve		299,162			299,162
STRS/PERS Reserve		60,000			60,000
Building Project		770,000			770,000
Bridgeport Science	7,927				7,927
Deferred Maintenance Projects	191,913				191,913
Charter School Economic Uncertainties		2,376,235			2,376,235
Total Assigned Fund Balance	199,840	3,505,397	0	0	3,705,237
Unassigned:					
Reserve for Economic Uncertainties	562,948				562,948
Other Unassigned	4,569,306				4,569,306
Total Unassigned Fund Balance	5,132,254	0	0	0	5,132,254
Total Fund Balances	\$ 6,189,385	\$ 3,680,970	\$ 101,129	\$ 223,986	\$ 10,195,470

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Concluded)

11. Fund Equity (Concluded)

Fund Balance Policy

The County Office believes that sound financial management principles require that sufficient funds be retained by the County Office to provide a stable financial base at all times. To retain this stable financial base, the County Office needs to maintain unrestricted fund balance in its County School Service Fund sufficient to fund cash flows of the County Office and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the County Office's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County Office has adopted a policy to achieve and maintain unrestricted fund balance in the County School Service Fund of 4% of total County School Service Fund expenditures, other uses and transfers out at the close of each fiscal year.

Additional detailed information, along with the complete *Fund Balance Policy* can be obtained from the County Office.

12. Local Control Funding Formula/Property Tax

The County Office's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

The County Auditor's office is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county auditor's apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the County Office's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula sources by the County Office.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Liabilities and Equity (Concluded)

12. Local Control Funding Formula/Property Tax (Concluded)

The California Department of Education reduces the County Office's entitlement by the County Office local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The County Office's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the County Office is entitled to by law. This amount is multiplied by the annual period ADA to derive the County Office's total entitlement.

I. Impact of Recently Issued Accounting Pronouncements

The GASB issued Statement 84, *Fiduciary Activities* in January, 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective beginning in fiscal year 2019-2020. The County Office has not yet determined the impact on the financial statements.

The GASB issued Statement 87, *Leases* in June, 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement is effective beginning in fiscal year 2020-2021. The County Office has not yet determined the impact on the financial statements.

The GASB issued Statement 88, *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements* in April, 2018. The primary objective of this Statement is to improve the information disclosed in notes to the government financial statements related to debt, providing users of financial statements with essential information that currently is not consistently provided. The Statement is effective beginning in fiscal year 2018-2019. The County Office has implemented GASB Statement 88 for the fiscal year ended June 30, 2019 as applicable.

The GASB has also issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (June, 2018), Statement 90, *Majority Equity Interests* (August, 2018) and Statement 91, *Conduit Debt Obligations* (May, 2019). These Statements are effective for reporting periods beginning after December 15, 2019, December 15, 2018 and December 15, 2020 respectively, but are not expected to have any impact on the County Office's financial statements.

NOTE 2 - CASH

A. Summary of Cash

The following is a summary of cash at June 30, 2019:

<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>\$7,063,196</u>	<u>\$1,013,043</u>	<u>\$8,076,239</u>

The County Office had the following cash at June 30, 2019:

	<u>Fair Value</u>	<u>Carrying Amount</u>
Cash in County Treasury	\$ 8,088,139	\$ 8,057,239
Cash in Revolving Fund	15,500	15,500
Cash in Commercial Banks	3,500	3,500
Total Cash	<u>\$ 8,107,139</u>	<u>\$ 8,076,239</u>

B. Policies and Practices

The County Office is authorized by State statutes and in accordance with the County Office's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be ladderized and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The County Office's investments comply with the established policy.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2019, the carrying amount of the County Office's accounts was \$19,000, all of which was insured.

NOTE 2 - CASH (CONTINUED)

B. Policies and Practices (Concluded)

Cash in County Treasury

In accordance with *Education Code* Section 41001, the County Office maintains substantially all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$268,313,571. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$269,342,584. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

C. Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the County Office was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

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 manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2019 the County had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
County Treasury	<u>\$8,088,139</u>	<u>\$3,816,793</u>	<u>\$3,412,386</u>	<u>\$858,960</u>

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County Office was not exposed to credit risk.

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County Office's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County Office's name. At year end, the County Office was not exposed to custodial credit risk.

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County Office was not exposed to concentration of credit risk.

Foreign Currency Risk - This is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the County Office was not exposed to foreign currency risk.

NOTE 3 - RECEIVABLES

A. Accounts Receivable

Accounts receivable at June 30, 2019 consist of the following:

	County School Service Fund	Charter School Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total
Federal Government					
Categorical Aid Programs	\$ 539,236	\$ 287,737	\$ 2,352,489	\$ 34,445	\$ 3,213,907
State Government					
Local Control Funding Formula		12			12
Categorical Aid Programs	1,576,732	61,701	202,781	4,535	1,845,749
Lottery	323	29,961			30,284
Total State Government	1,577,055	91,674	202,781	4,535	1,876,045
Local Government	777,686	858,166		116,269	1,752,121
Interest		971			971
Miscellaneous	2,604	1,545		120	4,269
Total Accounts Receivable	\$ 2,896,581	\$ 1,240,093	\$ 2,555,270	\$ 155,369	\$ 6,847,313

NOTE 3 - RECEIVABLES (CONCLUDED)

B. Notes Receivable

Pursuant to *California Education Code* Sections 42621 and 42622 the County Office has loaned \$400,000 to Nevada City School of the Arts. The County Office is permitted to loan up to 85% of taxes and state aid local control funds accruing to the charter school. The amount so transferred shall be repaid to the County School Service Fund by August 31, 2019. The Nevada City School of the Arts shall be charged interest at the pooled rate earned on funds in the Nevada County Treasury that would have been earned had the funds been invested in the County School Service Fund for the time period of the transfer.

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transactions among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

Individual fund interfund receivable and payable balances at June 30, 2019 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
County School Service Fund	\$ 75,730	
Non-Major Governmental Funds:		
Child Development Fund		\$ 75,730
Total	<u>\$ 75,730</u>	<u>\$ 75,730</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2018-2019 fiscal year were as follows:

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Transfers (Concluded)

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
County School Service Fund		\$ 86,861
Non-Major Governmental Funds:		
Child Development Fund	\$ 86,861	
Total	<u>\$ 86,861</u>	<u>\$ 86,861</u>

Transferred \$86,861 from the County School Service Fund to the Child Development Fund to pay costs from the Step-Up Preschool Program and to supplement program cost providing positive cash flow.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, is shown below:

	<u>Balance July 01, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 1,304,647			\$ 1,304,647
Work in progress	<u>10,553,421</u>	<u>\$ 1,351,087</u>	<u>\$ 11,871,508</u>	<u>33,000</u>
Total capital assets, not being depreciated	<u>11,858,068</u>	<u>1,351,087</u>	<u>11,871,508</u>	<u>1,337,647</u>
Capital assets being depreciated:				
Buildings	6,638,486	11,885,573		18,524,059
Improvements of sites	148,761			148,761
Equipment	<u>369,780</u>		<u>111,956</u>	<u>257,824</u>
Total capital assets, being depreciated	<u>7,157,027</u>	<u>11,885,573</u>	<u>111,956</u>	<u>18,930,644</u>
Less accumulated depreciation for:				
Buildings	2,453,975	386,338		2,840,313
Improvements of sites	124,383	1,994		126,377
Equipment	<u>281,243</u>	<u>19,121</u>	<u>111,956</u>	<u>188,408</u>
Total accumulated depreciation	<u>2,859,601</u>	<u>407,453</u>	<u>111,956</u>	<u>3,155,098</u>
Total capital assets, being depreciated, net	<u>4,297,426</u>	<u>11,478,120</u>	<u>0</u>	<u>15,775,546</u>
Governmental activities capital assets, net	<u>\$ 16,155,494</u>	<u>\$ 12,829,207</u>	<u>\$ 11,871,508</u>	<u>\$ 17,113,193</u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Unallocated	<u>\$ 407,453</u>
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NOTE 6 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2019, is shown below.

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Compensated Absences	\$ 80,227	\$ 4,924		\$ 85,151	\$ 85,151
Lease Obligation-NCSOS	1,076,954		\$ 72,996	1,003,958	74,516
Lease Obligation-YRCS	4,809,329			4,809,329	122,824
Net Pension Liability	22,483,041	2,032,223		24,515,264	
Totals	<u>\$ 28,449,551</u>	<u>\$ 2,037,147</u>	<u>\$ 72,996</u>	<u>\$ 30,413,702</u>	<u>\$ 282,491</u>

Compensated absences and lease obligation-NCSOS will be paid from the County School Service Fund. Lease obligation-YRCS will be paid by the Yuba River Charter School. Payments for the net pension liability will be made from the County School Service Fund and the Charter School Fund.

NOTE 7 - LEASE OBLIGATIONS

A. Lease Obligation-NCSOS

On June 8, 2016, the Nevada County Superintendent of Schools executed the 2016 lease obligation in the principal amount of \$1,219,000 for the purpose of purchasing the property at 380 Crown Point Circle, Grass Valley, California to house the County Office administrative and program staff. The lease obligation bears an interest rate of 2.07% and is scheduled to mature in June 2031. At June 30, 2019, the principal balance outstanding was \$1,003,958.

