

Forest Charter School

470 Searls Avenue
Nevada City, CA 95959

Monthly Charter Council Meeting Agenda April 20, 2021

5:00 p.m. Special Meeting

****Virtual Meeting****

Network User ID: FC_Public

Network Password: PineCedar2

Dan Thiem, Chair
Karen Fruchtenicht, Vice Chair
Amea Medeiros, Parent Representative
Jennifer Sheffo, Parent Representative
Jean Watson, Parent Representative
Tita Fowler, Secretary

ANNOUNCEMENTS

1. ANNOUNCEMENT: EXECUTIVE ORDER N-29-20 TELECONFERENCE FLEXIBILITY

This meeting is being held pursuant to the procedures established in Executive Order N-29-20 issued by California Governor Gavin Newsom on March 17, 2020. All board members may attend the meeting by teleconference. This meeting will be a virtual meeting only. The public may observe and address the meeting via Zoom.

2. ANNOUNCEMENT: PUBLIC ACCESS TO THE FOREST CHARTER SCHOOL BOARD MEETING

The public will have access to the Forest Charter School board meeting through Zoom Teleconferencing. For those individuals who wish to make a public comment, please do so through the Zoom meeting chat feature. A moderator for the meeting will read your comments for the record.

3. ANNOUNCEMENT: SHOULD THIS BOARD MEETING ENCOUNTER ANY SECURITY BREACH OR INAPPROPRIATE ISSUES, THE MEETING WILL BE ENDED IMMEDIATELY.

Join Zoom Meeting

<https://us02web.zoom.us/j/85408398614?pwd=Y2dzdFBFUXdQTUFxazI3bERnZGIYUT09>

Meeting ID: 854 0839 8614

Passcode: 873378

Dial by your location

+1 408 638 0968 US (San Jose)

Meeting ID: 854 0839 8614

Find your local number: <https://us02web.zoom.us/u/kb7yu4OPaF>

AGENDA:

1. Call To Order

2. Roll Call

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

(E-Attachments)

- Should the Consent Agenda be approved?
 - A. Adoption of the April 20, 2021 Agenda (*page 1*)
 - B. March 9, 2021, Charter Council Meeting Minutes (*page 5*)
 - C. Contracts (*page 9*)
 - D. Warrants (March) (*page 10*)

4. 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.

Information Items:

1. Information: ACSA Presentation—Peter Sagebiel

Peter will present the “Teachers Who Make a Difference” award.

2. Information: 2021/22 Charter Council Elections—Dan Thiem, Peter Sagebiel

Dan and Peter will update the Council on the Charter Council elections. (Medeiros, Fruchtenicht)

3. Information: Forest Charter 2021 LCAP Update—Peter Sagebiel

Peter will provide the Council with an LCAP update.

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

B.J. will provide an update on student achievement and Spring CAASPP testing.

5. Information: 2020/21 Budget and Cash Flow—Meshawn Simmons (page 12)

Meshawn will update the Council on 2020/21 Budget items and Cash Flow.

6. Information: SB740—Meshawn Simmons

Meshawn will provide the Council with an SB740 update.

7. Information: AB86 Expanded Learning Opportunities Grant—Meshawn Simmons

Meshawn will review the AB86 Expanded Learning Opportunities Grant with the Council.

Action Items:

8. Information/Action: Program Options—Peter Sagebiel

Peter will provide the Council with an update on any proposed changes to the Forest Charter School program options.

- Should the Council approve proposed program changes?

9. Action: School's 2019 State Audit Report—Meshawn Simmons

(page 16)

Meshawn will review the School's 2019 State Audit Report with the Council.

- Should the Council accept the School's 2019 State Audit Report?

10. Action: Nevada City Learning Center Lease Renewal—Peter Sagebiel, Meshawn Simmons

(page 124)

Peter and Meshawn will review the Nevada City Learning Center lease renewal with the Council.

- Should the Council approve the Nevada City Learning Center lease renewal?

11. Action: 2021/22 FCS Salary Schedules and Benefits—Meshawn Simmons

(page 144)

Meshawn will review the 2021/22 FCS Salary Schedules and benefit cap revisions with the Council.