The annual requirements to amortize the lease obligation as of June 30, 2019 are as follows:

Year Ended June 30	Principal	Interest	Total
2020	\$ 74,516	\$ 20,398	\$ 94,914
2021	76,066	18,848	94,914
2022	77,648	17,265	94,913
2023	79,264	15,650	94,914
2024	80,914	14,000	94,914
2025-2029	430,534	44,035	474,569
2030-2031	185,016	2,882	187,898
Totals	<u>\$ 1,003,958</u>	<u>\$ 133,078</u>	<u>\$ 1,137,036</u>

NOTE 7 – LEASE OBLIGATIONS (CONCLUDED)

B. Lease Obligation-Yuba River Charter

On August 22, 2016 the Yuba River Charter School received a charter school facility program fund release under application number 54-66332-00-002 for \$8,103,906 for the new construction of the Yuba River Charter campus. Included in this release was \$4,809,329 in lease financing. The lease obligation bears an interest rate of 2.00% and is scheduled to mature in August 2048. At June 30, 2019, the principal balance outstanding was \$4,809,329.

The annual requirements to amortize the lease obligation as of June 30, 2019 are as follows:

Year Ended June 30	Principal	Interest	Total
2020	\$ 122,824	\$ 71,269	\$ 194,093
2021	125,520	92,836	218,356
2022	128,052	90,303	218,355
2023	130,636	87,720	218,356
2024	133,271	85,084	218,355
2025-2029	707,783	383,995	1,091,778
2030-2034	782,112	309,665	1,091,777
2035-2039	864,249	227,529	1,091,778
2040-2044	955,012	136,765	1,091,777
2045-2049	859,870	37,814	897,684
Totals	<u>\$ 4,809,329</u>	<u>\$ 1,522,980</u>	<u>\$ 6,332,309</u>

C. Operating Leases

The Charter Schools have entered into various facility leases that extend beyond the current fiscal year. The Charter Schools will not own the facilities at the end of the leases. The following is a schedule by year of minimum future rentals on non-cancelable operating leases as of June 30, 2019:

Year Ended June 30	Future Minimum Rent Payments
2020	\$ 434,973
2021	215,464
2022	<u>139,064</u>
Total	<u>\$ 789,501</u>

The Charter Schools paid \$422,376 for related rents in 2018-2019. The Charter Schools will receive no sublease rentals nor pay any contingent rentals for these facilities.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing 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). For the fiscal year ended June 30, 2019, the Nevada County Superintendent of Schools reported its proportionate share of the net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions	Pension Expense
CalSTRS	\$ 13,473,440	\$ 4,457,600	\$ 1,779,682	\$ 1,532,598
CalPERS	11,041,824	3,084,816	530,439	1,467,698
Totals	<u>\$ 24,515,264</u>	<u>\$ 7,542,416</u>	<u>\$ 2,310,121</u>	<u>\$ 3,000,296</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description. The Nevada County Superintendent of Schools contributes to the State Teachers' Retirement Plan (STRP), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by California State Teachers' Retirement System (CalSTRS). The State of California is a Nonemployer Contributing Entity to the STRP. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the State of California is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefit. The STRP provides defined benefit program benefits under two formulas: 2% at 60 for members hired on or before December 31, 2012 and 2% at 62 for members hired after that date. Both formulas define hire as the date at which the member was hired to perform service that could be creditable to CalSTRS. The benefit under each formula is calculated as 2% per year of creditable service. The 2% at 60 formula uses final compensation to calculate the benefit. The 2% at 62 formula uses an average of the highest compensation for three consecutive years to calculate the benefit.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Contributions. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. Active plan members under the 2% at 60 formula are required to contribute 10.25% of their salary and active plan members under the 2% at 62 formula are required to contribute 10.205% for the year ended June 30, 2019. The Nevada County Superintendent of Schools and the State of California are required to contribute actuarially determined rates.

The actuarial methods and assumptions used for determining the rates are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-2018 was 14.43% and for fiscal year 2018-2019 was 16.28% of annual payroll. The required State contribution rate for fiscal year 2017-2018 was 9.328% and for fiscal year 2018-2019 the rate was 9.828%. The Nevada County Superintendent of Schools' contributions to CalSTRS for the fiscal years ending June 30, 2019 and 2018 were \$1,335,883 and \$1,127,634, respectively, and equal 100% of the required contributions for each year.

Contribution by County Office	\$ 1,335,883
Contribution by State	<u>1,229,732</u>
Total Contribution in 2018-2019	<u>\$ 2,565,615</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the County Office reported a liability of \$13,473,440 for its proportionate share of the net pension liability for the STRP. The net pension liability was measured as of June 30, 2018, 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, 2017. The County Office's proportion of the net pension liability was based on a projection of the County Office's and the State of California's (non-employer contributing entity) long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State of California, actuarially determined. At June 30, 2018, the County Office's proportion of contributions was 0.0147 percent, an increase of 0.00093 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County Office recognized pension expense of \$1,532,598 which included the State's required on-behalf contribution of \$263,052. At June 30, 2019, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (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 (Concluded).

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 41,781	\$ 195,709
Changes in assumptions	2,093,062	
Net difference between projected and actual earnings on pension plan investments		518,813
Changes in proportion and differences between County Office contributions and proportionate share of contributions	986,874	1,065,160
County Office contributions subsequent to measurement date of June 30, 2018	<u>1,335,883</u>	
Totals	<u>\$ 4,457,600</u>	<u>\$ 1,779,682</u>

The \$1,335,883 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions and deferred inflows of resources related to pension will be recognized as increases or decreases respectively in pension expense as follows:

	<u>Outflows</u>	<u>Inflows</u>
June 30, 2020	\$ 642,470	\$ 208,162
June 30, 2021	642,470	402,926
June 30, 2022	642,467	756,834
June 30, 2023	547,101	407,754
June 30, 2024	541,200	2,004
June 30, 2025	106,009	2,002
Total	<u>\$ 3,121,717</u>	<u>\$ 1,779,682</u>

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of the June 30, 2018 measurement date.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (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 (Concluded). Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Actuarial Assumptions. The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-Retirement Benefit Increases	2.00% simple for DB

Mortality assumptions are based on mortality rates from the most recent CalSTRS experience study adopted by the CalSTRS Board in February, 2017. The projection scale was set to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016), published by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in February, 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS' consulting actuary (Milliman) will review 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 used as input to develop the actuarial investment rate of return are summarized in the following table:

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Actuarial Assumptions (Concluded).

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Risk Mitigating Strategies	9%	2.90%
Fixed Income	12%	0.30%
Cash/Liquidity	2%	(1.00)%

* 20-year geometric average

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

Presented below is the County Office's proportionate share of the net pension liability of employers and the state using the current discount rate of 7.10 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one to three percent lower or one to three percent higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability of Employers</u>
3% Decrease (4.10%)	\$ 36,692,317
2% Decrease (5.10%)	\$ 27,359,848
1% Decrease (6.10%)	\$ 19,737,013
Current Discount Rate (7.10%)	\$ 13,473,440
1% Increase (8.10%)	\$ 8,280,330
2% Increase (9.10%)	\$ 3,938,372
3% Increase (10.10%)	\$ 290,705

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS)

Plan Description. The Nevada County Superintendent of Schools contributes to the School Employer Pool, known as Fund B, (PERF B), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan of school employers consisting of non-teaching and non-certified employees administered by the California Public Employees' Retirement System (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 of California statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available comprehensive annual financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>.

Contributions. The benefits for the defined benefit pension plan are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the employee's date of hire. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The Nevada County Superintendent of Schools is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. The required employer contribution rates on applicable annual payroll for the fiscal years ending June 30, 2019 and 2018 were 18.062% and 15.531%, respectively. The Nevada County Superintendent of Schools' employer contributions to CalPERS for the fiscal years ending June 30, 2019 and 2018 were \$1,063,271 and \$855,491, respectively and equal 100% of the required contributions for each year. SB 90 required a one-time appropriation to PERF B from the state's general fund on behalf of California local educational agencies during 2018-2019. The County Office's (including charter schools) proportionate share of these state general fund contributions to PERF B was approximately \$374,366.

Benefits. The PERF B provides defined benefit program benefits based on members' years of service, age, final compensation and benefit formula. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the County Office reported a liability of \$11,041,824 for its proportionate share of the net pension liability for the PERF B. The net pension liability was measured as of June 30, 2018, 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, 2017. The County Office's proportion of the net pension

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (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). liability was based on a projection of the County Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2018, the County Office's proportion of contributions was 0.0414 percent, an increase of 0.00041 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County Office recognized pension expense of \$1,467,698. At June 30, 2019, the County Office 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>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 723,862	
Changes in assumptions	1,102,477	
Net difference between projected and actual earnings on pension plan investments	90,568	
Changes in proportion and differences between County Office contributions and proportionate share of contributions	104,638	\$ 530,439
County Office contributions subsequent to measurement date of June 30, 2018	<u>1,063,271</u>	
Totals	<u>\$ 3,084,816</u>	<u>\$ 530,439</u>

The \$1,063,271 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERF B pensions will be recognized as increases or decreases respectively in pension expense as follows:

	<u>Outflows</u>	<u>Inflows</u>
June 30, 2020	\$ 1,205,789	\$ 530,439
June 30, 2021	875,371	
June 30, 2022	5,558	
June 30, 2023	<u>(65,173)</u>	
Total	<u>\$ 2,021,545</u>	<u>\$ 530,439</u>

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (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 (Concluded). Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is four years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Actuarial Assumptions. For the year ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 1997, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-Retirement Benefit Increases	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

The PERF B uses a mortality table based on CalPERS specific data. The table includes fifteen years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Change in Assumptions. In November, 2017, CalPERS completed an experience study using data collected during fiscal years 1997 to 2015. The experience study was adopted by the CalPERS Board of Administration in December, 2017. The mortality table was developed from the November, 2017 experience study (as described above). The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increase and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These new assumptions will be incorporated into the June 30, 2018 valuation for PERF B. Deferred inflows of resources for changes in assumptions presented in the schedule above represents the unamortized portion of this change and any changes of assumptions related to prior measurement periods.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Continued)

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 following presents the net pension liability of the Plan as of June 30, 2018, calculated using the discount rate of 7.15 percent, as well as what 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:

Discount Rate	Plan's Net Pension Liability
1% Decrease (6.15%)	\$ 16,076,368
Current Discount Rate (7.15%)	\$ 11,041,824
1% Increase (8.15%)	\$ 6,864,949

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 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.

New Strategic Asset Class	Real Return Allocation	Real Return Years 1-10 ¹	Years 11+ ²
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0%	(.92)%

¹ An expected inflation of 2.0% used for this period

² An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position. The plan fiduciary net position disclosed in this report may differ from the plan assets reported in the Schools Pool funding actuarial valuation reported due to several reasons.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees Retirement System (CalPERS) (Concluded)

Pension Plan Fiduciary Net Position (Concluded). First, for the accounting valuation, items such as deficiency reserves, fiduciary self-insurance and OPEB expense are included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early closing and final reconciled reserves.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRP or PERF B) must be covered by social security or an alternative plan. The County Office has elected to use Social Security.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The County Office may be involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of any litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office at June 30, 2019.

B. State and Federal Allowances, Awards and Grants

The County Office has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the County Office may incur a liability to grantor agencies.

C. Joint Ventures (Joint Powers Agreements)

The County Office is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. The membership includes the school districts in Placer and Nevada counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County Office pays premiums commensurate with the levels of coverage requested.

The following is a summary of financial information for Schools Insurance Group at June 30, 2019:

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

C. Joint Ventures (Joint Powers Agreements) (Concluded)

Total assets	\$ 100,763,353
Total deferred outflows of resources	\$ 342,409
Total liabilities	\$ 34,839,315
Total deferred inflows of resources	\$ 63,352
Net position	\$ 66,203,095
Total revenues	\$ 91,650,321
Total expenditures	\$ 88,460,093
Change in net position	\$ 3,190,228

The relationship between Nevada County Superintendent of Schools and the Joint Power Authority is such that the authority is not a component unit of the County Office for financial reporting purposes.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The County Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the County Office contracted with Schools Insurance Group (SIG) for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2018-2019, the County Office participated in the Schools Insurance Group (SIG), an insurance purchasing pool. The intent of the SIG is to achieve the benefit of a reduced premium for the County Office by virtue of its grouping and representation with other participants in the SIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the SIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the SIG. Participation in the SIG is limited to districts that can meet the SIG selection criteria.

NOTE 11 – RESTATEMENT OF NET POSITION AND FUND BALANCES

A. Net Position

The amount previously reported at June 30, 2018 as the ending net position has been restated to correct the accounting for in lieu property taxes for Forest Charter School and Twin Ridges Home Study Charter School. Amounts previously reported as revenue were based on local property tax estimates (P2) and not on the final annual taxes received by Chicago Park Elementary School District. The June 30, 2018 net position has been restated as follows:

	<u>Government- Wide Financial Statements</u>
Net Position, June 30, 2018 as originally reported	\$ 5,736,972
Prior year understatement of Charter School in lieu of property taxes	<u>156,692</u>
Net Position, June 30, 2018 as restated	<u><u>\$ 5,893,664</u></u>

B. Fund Balances

As described above, the amount previously reported at June 30, 2018 as the Charter School Fund ending fund balance has been restated for the understatement of in lieu Property Taxes. Additionally, fund balances were restated in the General Fund and Special Education Pass-Through Fund to correct the timing of recording the Pass-Through of revenues to County school districts. The June 30, 2018 ending balances have been restated as follows:

	<u>County School Service Fund</u>	<u>Charter School Fund</u>	<u>Special Education Pass-Through Fund</u>
Fund Balances, June 30, 2018, as originally reported	\$ 5,738,930	\$ 3,225,215	\$ 3,839,677
Prior year understatement of Forest Charter School in lieu property taxes		131,642	
Prior year understatement of Twin Ridges Home Study Charter School in lieu property taxes		25,050	
Correct the recording of prior year Pass-through revenues	<u>(167,541)</u>	<u></u>	<u>167,541</u>
Fund Balances, June 30, 2018, as restated	<u><u>\$ 5,571,389</u></u>	<u><u>\$ 3,381,907</u></u>	<u><u>\$ 4,007,218</u></u>

NOTE 12 - SUBSEQUENT EVENTS

On October 3, 2019, management of Sierra Montessori Academy announced the charter school would be closing effective October 31, 2019.

Management has evaluated subsequent events through December 9, 2019, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts (GAAP Basis)	
REVENUES				
Local Control Funding				
Formula Sources:				
State Apportionments	\$ 2,323,234	\$ 2,996,562	\$ 2,868,542	\$ (128,020)
Local Sources	1,598,250	1,734,642	1,742,829	8,187
Total Local Control Funding				
Formula Sources	3,921,484	4,731,204	4,611,371	(119,833)
Federal Revenue	870,626	952,417	1,074,739	122,322
Other State Revenue	3,633,074	2,765,333	3,294,630	529,297
Other Local Revenue	5,931,627	5,832,278	5,710,943	(121,335)
Total Revenues	14,356,811	14,281,232	14,691,683	410,451
EXPENDITURES				
Certificated Salaries	2,874,248	2,755,092	2,805,585	(50,493)
Classified Salaries	3,942,383	3,892,796	3,976,495	(83,699)
Employee Benefits	2,632,641	2,512,456	2,950,118	(437,662)
Books and Supplies	348,910	370,103	359,741	10,362
Services and Other				
Operating Expenditures	3,720,247	3,988,829	3,621,479	367,350
Capital Outlay		14,065	14,065	
Debt Service:				
Principal Retirement	72,000	73,000	72,996	4
Interest and Fiscal Charges	25,000	22,500	21,932	568
Other Outgo	(86,861)	(91,332)	164,415	(255,747)
Total Expenditures	13,528,568	13,537,509	13,986,826	(449,317)
Excess of Revenues				
Over Expenditures	828,243	743,723	704,857	(38,866)
Other Financing Sources (Uses):				
Operating Transfers In		7,876		(7,876)
Operating Transfers Out	(7,080)	(86,861)	(86,861)	0
Total Other Financing				
Sources (Uses)	(7,080)	(78,985)	(86,861)	(7,876)
Excess of Revenues Over				
Expenditures and Other Uses	821,163	664,738	617,996	(46,742)
Fund Balances - July 01, 2018				
(Restated, Note 11)	9,195,490	5,571,389	5,571,389	0
Fund Balances - June 30, 2019	\$ 10,016,653	\$ 6,236,127	\$ 6,189,385	\$ (46,742)

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts (GAAP Basis)	
REVENUES				
Local Control Funding				
Formula Sources:				
State Apportionments	\$ 10,930,458	\$ 10,172,897	\$ 9,863,415	\$ (309,482)
Local Sources	1,646,299	2,007,360	2,292,378	285,018
Total Local Control Funding				
Formula Sources	12,576,757	12,180,257	12,155,793	(24,464)
Federal Revenue	179,509	226,504	229,085	2,581
Other State Revenue	1,466,553	1,782,767	1,709,640	(73,127)
Other Local Revenue	340,528	320,263	1,013,053	692,790
Total Revenues	14,563,347	14,509,791	15,107,571	597,780
EXPENDITURES				
Certificated Salaries	5,642,129	5,482,088	5,485,798	(3,710)
Classified Salaries	1,888,886	2,039,605	2,040,678	(1,073)
Employee Benefits	2,280,581	2,387,397	2,892,573	(505,176)
Books and Supplies	696,581	686,788	462,965	223,823
Services and Other				
Operating Expenditures	4,225,603	4,064,025	3,804,786	259,239
Capital Outlay		86,622	93,534	(6,912)
Other Outgo	0	0	28,174	(28,174)
Total Expenditures	14,733,780	14,746,525	14,808,508	(61,983)
Excess of Revenues				
Over (Under) Expenditures	(170,433)	(236,734)	299,063	535,797
Other Financing Sources (Uses):				
Operating Transfers In	0	1,834	0	(1,834)
Excess of Revenues and				
Excess of Revenues Over (Under)				
Expenditures and Other Uses	(170,433)	(234,900)	299,063	533,963
Fund Balances - July 01, 2018				
(Restated, Note 11)	3,651,443	3,225,215	3,381,907	156,692
Fund Balances - June 30, 2019	\$ 3,481,010	\$ 2,990,315	\$ 3,680,970	\$ 690,655