- Should the Council approve the 2021/22 FCS Salary Schedules and benefit cap revisions?

12. Action: FCS Instructional Budget Policy—Peter Sagebiel, Meshawn Simmons

(page 161)

Peter and Meshawn will review the updates to the FCS Instructional Budget Policy with the Council.

- Should the Council approve the revised FCS Instruction Budget Policy?

13. Action: Chromebook Surplus—Meshawn Simmons

(page 162)

- Should the Council approve the surplus of old Chromebooks?

14. Director's Update—Peter Sagebiel

- Enrollment
- Auditor Update
- Political Update - AB 1316
- Graduation
- ST Review Process

- CCBB Professional Development
- FCS Zoom Information Nights Wrap-up (K-8)
- i-Ready Pilot Team Update
- Other

15. Future Agenda Items

- SB740
- Auburn Lease Renewal

16. Information: Reminder of Future Meetings

2021: 5/18, 6/14*, 6/15**

***Special Meeting/Public Hearing **Budget Meeting**

17. Closed Session:

The Council will meet in Closed Session in compliance with the Brown Act restrictions to consider qualified matters of litigation, negotiations, student discipline, and/or personnel qualifications that are timely.

- Director's Evaluation

18. Action: Adjourn

Forest Charter School

Monthly Charter Council Meeting Minutes – March 9, 2021

5:00 p.m. Regular Session
****Virtual Meeting****

Council Members:

Dan Thiem, Chair
Karen Fruchtenicht, Vice Chair
Amea Medeiros, Parent Representative
Jennifer Sheffo, Parent Representative
Jean Watson, Parent Representative
Tita Fowler, Secretary

Minutes

Virtually Present: Dan Thiem, Peter Sagebiel, Katy Baggett, Janice Eggers, Tita Fowler, Karen Fruchtenicht, B.J. Hatcher, Amea Medeiros, Jennifer Sheffo, Meshawn Simmons, Dave Stanger, Paul Simoes, Jean Watson

1. **Call to Order: 5:02 pm**
2. **Roll Call: All Present (Dan Thiem, Karen Fruchtenicht, Amea Medeiros, Jennifer Sheffo, Jean Watson), Peter Sagebiel, Paul Simoes, B.J. Hatcher, Janice Eggers, Meshawn Simmons, Christine Sween, Katy Baggett, David Stanger, Tita Fowler, Public: Green Fam**
3. **Information/Action: A and B may be considered for Consent Agenda—Meshawn Simmons**

March 9, 2021, Charter Council Agenda and February 9, 2021, Meeting Minutes, Contracts, and Warrants were presented for approval.

Jean Watson made a motion to approve the Consent Agenda. Jennifer Sheffo seconded.

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

Nays: None

4. **Discussion: Other**

None.

Information Items:

5. Discussion: Performance Review for the Executive Director--Dan Thiem

Dan provided the Council with a progress update on the performance review of the Executive Director.

6. Information: Forest Charter 2021 LCAP Update--Peter Sagebiel

Peter provided the Council with an LCAP update including information on new requirements and a training Meshawn and Peter attended. Now proceeding with gathering information needed to complete the LCAP.

7. Information: Program Options--Peter Sagebiel

Peter provided the Council with an update on current and upcoming opportunities for students to have some support on campus. Student lists are currently being compiled and finishing touches to the protocol for on-campus participation are being completed.

8. Information: Student Achievement--B.J. Hatcher

B.J. confirmed that CAASPP testing will be taking place but will not include Science and will be a shortened version that students can take remotely. This will give teachers more testing flexibility. B.J. and selected teachers will start looking at the program and test next week to gear up for testing after Spring break.

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

B.J. reviewed some Healthy Kids Survey comparisons with last year's data that showed some areas of concern. We are still waiting on complete results from the Healthy Kids Survey.

10. Information: 2020/21 Budget and Cash Flow--Meshawn Simmons

Meshawn reviewed the 2020/21 Budget and Cash Flow with the Council indicating that everything is on track.

Action Items:

11. Action: 2020/21 2nd Interim Budget--Meshawn Simmons

Meshawn reviewed the 2020/21 2nd Interim Budget Narrative with the Council including the Narrative, 2nd Interim Budget, Cash Flow, and 3-year projections.