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts (GAAP Basis)	
REVENUES				
Federal Revenue	\$ 1,742,103	\$ 1,746,811	\$ 2,352,489	\$ 605,678
Other State Revenue	4,360,330	4,329,671	5,779,810	1,450,139
Other Local Revenue		0	64,195	64,195
Total Revenues	6,102,433	6,076,482	8,196,494	2,120,012
EXPENDITURES				
Other Outgo	6,102,433	6,076,482	12,102,583	(6,026,101)
Total Expenditures	6,102,433	6,076,482	12,102,583	(6,026,101)
Excess of Revenues Over (Under) Expenditures	0	0	(3,906,089)	(3,906,089)
Fund Balances - July 01, 2018 (Restated, Note 11)	0	4,007,218	4,007,218	0
Fund Balances - June 30, 2019	\$ 0	\$ 4,007,218	\$ 101,129	\$ (3,906,089)

California State Teachers' Retirement System (CalSTRS)

Year Ended June 30	County Office's Proportion of the NPL	County Office's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated with County Office	Total NPL Attributed to County Office	County Office's Covered- Employee Payroll	County Office's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2019	0.0147%	\$ 13,473,440	\$ 7,714,213	\$ 21,187,653	\$ 7,814,511	172%	71%
2018	0.0137%	\$ 12,694,538	\$ 7,510,043	\$ 20,204,581	\$ 7,513,919	169%	70%
2017	0.1370%	\$ 11,075,093	\$ 6,305,781	\$ 17,380,874	\$ 6,976,570	159%	70%
2016	0.0159%	\$ 10,715,735	\$ 5,650,275	\$ 16,366,010	\$ 7,391,667	145%	74%
2015	0.0150%	\$ 8,765,550	\$ 5,367,875	\$ 14,133,425	\$ 6,604,958	133%	77%

Public Employee Retirement System (CalPERS)

Year Ended June 30	County Office's Proportion of the NPL	County Office's Proportionate Share of the NPL	County Office's Covered- Employee Payroll	County Office's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2019	0.0414%	\$ 11,041,824	\$ 5,508,280	201%	71%
2018	0.0410%	\$ 9,788,503	\$ 5,207,380	188%	72%
2017	0.0385%	\$ 7,603,355	\$ 4,656,875	163%	74%
2016	0.0474%	\$ 6,988,507	\$ 5,210,849	134%	79%
2015	0.0458%	\$ 5,199,415	\$ 4,815,131	108%	83%

California State Teachers' Retirement System (CalSTRS)

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County Office's Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 1,335,883	\$ (1,335,883)	\$ 0	\$ 8,205,670	16.28%
2018	\$ 1,127,634	\$ (1,127,634)	\$ 0	\$ 7,814,511	14.43%
2017	\$ 945,251	\$ (945,251)	\$ 0	\$ 7,513,919	12.58%
2016	\$ 748,586	\$ (748,586)	\$ 0	\$ 6,976,570	10.73%
2015	\$ 656,380	\$ (656,380)	\$ 0	\$ 7,391,667	8.88%

Public Employee Retirement System (CalPERS)

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County Office's Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 1,063,271	\$ (1,063,271)	\$ 0	\$ 5,886,784	18.06%
2018	\$ 855,491	\$ (855,491)	\$ 0	\$ 5,508,280	15.53%
2017	\$ 723,201	\$ (723,201)	\$ 0	\$ 5,207,380	13.89%
2016	\$ 551,700	\$ (551,700)	\$ 0	\$ 4,656,875	11.85%
2015	\$ 613,369	\$ (613,369)	\$ 0	\$ 5,210,849	11.77%

NOTE 1 - PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

The County Office employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the County School Service Fund, the Charter School Fund and the Special Education Pass-Through Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Excess of expenditures over appropriations in individual funds for the fiscal year ended June 30, 2019 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Governmental Funds:	
County School Service Fund	
Certificated Salaries	\$ 50,493
Classified Salaries	\$ 83,699
Employee Benefits	\$ 437,662
Other Outgo	\$ 255,747
Charter School Fund	
Certificated Salaries	\$ 3,710
Classified Salaries	\$ 1,073
Employee Benefits	\$ 505,176
Capital Outlay	\$ 6,912
Other Outgo	\$ 28,174
Special Education Pass-Through Fund	
Other Outgo	\$ 6,026,101
Non-Major Governmental Funds:	
Child Development Fund	
Employee Benefits	\$ 45,827
Contract Services	\$ 7,823

The County Office did not revise the final budgets for the unexpected increase in STRS on behalf and the first-time PERS on behalf contribution by the State of California. The County Office also did not include the redistribution of revenues from prior years to SELPA member local educational agencies in the final budget for the Special Education Pass-Through Fund. There were also other unanticipated expenditures in various funds for which the budget was not revised.

NOTE 1 - PURPOSE OF SCHEDULES (CONCLUDED)

B. Schedules of the County Office's Proportionate Share of the Net Pension Liability

These schedules present information on the County Office's portion of the Net Pension Liability of CalSTRS and the Net Pension Liability of CalPERS in compliance with GASB 68. The amounts presented for each fiscal year were determined as of the measurement date that occurred one year prior.

These will be 10-year schedules. Years will be added to these schedules in future fiscal years until 10 years of information is available.

C. Schedules of the County Office's Contributions

These schedules provide information about the County Office's required and actual contributions to CalSTRS and CalPERS during the year.

These will be 10-year schedules. Years will be added to these schedules in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION SECTION

ORGANIZATION

Nevada County Superintendent of Schools provides support services to one high school district, eight elementary school districts and five charter schools within Nevada County. There were no changes in the boundaries of the County during the current year. In addition, the County Office operates Special Education, Juvenile Hall and Community School programs countywide.

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Wendy Baker	President	December, 2020
Heino Nicolai	Vice President	December, 2022
Ashley Neumann	Member	December, 2020
Katharine Wanamaker	Member	December, 2022
Paula Sarantopoulos	Member	December, 2022

ADMINISTRATION

Scott Lay
County Superintendent

Teena Corker
Associate Superintendent
Educational Services

Eli Gallup
Associate Superintendent
SELPA and Special Education Director

Darlene Waddle
Chief Business Official

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Second Period Report	Annual Report
<u>COUNTY-OPERATED PROGRAMS</u>		
Elementary:	(Revised) E05AEED5	EB1E4ED1
Probation Referred, on Probation or Parole, or Mandatory Expelled	1	1
Secondary:		
Juvenile Hall	5	4
Probation Referred, on Probation or Parole, or Mandatory Expelled	11	12
Total County-Operated Programs	17	17
<u>COUNTY-OPERATED PROGRAMS ON BEHALF OF THE DISTRICTS</u>		
Special Education - Special Day Class	5B00B144	E3331610
Transitional Kindergarten through Third	18	18
Fourth through Sixth	12	12
Seventh and Eighth	9	9
Special Education - Nonpublic, Nonsectarian Schools		
Seventh and Eighth	4	5
Ninth through Twelfth	11	11
Extended Year Special Education - Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	1	1
Fourth through Sixth	1	1
Seventh and Eighth	1	1
Ninth through Twelfth	1	1
Total County-Operated Programs on Behalf of the Districts	58	59
ADA Totals - County Operated Programs	75	76

SEE NOTES TO SUPPLEMENTARY INFORMATION

	Second Period Report	Annual Report
<u>CHARTER SCHOOLS</u>		
Bitney College Prep High School:	3C794BC7	E6A3069D
Ninth through Twelfth	89	90
Classroom-based ADA for Ninth through Twelfth	88	88
ADA Totals	89	90
Classroom-based ADA Totals	88	88
Forest Charter:	AB17FEDC	518B0749
Transitional Kindergarten through Third	132	133
Classroom-based ADA for TK through Third	0	0
Fourth through Sixth	131	132
Classroom-based ADA for Fourth through Sixth	0	0
Seventh and Eighth	143	145
Classroom-based ADA for Seventh and Eighth	0	0
Ninth through Twelfth	303	304
Classroom-based ADA for Ninth through Twelfth	0	0
ADA Totals	709	714
Classroom-based ADA Totals	0	0
Sierra Montessori Academy:	9C30EBBA	546420A7
Transitional Kindergarten through Third	50	50
Classroom-based ADA for TK through Third	49	48
Fourth through Sixth	31	29
Classroom-based ADA for Fourth through Sixth	30	29
Seventh and Eighth	19	18
Classroom-based ADA for Seventh and Eighth	18	18
ADA Totals	100	97
Classroom-based ADA Totals	97	95
Yuba River Charter:	E4352400	1F825CAC
Transitional Kindergarten through Third	160	161
Classroom-based ADA for TK through Third	122	122
Fourth through Sixth	85	85
Classroom-based ADA for Fourth through Sixth	82	82
Seventh and Eighth	41	41
Classroom-based ADA for Seventh and Eighth	41	41
ADA Totals	286	287
Classroom-Based ADA Totals	245	245

CHARTER SCHOOLS (CONCLUDED)

	Period Two Report	Annual Report
Twin Ridges Home Study Charter:	EE8FD5E5	22EF2E00
Transitional Kindergarten through Third	100	100
Classroom-based ADA for TK through Third	0	0
Fourth through Sixth	43	43
Classroom-based ADA for Fourth through Sixth	0	0
Seventh and Eighth	19	20
Classroom-based ADA for Seventh and Eighth	0	0
ADA Totals	162	163
Classroom-based ADA Totals	0	0