Jean Watson made a motion to approve the 2020/21 Narrative, 2nd Interim Budget, Cash Flow, and 3-year Projections. Karen Fruchtenicht seconded.

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

Nays: None

12. Action: Surplus Items—Meshawn Simmons

Meshawn reviewed the surplus items list with the Council.

Karen Fruchtenicht made a motion to surplus the items listed. Ameer Medeiros seconded.

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

Nays: None

13. Director's Update—Peter Sagebiel

- Enrollment - Future enrollment is looking great.
- Vaccination Clinic Wrap-Up- All staff that elected to get the COVID vaccinations have now all received their second doses. Thank you to the County and Nurses for all of their hard work ensuring the safety of teachers and staff.
- Audit Update - County auditors must rotate every 6 years, proposals have been requested for a new auditor, and are waiting on responses to the RFP's
- County Board Visit - The Charter Liaisons from the County Board of education had a Zoom visit with Peter. Good visit with lots of support for the Forest Charter programs.
- FCS Zoom Information Nights - Both Nevada City and Truckee have now had their first Spring Information Nights. Attendance was similar to the prior year's in-person events.
- Back to Campus - (covered under "Program Options")
- iReady Pilot - The iReady pilot group has gone through the training and is ready to start!
- Other - FCS is hopeful they will be able to run several small outdoor high school graduations, but we will need to get this signed off by the health department.

14. Information: Future Agenda Items

- SB740
- Lease Renewal
- Payroll Options
- Surplus
- Enrollment Policy - cume
- Instructional Budget Policy
- Healthy Kids Survey

15. Closed Session

The Council met in a Closed Session with Peter and Meshawn in compliance with Ed Code § 54956.8 (Conference with Real Property Negotiations) and the Brown Act to discuss the Nevada City Lease Negotiations for 470 Searls Avenue, Nevada City, CA 95959. No action was taken.

16. Information: Reminder of Future Meetings

Dates for the 2020/21 Charter Council meetings were set as follows:

2021: 4/20, 5/18, 6/14*, 6/15**

***Special Meeting**

****Budget Meeting**

17. Action: Adjourn at 6:03 p.m.

Respectfully submitted:

Tita Fowler, Secretary

Date

Charter Council Approved:

Dan Thiem, Chair

Date

Contracts to be approved: (March 2021)

At-Will:

Stipends:

Hourly:

Gilbert, Paulette	\$1400.52	Supervised Activities
Manuola, Colleen	\$400.00	Tutor
Marks, Juli	\$330.00	Tutor
Ojeda-Chatigny, Kaleen	\$385.00	Tutor (x2)
Ojeda-Chatigny, Kaleen	\$420.00	Tutor
Pelzman, Michele	\$650.00	Tutor

Checks Dated 03/01/2021 through 03/31/2021

Check Number	Check Date	Pay to the Order of	Fund-Object	Expensed Amount	Check Amount
21-494350	03/05/2021	A BRIGHTER CHILD HOMESCHL BKS	01-4300		353.75
21-494351	03/05/2021	AMAZON.COM AMAZON CAPITAL SERVICES INC	01-4300		4,073.95 ✓
21-494352	03/05/2021	B & C ACE HOME CENTER	01-4300		10.92
21-494353	03/05/2021	BALLET REJOICE SCHOOL FOR THE ARTS	01-5800		417.00
21-494354	03/05/2021	BOB SWEAT M.ED MATH TUTORING	01-5800		303.75
21-494355	03/05/2021	BRUCE MAIRS	01-5800		1,610.00
21-494356	03/05/2021	CALTRONICS BUSINESS SYSTEMS	01-5600		95.31
21-494357	03/05/2021	COLTON WOOD	01-5800		90.00
21-494358	03/05/2021	DE LAGE LANDEN FINCL SRV INC	01-5600		190.28
21-494359	03/05/2021	DENISE WEY	01-5800		255.00
21-494360	03/05/2021	DICK BLICK ART MATERIALS	01-4300		21.01
21-494361	03/05/2021	DOCUMENT TRACKING SERVICES	01-5800		790.00
21-494362	03/05/2021	EVAN-MOOR EDUCATIONAL PUB	01-4300		126.69
21-494363	03/05/2021	Follett School Solutions INC	01-4300		623.49
21-494364	03/05/2021	GOLD COUNTRY GYMNASTICS	01-5800		638.00
21-494365	03/05/2021	HOLT BALLET CONSERVATORY	01-5800		180.00
21-494366	03/05/2021	HOUSE OF PRINT & COPY LLC	01-4300		46.29
21-494367	03/05/2021	INSTITUTE FOR EXCELLENCE/IN WR ITING	01-4300		37.10
21-494368	03/05/2021	KEN WILLER	01-5800		150.00
21-494369	03/05/2021	LINDA COUPER	01-5800		302.00
21-494370	03/05/2021	LISA STEWART	01-5800		160.00
21-494371	03/05/2021	MATH U SEE INC	01-4300		587.62
21-494372	03/05/2021	MEGGIE CUTIGINI	01-5800		645.00
21-494373	03/05/2021	NORTHERN SIERRA AQUATICS	01-5800		128.00
21-494374	03/05/2021	ONE-II-ONE MATH TUTORING	01-5800		240.00
21-494375	03/05/2021	ORIGO EDUCATION INC	01-4300		29.88
21-494376	03/05/2021	PIONEER COMMERCE CENTER	01-5600		1,480.11
21-494377	03/05/2021	RAINBOW RESOURCE CENTER	01-4300		146.04
21-494378	03/05/2021	RICHARD T KIRKPATRICK	01-5800		320.00
21-494379	03/05/2021	SHAYLA DERENNE	01-5800		360.00
21-494380	03/05/2021	TEACHING TEXTBOOKS INC	01-4300	309.84	
			01-5800	67.08	
			Unpaid Tax	23.94-	352.98
21-494381	03/05/2021	THE CLEANING SOLUTION	01-5800		2,200.00
21-494382	03/05/2021	ZANER-BLOSER	01-4300		15.16
21-494698	03/12/2021	ALPENGLOW CLEANING INC	01-5800		1,125.00
21-494699	03/12/2021	AMAZON.COM AMAZON CAPITAL SERVICES INC	01-4300		3,077.29 /
21-494700	03/12/2021	AT&T	01-5930		272.85
21-494701	03/12/2021	BYU CONTINUING EDUCATION	01-5800		799.00
21-494702	03/12/2021	CALTRONICS BUSINESS SYSTEMS	01-4300	118.13	
			01-5600	500.26	618.39
21-494703	03/12/2021	CDW GOVERNMENT LLC - Chromebooks	01-4400		161,518.46 ✓

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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Checks Dated 03/01/2021 through 03/31/2021