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

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2018-2019 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>Charter Schools</u>				
Bitney College Prep High School:				
Grade 9	64,800	64,860	175	In Compliance
Grade 10	64,800	64,860	175	In Compliance
Grade 11	64,800	64,860	175	In Compliance
Grade 12	64,800	64,860	175	In Compliance
Sierra Montessori Academy:				
Kindergarten	36,000	54,965	175	In Compliance
Grade 1	50,400	51,465	175	In Compliance
Grade 2	50,400	51,465	175	In Compliance
Grade 3	50,400	51,465	175	In Compliance
Grade 4	54,000	54,965	175	In Compliance
Grade 5	54,000	54,965	175	In Compliance
Grade 6	54,000	54,965	175	In Compliance
Grade 7	54,000	57,590	175	In Compliance
Grade 8	54,000	57,590	175	In Compliance
Yuba River Charter:				
Kindergarten	36,000	48,375	175	In Compliance
Grade 1	50,400	50,520	175	In Compliance
Grade 2	50,400	50,520	175	In Compliance
Grade 3	50,400	51,100	175	In Compliance
Grade 4	54,000	57,225	175	In Compliance
Grade 5	54,000	57,225	175	In Compliance
Grade 6	54,000	57,225	175	In Compliance
Grade 7	54,000	57,225	175	In Compliance
Grade 8	54,000	57,225	175	In Compliance

Charter schools must maintain their instructional minutes at the levels required by *California Education Code* Section 47612.5.

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

Charter Schools Chartered by County Office	Charter Number	Included in County Office Financial Statements, or Separate Report
Epic de Cesar Chavez	1680	Separate Report
John Muir Charter School	0255	Separate Report
Nevada City School of the Arts	0869	Separate Report
Bitney College Prep High School	0871	Included in Charter School Fund
Forest Charter	1427	Included in Charter School Fund
Sierra Montessori Academy	0947	Included in Charter School Fund
Twin Ridges Home Study Charter	1428	Included in Charter School Fund
Yuba River Charter	0870	Included in Charter School Fund

Program Name:	Federal Catalog Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Program Expenditures
U.S. Department of Agriculture:				
Forest Reserve Funds	10.665	10044	\$ 138,390	\$ 168,485
Passed through the California Department of Education (CDE):				
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393		46,395
CCFP Cash in Lieu of Commodities	10.558	13534		2,040
Subtotal Child and Adult Care Food Program Cluster				48,435
National School Lunch (Sec 4 and Sec 11)	10.555	13523/13524		27,036
Total U.S. Department of Agriculture			138,390	243,956
U.S. Department of Defense:				
Passed through CDE:				
Flood Control	12.112	0400191M		2,192
U.S. Environmental Protection Agency:				
Passed through Sierra Streams Institute:				
Environmental Education: Transportation & Science Enrichment	66.951	99T64501		500
U.S. Department of Education:				
Direct Aid:				
Indian Education	84.060	10011		65,579
Small Rural School Achievement	84.358	N/A		32,202
Subtotal Direct Aid				97,781
Passed through CDE:				
Title I Cluster:				
ESEA (ESSA): Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329		330,073
ESEA (ESSA): Title I, Part D, Local Delinquent Programs	84.010	14357		50,341
Subtotal Title I Cluster				380,414
Special Education Cluster:				
IDEA: Basic Local Assistance, Part B, Section 611	84.027*	13379	2,154,299	2,543,780
IDEA: Mental Health Allocation Plan, Part B, Section 611	84.027A*	15197	122,434	183,651
IDEA: Preschool Grants, Part B, Section 619	84.173*	13430	75,756	75,756
IDEA: Alternate Dispute Resolution, Part B, Section 611	84.173A*	13007		1,448
Subtotal Special Education Cluster			2,352,489	2,804,635
IDEA: Early Intervention Grants, Part C	84.181	23761		45,669
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction	84.367	14341		38,576
ESEA (ESSA): Title IV, Part A, Student Support & Academic Enrichment	84.424	15396		21,769
ESEA (ESSA): Title X, McKinney-Vento Homeless Assistance	84.196	14332		50,338
Total U.S. Department of Education			2,352,489	3,439,182
U.S. Department of Health and Human Services:				
Passed through California Department of Health Care Services:				
Title XIX Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	144,395	200,030
Passed through CDE:				
Child Care and Development Block Grant Cluster:				
Child Development: Federal General (CTTR) and State Preschool (CSPP)	93.596	13609		73,297
Child Development: Local Planning Councils	93.575	13946		53,117
Child Development: Child Care Staff Retention	93.575	14092/14990		18,133
Subtotal Child Care and Development Block Grant Cluster				144,547
Total U.S. Department of Health and Human Services			144,395	344,577
Total Federal Programs			\$ 2,635,274	\$ 4,030,407

* Considered a major program.

Auditor's Comments

The audited financial statements of all funds were in agreement with the Unaudited Actual Financial Report for the year ended June 30, 2019.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget 2019-2020	2018-2019	2017-2018	2016-2017
<u>County School Service Fund</u>				
Revenues and Other Financial Sources	\$ 13,719,905	\$ 14,691,683	\$ 14,397,889	\$ 13,263,300
Expenditures	13,570,233	13,986,826	13,582,256	13,917,646
Other Uses and Transfers Out	37,970	86,861	4,644,626	0
Total Outgo	13,608,203	14,073,687	18,226,882	13,917,646
Change in Fund Balance (Decrease)	111,702	617,996	(3,828,993)	(654,346)
Ending Fund Balance	\$ 6,515,370	\$ 6,189,385	\$ 5,571,389	\$ 9,567,923
Available Reserves	\$ 5,563,193	\$ 5,132,254	\$ 4,810,607	\$ 4,695,637
Reserve for Economic Uncertainties	\$ 542,809	\$ 562,948	\$ 406,565	\$ 556,483
Unassigned Fund Balance	\$ 5,020,384	\$ 4,569,306	\$ 4,404,042	\$ 4,139,154
Available Reserves as a Percentage of Total Outgo	40.9%	36.5%	26.4%	33.7%
Total Long-Term Debt	\$ 30,216,362	\$ 30,413,702	\$ 28,449,551	\$ 24,736,721
Average Daily Attendance at P-2	75	75	88	85

The County School Service Fund balance has decreased by \$3,865,343 over the past three years.

Available reserves consist of all unassigned fund balances contained within the County School Service Fund. The State recommends available reserves of at least 4% percent of total County School Service Fund expenditures, transfers out and other uses (total outgo).

Total long-term liabilities increased by \$1,964,151 from 2017-2018 to 2018-2019 primarily due to the increase in the County Office and Charter School's proportionate share of the STRS and PERS net pension liability.

Average Daily Attendance (ADA) has decreased by 11 during the past two years.

The amounts presented as Budget 2019-2020 are listed to provide additional analysis and have not been audited.

SEE NOTES TO SUPPLEMENTARY INFORMATION

	Child Development Fund	County School Facilities Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 11,714	\$ 217,633	\$ 229,347
Accounts Receivable	155,369		155,369
Prepaid Expenditures	462		462
Total Assets	<u>\$ 167,545</u>	<u>\$ 217,633</u>	<u>\$ 385,178</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 15,828	\$ 44,354	\$ 60,182
Unearned Revenue	25,280		25,280
Due to Other Funds	75,730		75,730
Total Liabilities	<u>116,838</u>	<u>44,354</u>	<u>161,192</u>
Fund Balances:			
Nonspendable	462		462
Restricted	50,245	173,279	223,524
Total Fund Balances	<u>50,707</u>	<u>173,279</u>	<u>223,986</u>
Total Liabilities and Fund Balances	<u>\$ 167,545</u>	<u>\$ 217,633</u>	<u>\$ 385,178</u>

	Child Development Fund	Forest Reserve Fund	County School Facilities Fund	Total Non-Major Governmental Funds
REVENUES				
Federal Revenue	\$ 230,392	\$ 138,390		\$ 368,782
Other State Revenue	485,290			485,290
Other Local Revenue	674,595		\$ 17,491	692,086
Total Revenues	1,390,277	138,390	17,491	1,546,158
EXPENDITURES				
Certificated Salaries	22,752			22,752
Classified Salaries	746,981		10,800	757,781
Employee Benefits	347,943		309	348,252
Books and Supplies	92,178		847	93,025
Services and Other Operating Expenditures	131,045			131,045
Capital Outlay			1,257,553	1,257,553
Other Outgo	86,228	138,390		224,618
Total Expenditures	1,427,127	138,390	1,269,509	2,835,026
Excess of Revenues Over (Under) Expenditures	(36,850)	0	(1,252,018)	(1,288,868)
Other Financing Sources: Operating Transfers In	86,861			86,861
Excess of Revenues and Other Sources Over (Under) Expenditures	50,011	0	(1,252,018)	(1,202,007)
Fund Balances - July 01, 2018	696	0	1,425,297	1,425,993
Fund Balances - June 30, 2019	\$ 50,707	\$ 0	\$ 173,279	\$ 223,986