Check Number	Check Date	Pay to the Order of	Fund-Object	Expensed Amount	Check Amount
21-494704	03/12/2021	CENTER STAGE DANCE STUDIO	01-5800		207.00
21-494705	03/12/2021	CHERYL BARBER	01-5800		500.00
21-494706	03/12/2021	CITY OF NEVADA CITY	01-5540	670.62	
			01-5550	200.17	870.79
21-494707	03/12/2021	CLEVER MINDS	01-5800		1,180.00
21-494708	03/12/2021	DE LAGE LANDEN FINCL SRV INC	01-5600		1,200.29
21-494709	03/12/2021	DICK BLICK ART MATERIALS	01-4300		64.84
21-494710	03/12/2021	EDGENUITY INC	01-5800		650.00
21-494711	03/12/2021	EXTREME GYMNASTICS, INC	01-5800		262.50
21-494712	03/12/2021	GRASS VALLEY CROSSFIT	01-5800		262.50
21-494713	03/12/2021	GREENFIELD LEARNING INC	01-5800		75.00
21-494714	03/12/2021	HAFDIS TRAUSTADOTTIR	01-5800		600.00
21-494715	03/12/2021	HOME SCIENCE TOOLS	01-4300		584.06
21-494716	03/12/2021	Jaimee Wadman	01-5800		560.00
21-494717	03/12/2021	KEN WILLER	01-5800		100.00
21-494718	03/12/2021	KIWICO INC	01-4300		1,249.31
21-494719	03/12/2021	LOGIC OF ENGLISH	01-4300		225.19
21-494720	03/12/2021	MARGARET JOHNSON	01-5800		700.00
21-494721	03/12/2021	NEVADA CITY BALLET ACADEMY	01-5800		800.00
21-494722	03/12/2021	NEVADA COUNTY SUPERINTENDENT <i>H.W.</i>	01-9514		72,646.61 ✓
21-494723	03/12/2021	OFFICE DEPOT	01-4300		712.29
21-494724	03/12/2021	PHILLIPS SCHOOL OF KUNG FU SAN SOO	01-5800		85.00
21-494725	03/12/2021	RAINBOW RESOURCE CENTER	01-4300		1,888.72
21-494726	03/12/2021	REPUBLIC INDEMTY CO OF AMERICA	01-9516		3,054.00 ✓
21-494727	03/12/2021	ROSE-MAY MICKELSON	01-5800		300.00
21-494728	03/12/2021	SCHOOL PATHWAYS HOLDINGS, LLC	01-5806		2,698.15 ✓
21-494729	03/12/2021	SEAN BIANCO	01-5800		390.00
21-494730	03/12/2021	SEBASTIAN	01-5930		144.93
21-494731	03/12/2021	SPD MARKET- NEVADA CITY	01-4300	22.49	
			01-5920	80.15	102.64
21-494732	03/12/2021	SUDDENLINK COMMUNICATIONS	01-5930		453.80
21-494733	03/12/2021	TIME4LEARNING- TIME4WRITING	01-4300	180.00	
			01-5800	239.00	419.00
21-494734	03/12/2021	TRUCKEE DONNER PUBLIC UTILITY REMITTANCE CENTER	01-5520	442.92	
			01-5540	93.36	536.28
21-494735	03/12/2021	US BANK CORPORATE PAYMENT SYS	01-4300	3,543.24	
			01-5210	199.24	
			01-5800	3,503.71	
			01-5871	131.09	
			01-5920	25.72	7,403.00 ✓
21-494736	03/12/2021	VERIZON	01-5800		38.01

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Checks Dated 03/01/2021 through 03/31/2021

Check Number	Check Date	Pay to the Order of	Fund-Object	Expensed Amount	Check Amount
21-494737	03/12/2021	VICTORIA GARRETT	01-5800		455.00
21-494738	03/12/2021	WASTE MANAGEMENT	01-5570		278.94
21-494739	03/12/2021	WAVE	01-5930		267.58
21-494740	03/12/2021	YESHIVA DERECH HATORAH	01-4300	324.15	
			Unpaid Tax	25.05-	299.10
21-494741	03/12/2021	YOUNG MINNEY & CORR LLP	01-5802		6,644.92 ✓
21-495023	03/19/2021	A BRIGHTER CHILD HOMESCHL BKS	01-4300		108.50
21-495024	03/19/2021	AMAZON.COM AMAZON CAPITAL SERVICES INC	01-4300		661.68
21-495025	03/19/2021	COMCAST	01-5930		829.17
21-495026	03/19/2021	ELIZABETH BROWN	01-5800		780.00
21-495027	03/19/2021	GPP	01-5400		2,406.00 ✓
21-495028	03/19/2021	JENNIFER SMITH THE SMITH STUDIO	01-5800		240.00
21-495029	03/19/2021	KIWICO INC	01-4300		870.23
21-495030	03/19/2021	NEVADA COUNTY CHARTER SERVICES AUTHORITY JPA	01-5100		83,973.83 ✓
21-495031	03/19/2021	ONE-11-ONE MATH TUTORING	01-5800		240.00
21-495032	03/19/2021	R&B COMMUNICATIONS	01-5800		395.00
21-495033	03/19/2021	SINGAPORE MATH INC	01-4300		47.29
21-495034	03/19/2021	T-MOBILE	01-5800		1,060.00
21-495035	03/19/2021	Victoria Aire	01-5800		1,260.00
21-495308	03/26/2021	Airco Mechanical Inc	01-5800		1,634.03
21-495309	03/26/2021	ALL ABOUT LEARNING PRESS INC	01-4300	357.96	
			Unpaid Tax	27.66-	330.30
21-495310	03/26/2021	AMAZON.COM AMAZON CAPITAL SERVICES INC	01-4300	3,765.22	
			01-4400	1,110.97	4,876.19 ✓
21-495311	03/26/2021	BRAVE WRITER LLC	01-5800		963.00
21-495312	03/26/2021	CANYON VIEW ASSEMBLY	01-5600		1,000.00
21-495313	03/26/2021	COLTON WOOD	01-5800		255.00
21-495314	03/26/2021	DELTA EDUCATION	01-4300		100.03
21-495315	03/26/2021	EDGENUITY INC	01-5800		975.00
21-495316	03/26/2021	EVAN-MOOR EDUCATIONAL PUB	01-4300		263.27
21-495317	03/26/2021	INSTITUTE FOR EXCELLENCE/IN WR ITING	01-4300		54.05
21-495318	03/26/2021	K&T MANAGEMENT	01-5600		952.86
21-495319	03/26/2021	LAKESHORE LEARNING MATERIALS	01-4300		426.80
21-495320	03/26/2021	MATH U SEE INC	01-4300	295.68	
			01-5800	75.71	371.39
21-495321	03/26/2021	MCGRAW-HILL EDUCATION INC	01-4300		48.16
21-495322	03/26/2021	NEVADA CITY SCHOOL DISTRICT	01-5600		13,958.38 ✓
21-495323	03/26/2021	PACIFIC GAS & ELECTRIC COMPANY	01-5510	1,271.02	
			01-5520	1,228.65	2,499.67
21-495324	03/26/2021	PANDIA PRESS INC.	01-4300	117.01	
			Unpaid Tax	9.04-	107.97