	Bitney College Prep High School	Forest Charter	Sierra Montessori Academy	Twin Ridges Home Study Charter	Yuba River Charter	Total Charter School Fund
ASSETS						
Cash	\$ 129,077	\$ 1,421,842	\$ 159,674	\$ 296,948	\$ 869,732	\$ 2,877,273
Accounts Receivable	60,792	550,149	99,059	83,956	446,137	1,240,093
Prepaid Expenditures	7,858	42,147	7,618	4,760	3,275	65,658
Other Assets	10,830	53,348		5,651	7,475	77,304
Total Assets	<u>\$ 208,557</u>	<u>\$ 2,067,486</u>	<u>\$ 266,351</u>	<u>\$ 391,315</u>	<u>\$ 1,326,619</u>	<u>\$ 4,260,328</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 26,418	\$ 245,136	\$ 121,773	\$ 96,659	\$ 88,359	\$ 578,345
Unearned Revenue (Note 1H)			174	839		1,013
Total Liabilities	<u>26,418</u>	<u>245,136</u>	<u>121,947</u>	<u>97,498</u>	<u>88,359</u>	<u>579,358</u>
Fund Balances:						
Nonspendable	10,958	44,747	8,718	5,860	5,875	76,158
Restricted	2,134	(4,938)	41,571	30,551	30,097	99,415
Assigned	169,047	1,782,541	94,115	257,406	1,202,288	3,505,397
Total Fund Balances	<u>182,139</u>	<u>1,822,350</u>	<u>144,404</u>	<u>293,817</u>	<u>1,238,260</u>	<u>3,680,970</u>
Total Liabilities and Fund Balances	<u>\$ 208,557</u>	<u>\$ 2,067,486</u>	<u>\$ 266,351</u>	<u>\$ 391,315</u>	<u>\$ 1,326,619</u>	<u>\$ 4,260,328</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Bitney College Prep High School	Forest Charter	Sierra Montessori Academy	Twin Ridges Home Study Charter	Yuba River Charter	Total Charter School Fund
REVENUES						
Local Control Funding Formula Sources						
State Apportionments	\$ 923,981	\$ 5,612,336	\$ 808,526	\$ 1,200,595	\$ 1,317,977	\$ 9,863,415
Local Sources		837,709	65,101	191,057	1,198,511	2,292,378
Total Local Control Funding Formula Sources	923,981	6,450,045	873,627	1,391,652	2,516,488	12,155,793
Federal Revenue	19,088	125,330	51,952	6,440	26,275	229,085
Other State Revenue	152,137	864,565	169,824	225,379	297,735	1,709,640
Other Local Revenue	85,348	367,694	154,055	95,518	310,438	1,013,053
Total Revenues	1,180,554	7,807,634	1,249,458	1,718,989	3,150,936	15,107,571
EXPENDITURES						
Certificated Salaries	382,299	3,282,674	516,525	566,430	737,870	5,485,798
Classified Salaries	187,097	855,572	226,564	197,017	574,428	2,040,678
Employee Benefits	218,923	1,597,349	265,023	302,716	508,562	2,892,573
Books and Supplies	58,834	156,194	56,963	92,729	98,245	462,965
Services and Other Operating Expenditures	364,022	2,094,095	327,258	434,247	585,164	3,804,786
Capital Outlay				60,534	33,000	93,534
Other Outgo		25,651	2,523			28,174
Total Expenditures	1,211,175	8,011,535	1,394,856	1,653,673	2,537,269	14,808,508
Excess of Revenues Over (Under) Expenditures	(30,621)	(203,901)	(145,398)	65,316	613,667	299,063
Fund Balances - July 01, 2018 (Restated, Note 11)	212,760	2,026,251	289,802	228,501	624,593	3,381,907
Fund Balances - June 30, 2019	\$ 182,139	\$ 1,822,350	\$ 144,404	\$ 293,817	\$ 1,238,260	\$ 3,680,970

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

	Bitney College Prep High School
ASSETS	
Cash	\$ 129,077
Accounts Receivable	60,792
Prepaid Expenditures	7,858
Other Assets	10,830
Total Assets	<u>\$ 208,557</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 26,418
Total Liabilities	<u>26,418</u>
Fund Balances	
Nonspendable	10,958
Restricted	2,134
Assigned	169,047
Total Fund Balances	<u>182,139</u>
Total Liabilities and Fund Balances	<u>\$ 208,557</u>

	Bitney College Prep High School
REVENUES	
Local Control Funding Formula Sources State Apportionments	\$ 923,981
Total Local Control Funding Formula Sources	923,981
Federal Revenue	19,088
Other State Revenue	152,137
Other Local Revenue	85,348
Total Revenues	1,180,554
EXPENDITURES	
Certificated Salaries	382,299
Classified Salaries	187,097
Employee Benefits	218,923
Books and Supplies	58,834
Services and Other Operating Expenditures	364,022
Total Expenditures	1,211,175
Excess of Revenues Over (Under) Expenditures	(30,621)
Fund Balances - July 01, 2018	212,760
Fund Balances - June 30, 2019	\$ 182,139

	<u>Forest Charter</u>
ASSETS	
Cash	\$ 1,421,842
Accounts Receivable	550,149
Prepaid Expenditures	42,147
Other Assets	<u>53,348</u>
Total Assets	<u><u>\$ 2,067,486</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 245,136</u>
Total Liabilities	<u>245,136</u>
Fund Balances:	
Nonspendable	44,747
Restricted	(4,938)
Assigned	<u>1,782,541</u>
Total Fund Balances	<u>1,822,350</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,067,486</u></u>

	<u>Forest Charter</u>
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 5,612,336
Local Sources	<u>837,709</u>
Total Local Control Funding	
Formula Sources	6,450,045
Federal Revenue	125,330
Other State Revenue	864,565
Other Local Revenue	<u>367,694</u>
Total Revenues	<u>7,807,634</u>
EXPENDITURES	
Certificated Salaries	3,282,674
Classified Salaries	855,572
Employee Benefits	1,597,349
Books and Supplies	156,194
Services and Other	
Operating Expenditures	2,094,095
Other Outgo	<u>25,651</u>
Total Expenditures	<u>8,011,535</u>
Excess of Revenues Over	
(Under) Expenditures	(203,901)
Fund Balances - July 01, 2018	
(Restated, Note 11)	<u>2,026,251</u>
Fund Balances - June 30, 2019	<u><u>\$ 1,822,350</u></u>

	Sierra Montessori Academy
ASSETS	
Cash	\$ 159,674
Accounts Receivable	99,059
Prepaid Expenditures	<u>7,618</u>
Total Assets	<u>\$ 266,351</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 121,773
Unearned Revenue	<u>174</u>
Total Liabilities	<u>121,947</u>
Fund Balances:	
Nonspendable	8,718
Restricted	41,571
Assigned	<u>94,115</u>
Total Fund Balances	<u>144,404</u>
Total Liabilities and Fund Balances	<u><u>\$ 266,351</u></u>

	Sierra Montessori Academy
REVENUES	
Local Control Funding Formula Sources	
State Apportionments	\$ 808,526
Local Sources	<u>65,101</u>
Total Local Control Funding Formula Sources	873,627
Federal Revenue	51,952
Other State Revenue	169,824
Other Local Revenue	<u>154,055</u>
Total Revenues	<u>1,249,458</u>
EXPENDITURES	
Certificated Salaries	516,525
Classified Salaries	226,564
Employee Benefits	265,023
Books and Supplies	56,963
Services and Other Operating Expenditures	327,258
Other Outgo	<u>2,523</u>
Total Expenditures	<u>1,394,856</u>
Excess of Revenues Over (Under) Expenditures	(145,398)
Fund Balances - July 01, 2018	<u>289,802</u>
Fund Balances - June 30, 2019	<u><u>\$ 144,404</u></u>

	Twin Ridges Home Study Charter
ASSETS	
Cash	\$ 296,948
Accounts Receivable	83,956
Prepaid Expenditures	4,760
Other Assets	5,651
Total Assets	\$ 391,315
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 96,659
Unearned Revenue	839
Total Liabilities	97,498
Fund Balances:	
Nonspendable	5,860
Restricted	30,551
Assigned	257,406
Total Fund Balances	293,817
Total Liabilities and Fund Balances	\$ 391,315

	Twin Ridges Home Study Charter
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 1,200,595
Local Sources	191,057
Total Local Control Funding	
Formula Sources	1,391,652
Federal Revenue	6,440
Other State Revenue	225,379
Other Local Revenue	95,518
Total Revenues	1,718,989
EXPENDITURES	
Certificated Salaries	566,430
Classified Salaries	197,017
Employee Benefits	302,716
Books and Supplies	92,729
Services and Other	
Operating Expenditures	434,247
Capital Outlay	60,534
Total Expenditures	1,653,673
Excess of Revenues	
Over Expenditures	65,316
Fund Balances - July 01, 2018	
(Restated, Note 11)	228,501
Fund Balances - June 30, 2019	\$ 293,817

	Yuba River Charter
ASSETS	
Cash	\$ 869,732
Accounts Receivable	446,137
Prepaid Expenditures	3,275
Other Assets	<u>7,475</u>
Total Assets	<u><u>\$ 1,326,619</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 88,359</u>
Total Liabilities	<u>88,359</u>
Fund Balances:	
Nonspendable	5,875
Restricted	30,097
Assigned	<u>1,202,288</u>
Total Fund Balances	<u>1,238,260</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,326,619</u></u>