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Checks Dated 03/01/2021 through 03/31/2021

Check Number	Check Date	Pay to the Order of	Fund-Object	Expensed Amount	Check Amount
21-495325	03/26/2021	PIONEER COMMERCE CENTER	01-5600		13,742.95 ✓
21-495326	03/26/2021	RAINBOW RESOURCE CENTER	01-4300		150.84
21-495327	03/26/2021	SINGAPORE MATH INC	01-4300		73.11
21-495328	03/26/2021	STAPLES BUSINESS CREDIT	01-4300		62.49
Total Number of Checks			111		<u>429,016.96</u>

Fund Recap

Fund	Description	Check Count	Expensed Amount
01	FOREST CHARTER	111	429,102.65
	Total Number of Checks	111	429,102.65
	Less Unpaid Tax Liability		85.69-
	Net (Check Amount)		<u>429,016.96</u>

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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79.1.

FOREST CHARTER SCHOOL FY 20-21

4/14/21

Object		Revised Budget	Revenue	% Rcvd
Total Year To Date Revenues		8,531,933	5,198,873	61%

Object	Description	Revised Budget	Actual	% Used
Total Certificated Salaries		3,477,745	2,551,333	73%
Total Classified Salaries		830,891	645,641	78%
Total Employee Benefits		1,583,887	848,815	54%
	4300 MATERIALS AND SUPPLIES	326,624	209,240	64%
	4400 NON CAPITALIZED EQUIPMENT	194,500	166,756	86%
	4700 FOOD	2,000	384	19%
Total Books and Supplies		523,124	376,381	72%
Services and Other Operating Expenditures				
	5100 SUBAGREEMENTS FOR SERVICES	1,010,619	831,777	82%
	5210 CONFERENCE	6,000	3,916	65%
	5220 MILEAGE REIMBURSEMENT	300		0%
Expenditure Detail (continued)				
Services and Other Operating Expenditures (continued)				
	5300 DUES AND MEMBERSHIPS	15,000	12,960	86%
	5400 INSURANCE	29,000	29,283	101%
	5510 GAS HEATING/FUEL	7,000	6,691	96%
	5520 ELECTRICITY	20,000	14,990	75%
	5540 WATER	9,000	4,980	55%
	5550 SEWER	1,000	516	52%
	5570 GARBAGE	4,000	2,510	63%
	5600 RENT,LEASES,REPAIRS/NON CAP	404,938	321,348	79%
	5800 PROF/CONSUL/SVCS/OP EXPENSE	462,921	308,755	67%
	5801 ADVERTISING	2,500	27.00-	
	5802 LEGAL FEES	15,000	8,935	60%
	5806 DATA PROCESSING SERVICES	35,000	24,255	69%
	5840 FINGERPRINTING	1,000	236	24%
	5850 OVERSIGHT	73,000		0%
	5852 BUSINESS SERVICES	96,580		0%
	5871 FIELD TRIP CONTRACT/EXP	1,597	1,440	90%
	5920 POSTAGE/SHIPPING (OUT)	4,000	1,252	31%
	5930 TELEPHONE	15,000	16,198	108%
	5940 INTERNET		388	
Total Services and Other Operating Expenditures		2,213,455	1,590,403	72%
Total Year To Date Expenditures		8,629,102	6,012,572	70%