	Yuba River Charter
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 1,317,977
Local Sources	<u>1,198,511</u>
Total Local Control Funding	
Formula Sources	2,516,488
Federal Revenue	26,275
Other State Revenue	297,735
Other Local Revenue	<u>310,438</u>
Total Revenues	<u>3,150,936</u>
EXPENDITURES	
Certificated Salaries	737,870
Classified Salaries	574,428
Employee Benefits	508,562
Books and Supplies	98,245
Services and Other	
Operating Expenditures	585,164
Capital Outlay	<u>33,000</u>
Total Expenditures	<u>2,537,269</u>
Excess of Revenues Over	
Expenditures	613,667
Fund Balances - July 01, 2018	<u>624,593</u>
Fund Balances - June 30, 2019	<u>\$ 1,238,260</u>

	Beginning Balances	Additions	Deductions	Ending Balances
<u>CHARTER PASS-THROUGH FUND</u>				
ASSETS				
Cash in County Treasury	\$ 345,697	\$ 9,900,153	\$ 9,237,726	\$ 1,008,124
Accounts Receivable		56,584		56,584
Total Assets	<u>\$ 345,697</u>	<u>\$ 9,956,737</u>	<u>\$ 9,237,726</u>	<u>\$ 1,064,708</u>
LIABILITIES				
Accounts Payable	<u>\$ 345,697</u>	<u>\$ 9,956,737</u>	<u>\$ 9,237,726</u>	<u>\$ 1,064,708</u>
<u>PAYROLL REVOLVING FUND</u>				
ASSETS				
Cash in County Treasury	\$ (13,251)	\$ 1,609,018	\$ 1,594,348	\$ 1,419
Cash in Commercial Banks	3,500			3,500
Accounts Receivable		18,558		18,558
Total Assets	<u>\$ (9,751)</u>	<u>\$ 1,627,576</u>	<u>\$ 1,594,348</u>	<u>\$ 23,477</u>
LIABILITIES				
Payroll Payable	<u>\$ (9,751)</u>	<u>\$ 1,627,576</u>	<u>\$ 1,594,348</u>	<u>\$ 23,477</u>
<u>TOTAL - FIDUCIARY FUNDS</u>				
ASSETS				
Cash in County Treasury	\$ 332,446	\$ 11,509,171	\$ 10,832,074	\$ 1,009,543
Cash on Hand and in Bank	3,500			3,500
Accounts Receivable		75,142		75,142
Total Assets	<u>\$ 335,946</u>	<u>\$ 11,584,313</u>	<u>\$ 10,832,074</u>	<u>\$ 1,088,185</u>
LIABILITIES				
Accounts Payable	<u>\$ 335,946</u>	<u>\$ 11,584,313</u>	<u>\$ 10,832,074</u>	<u>\$ 1,088,185</u>
Total Liabilities	<u>\$ 335,946</u>	<u>\$ 11,584,313</u>	<u>\$ 10,832,074</u>	<u>\$ 1,088,185</u>

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the Charter Schools and whether the Charter Schools complied with the provisions of *California Education Code* Sections 47612 and 47612.5.

C. Schedule of Charter Schools

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

D. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards (SEFA) includes the Federal grant activity of the County Office and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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)*. The amount of Federal revenues reported in the financial statements is \$5,312 less than the Federal expenditures on the SEFA due to revenue recognition differences in the Medicaid Cluster of programs (\$2,280) and other immaterial corrections in the REAP resource (\$7,592). The County Office has not used the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

E. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

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

F. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the County Office.

G. Combining Statements and Individual Fund Schedules

Combining statements and individual fund schedules are presented for purposes of additional analysis, and are not a required part of the County Office's basic financial statements. These statements and schedules present more detailed information about the financial position and financial activities of the County Office's individual funds.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Education
Nevada County Superintendent of Schools
Grass Valley, California

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevada County Superintendent of Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Nevada County Superintendent of Schools' basic financial statements and have issued my report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Nevada County Superintendent of Schools', internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada County Superintendent of Schools' internal control. Accordingly, I do not express an opinion on the effectiveness of Nevada County Superintendent of Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada County Superintendent of Schools' financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Nevada County Superintendent of Schools' Responses to Findings

Nevada County Superintendent of Schools' responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. Nevada County Superintendent of Schools' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



MICHELLE M. HANSON
Certified Public Accountant

December 9, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Nevada County Superintendent of Schools
Grass Valley, California

Report on Compliance for Each Major Federal Program

I have audited Nevada County Superintendent of Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Nevada County Superintendent of Schools' major federal programs for the year ended June 30, 2019. Nevada County Superintendent of Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Nevada County Superintendent of Schools, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



MICHELLE M. HANSON
Certified Public Accountant

December 9, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Nevada County Superintendent of Schools
Grass Valley, California

I have audited Nevada County Superintendent of Schools' compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of Nevada County Superintendent of Schools' State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with State laws and regulations of Nevada County Superintendent of Schools' State government programs based on my audit of the types of compliance requirements referred to below. I conducted my 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 *2018-2019 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the applicable State laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Nevada County Superintendent of Schools' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. However, my audit does not provide a legal determination of Nevada County Superintendent of Schools' compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	No (see next page)
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 (MOE)	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Office of Education and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Non-Classroom-Based Instruction/Independent Study	Yes
Determination of Funding for Non-Classroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

Procedures were not performed for Independent Study attendance because the average daily attendance generated by the program was below the level required for testing.

Procedures were not performed on the items marked “Not Applicable” because the County Office and/or Charter Schools do not operate those programs, or are otherwise not subject to the program requirements.

Opinion on Each State Government Program

In my opinion, Nevada County Superintendent of Schools, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its State government programs for the year ended June 30, 2019.

Other Matters

The results of my auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2018-2019 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which is described in the accompanying schedule of findings and questioned costs as item 2019-003. My opinion on State government programs is not modified with respect to this matter.

Nevada County Superintendent of Schools’ Response to Finding

Nevada County Superintendent of Schools’ response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. Nevada County Superintendent of Schools’ response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of my testing of compliance and the results of that testing based on the requirements of the *2018-2019 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



MICHELLE M. HANSON
Certified Public Accountant

December 9, 2019

FINDINGS AND QUESTIONED COSTS SECTION

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes x No

Significant deficiency(ies) identified
that are not considered to be material
weakness?

x Yes ___ None reported

Noncompliance material to financial
statements noted?

___ Yes x No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes x No

Significant deficiency(ies) identified
that are not considered to be material
weakness?

___ Yes x None reported

Type of auditor's report issued on
compliance for major programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with Section 2 CFR 200.516(a)?

___ Yes x No

Identification of major programs

CFDA Number
84.027, 84.027A, 84.173, 84.173A

Name of Federal Program or Cluster
Special Education Cluster

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

x Yes ___ No

State Awards

Internal control over state programs:

Material weakness(es) identified?

___ Yes x No

Significant deficiency(ies) identified
that are not considered to be material
weakness?

x Yes ___ None reported

Type of auditor's report issued on compliance
for state programs:

Unmodified

Section II – Financial Statements Findings

2019 – 001 – CASH RECEIPTS - CHARTER SCHOOLS - 30000

Criteria: Sound cash management procedures including internal control procedures for handling cash from the time the cash is collected to the time it is deposited into the bank account discourage theft of funds and protect those who handle the cash. Cash receipt control procedures provide evidence the cash was handled appropriately. Without this evidence, those involved in the process will not have the information to provide that fraud did or did not occur.

Statement of Condition: During testing of internal controls over cash receipts at the charter schools the following weaknesses were noted (specific charter school(s) identified below each weakness):

1. There is inconsistent or no evidence showing the proceeds from fund raisers or collection of fees are being reconciled to the actual goods sold, services provided or other amounts collected.
 - This was found at Bitney College Preparatory High and Sierra Montessori Academy.
2. There were payments (cash and checks) received by Charter School employees more than one month prior to being deposited.
 - This was found at Bitney College Preparatory High and Sierra Montessori Academy.

Cause: Individual charter school controls over cash receipts are inadequate to ensure all cash received is accounted for.

Effect or Potential Effect: Deficiencies in internal control limit management's control over assets and facilitates an environment where misappropriation of assets may go undetected.

Questioned Costs: The conditions referred to above were the result of my testing attributes of the control system. There are no questioned costs.

Recommendation: Cash control procedures should be implemented at each charter school including requirements for:

1. A record of the items sold, fees collected or services provided and the amount received reconciled to the amount being deposited.
2. Money received by any Charter School employee should be brought to one central, secure location with deposits to the bank being made at least weekly.

These procedures should be communicated to employees involved and periodic monitoring should be performed throughout the year in addition to the annual independent audit.

Section II – Financial Statements Findings (Continued)

2019 – 001 – CASH RECEIPTS - CHARTER SCHOOLS – 30000 (CONCLUDED)

Corrective Action:

Bitney College Preparatory High

A new policy has been implemented for cash receipts beginning the 2019/2020 fiscal year. All monies received are counted by two staff members and recorded in an Excel spreadsheet. Funds are secured in a locked cabinet until deposited into the local bank account at least weekly. Bank reconciliations will be done monthly and utilized to monitor the timeliness of deposits.

Sierra Montessori Charter

Existing policies were followed beginning the 2019/2020 fiscal year, however, the Charter School closed on October 31, 2019 so no improvements were made to improve processes.

2019 – 002 – PURCHASES AND CASH DISBURSEMENTS - CHARTER SCHOOLS - 30000

Criteria: Sound accounting practices require the retention of all documentation for support of charter school expenditures including documented approval by an authorized charter school employee prior to the purchase being made, confirmation goods and services were received, inspected and conform to charter school use, and an itemized invoice from the vendor.

Statement of Condition: During testing of internal controls over purchases and cash disbursements at the charter schools the following weaknesses were noted (specific charter school(s) identified below each weakness):

1. There is inconsistent evidence retained showing purchases were approved by an authorized employee (as identified in fiscal policy) prior to being made.
 - This was found at Bitney College Preparatory High and Sierra Montessori Academy.
2. There appear to be inconsistent practices (within each individual charter school) on how the receipt of goods and services are documented, specifically the employee receiving the goods is not signing to indicate a count has been conducted and whether the order was complete.
 - This was found at Bitney College Preparatory High, Twin Ridges Home Study Charter School, and Sierra Montessori Academy.

Cause: The charter school's procedures requiring prior authorization for purchases were not followed and there do not appear to be policies in place to instruct on how the receipt of goods and services should be documented.

Section II – Financial Statements Findings (Concluded)

2019 – 002 – PURCHASES AND CASH DISBURSEMENTS - CHARTER SCHOOLS – 30000 (CONCLUDED)

Effect or Potential Effect: The lack of proper authorization and documentation limits management's control over expenditures and creates an environment where unauthorized disbursements may be made and not detected. Insufficient controls over the receiving function could result in the charter schools paying for goods and services not received.

Questioned Costs: The condition referred to above was the result of my testing an attribute of the control system. There are no questioned costs.

Recommendation: The charter schools should enforce their policies requiring the documentation of all purchases being approved in advance by an authorized charter school official. In addition, charter schools should develop and implement procedures to document all goods and services being paid for were received, inspected and counted by an appropriate charter school employee.

Corrective Action:

Bitney College Preparatory High:

A new policy has been implemented for purchasing and receiving that utilizes the financial management system beginning the 2019/2020 fiscal year. All purchases requests are entered into the system and approved by authorized staff. Training has been provided to all staff members on this new process. All goods and services are received through the main office. The items will be verified and documented and submitted with the invoice for payment.

Sierra Montessori Charter:

Existing policies were followed beginning the 2019/2020 fiscal year, however, the Charter School closed on October 31, 2019 so no improvements were made to improve processes.

Twin Ridges Home Study Charter School:

A new policy for Purchasing, Vendor Services and Employee Reimbursements was implemented requiring prior approval from authorized staff beginning the 2019/2020 fiscal year. Authorized staff will approve all purchase requests through the financial management system. Purchase requisitions will be input for all purchases and vendor services. Employee reimbursements will be limited and will require written pre-authorization. All employees were provided this new policy at the beginning of the new fiscal year. Goods and services are to be received at each school site and verified by authorized staff with written evidence of receipt to be sent to the business office for processing.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

Section IV - State Award Findings and Questioned Costs

2019 - 003 – ATTENDANCE-SPECIAL EDUCATION PROGRAM – 10000

Criteria: Pursuant to *California Education Code* Section 44809 and *California Code of Regulations* Title 5, Section 401 each local educational agency must develop and maintain accurate and adequate attendance records to support the attendance reported to the state. The classroom teacher or instructional aide (who was an eye-witness of each pupil's presence or absence) is required to sign and date the attendance register to create a valid contemporaneous record. The maximum period allowed for signature/date of eyewitness may vary from daily to monthly depending on the program.

Statement of Condition: The daily teacher attendance rosters for the Special Education classes were not signed until the end of year.

Cause: The teachers failed to submit the required documentation in a timely manner and there does not appear to have been any monitoring to ensure the documentation was obtained.

Effect or Potential Effect: The signed attendance rosters identify the certificated employee is taking responsibility for the claimed attendance. If the rosters are not signed in a timely manner, the contemporaneous record of attendance is incomplete and could result in the loss of apportionment funding.

Questioned Costs: Based on other procedures performed, I am satisfied attendance was properly recorded and there are no questioned costs as a result of this finding.

Recommendation: Attendance rosters should be obtained timely and should be complete, including the signature of the classroom teacher.

Corrective Action: Staff are verifying attendance weekly through the submission of attendance records in our student information management system (School Pathways). Rosters are printed from this system, verified and signed by staff monthly.

2018 – 001: Cash control procedures should be implemented at each charter school including requirements for:

1. A record of the items sold, fees collected or services provided and the amount received reconciled to the amount being deposited.

These procedures should be communicated to employees involved and periodic monitoring should be performed throughout the year in addition to the annual independent audit.

Current Status:

Accepted

Implemented by Twin Ridges Home Study Charter

Not implemented by Bitney College Preparatory High, see repeat finding 2019-001

2018 – 002: To improve internal controls, all charter school expenditures should be supported by a completed purchase requisition, purchase order or contract, prepared, approved and dated in advance of the purchase.

Current Status:

Accepted

Implemented by Twin Ridges Home Study Charter

Not implemented by Bitney College Preparatory High and Sierra Montessori Academy, see repeat finding 2019-002

STUDENTS

Tobacco Prevention & Prohibition Policy

The Forest Charter School Governing Board recognize that tobacco use presents serious health risks and desires to provide support and assistance in reducing the number of students who begin or continue to use tobacco. The Executive Director or designee shall establish a comprehensive program that includes consistent enforcement of laws prohibiting tobacco possession and use by students, tobacco-use prevention education including youth development activities, and intervention and cessation activities and/or referrals.

Prohibition Against Tobacco Use

Students shall not possess, smoke, or use tobacco or any product containing tobacco or nicotine while on campus, while attending school-sponsored activities, or while under the supervision and control of Forest Charter School, or designee. Prohibited products include, but are not limited to, cigarettes, cigars, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets, and betel. (Education Code 48900, 48901)

Students' possession or use of nicotine delivery devices, such as electronic cigarettes, and other vapor emitting electronic devices, such as electronic hookah, with or without nicotine content, that mimic the use of tobacco products, are also prohibited.

These prohibitions do not apply to a student's possession or use of his/her own prescription products, or other cessation aids such as nicotine patches or nicotine gum. However, student possession or use of prescription products in school shall be subject to the district's policy and regulation for addressing the administration of medications on campus. (Education Code 48900, 48901)

Smoking means inhaling, exhaling, burning, or carrying of any lighted or heated cigar, cigarette, pipe, tobacco, or plant product intended for inhalation, whether natural or synthetic, in any manner or form, and includes the use of an electronic smoking device that creates aerosol or vapor or of any oral smoking device for the purpose of circumventing the prohibition of smoking. (Business and Professions Code 22950.5; Education Code 48901)

Tobacco products include: (Business and Professions Code 22950.5; Education Code 48901)

1. A product containing, made, or derived from tobacco or nicotine that is intended for human consumption, whether smoked, heated, chewed, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, including, but not limited to, cigarettes, cigars, little cigars, chewing tobacco, pipe tobacco, or snuff
2. An electronic device that delivers nicotine or other vaporized liquids to the person inhaling from the device, including, but not limited to, an electronic cigarette, cigar, pipe, or hookah
3. Any component, part, or accessory of a tobacco product, whether or not sold separately

Prevention Instruction

Forest Charter School shall provide developmentally appropriate tobacco-use prevention instruction for students at selected grade levels from K-12 pursuant to Education Code 51202. Such instruction shall be aligned with state content standards and the state curriculum framework for health education and with any requirements of state and/or federal grant programs in which the district participates.

Intervention/Cessation Services

Forest Charter School may provide or refer students to counseling, intensive education, and other intervention services to assist in the cessation of tobacco use. When appropriate, such intervention services may be provided as an alternative to suspension for tobacco possession.

Program Planning

Forest Carter School's tobacco-use prevention and intervention program shall be based on an assessment of tobacco-use problems in district schools and the community, an examination of existing services and activities in the community, and a determination of high-risk student populations that are most in need of school services.

The Executive Director or designee shall coordinate with the local health department in program planning and implementation. He/she may establish an advisory council including students, parents/guardians, district staff, representatives of the local health department and community organizations, law enforcement professionals, and/or others with demonstrated expertise in tobacco prevention and cessation.

The Executive Director or designee also shall coordinate tobacco-use prevention and intervention programs with Nevada County school districts' efforts in reducing students' use of illegal substances and to promote student wellness.

The Executive Director or designee shall select anti-tobacco programs based on the model program designs identified by the California Department of Education (CDE) and may modify the model to meet each district's needs. (Health and Safety Code 104420)

The Executive Director or designee shall not accept for distribution, any materials or advertisements that promote the use or sale of tobacco products. He/she also shall not accept tobacco-use prevention or intervention funds or materials from the tobacco industry or from any entity which has received funding from the tobacco industry.

Program Evaluation

To evaluate the effectiveness of programs and ensure accountability, the Executive Director or designee shall annually administer the California Healthy Kids Survey or other appropriate student survey at selected grade levels in order to assess student attitudes toward tobacco and student use of tobacco. He/she also shall annually report to the FCS Board, and to the CDE if required, the data specified in Health and Safety Code 104450.

The results of program evaluations shall be used to refine program goals and objectives and make changes as needed to strengthen program implementation.