MS

FOREST CHARTER SCHOOL				Date that actuals are posted thru....		4/1/2021											
CASH FLOW REPORT 2020-2021																	
PROJECTED YEAR BUDGET	2020- 2021	Current or Revised Budget	Original Budget								Total						Total
Descriptions	2020-2021	2020-2021	2020-2021	July	August	September	October	November	December	January	Jul-Jan	February	March	April	May	June	Jul-Jun
Beginning Cash Balance	1,741,680		1,889,563	1,741,680	2,465,077	2,520,005	3,100,054	2,767,001	2,764,414	3,138,588	2,560,940	2,560,940	2,192,857	2,062,085	1,336,133	623,908	1,008,299
RECEIPTS																	
Prop Tax	8020-8079	0	0	0	0	0	0	0	0	0	0						0
State Aid (Apportionment)	8010-8019	6,375,066	6,177,014	241,931	241,931	837,046	435,476	435,476	837,046	435,476	3,464,382	207,947	603,933	98,048	96,775	443,323	4,914,408
RL Trf & PERS RLR	8080-8099	924,964	791,702	0	215,000	-215,000	0	166,493	147,994	0	314,487		147,994			305,238	767,719
Total 8010-8099	8010-8099	7,300,030	6,968,716	241,931	456,931	622,046	435,476	601,969	985,040	435,476	3,778,869	207,947	751,927	98,048	96,775	748,561	5,682,127
Federal Revenues	8100-8299	170,176	123,666	0	0	50,846	0	0	0	0	50,846		42,283			119,330	212,459
Other State Rev.	8300-8599	1,009,227	696,827	13,398	15,251	94,504	44,559	68,297	82,971	24,116	343,096	15,124	8,780	45,000	50,000	60,000	522,000
Other Local Rev.	8600-8799	52,500	52,500	0	0	0	0	0	0	0	0	0	0	4,500	4,500	4,500	13,500
Transfers In	8910-8929	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
Contributions	8980-8999	0	0	0	0	0	0	0	0	0	0						0
TOTAL RECEIPTS		8,531,933	7,841,709	255,329	472,182	767,396	480,035	670,266	1,068,011	459,592	4,172,811	223,071	802,990	147,548	151,275	932,391	6,430,086
DISBURSEMENTS																	
Cert Salaries	1000-1999	3,477,745	3,403,954	55,000	296,427	258,000	258,000	258,000	258,000	258,000	1,641,427	258,000	258,000	258,000	258,000	80,000	2,753,427
Actuals				52,153	167,279	310,376	307,176	304,646	345,365	311,504	1,798,499	309,036	314,534	310,000	310,000	300,000	3,342,070
Classified Salaries	2000-2999	825,498	886,128	46,778	68,792	72,000	72,000	72,000	72,000	72,000	475,570	72,000	72,000	72,000	72,000	65,000	828,570
Actuals				34,339	54,913	80,589	77,150	68,994	82,023	68,823	466,830	74,601	73,211	83,500	83,500	78,000	859,642
Empl Benefits	3000-3999	1,581,317	1,125,842	76,430	131,776	85,000	85,000	85,000	85,000	85,000	633,207	85,000	85,000	85,000	85,000	85,000	1,058,207
Actuals				25,757	63,387	100,976	100,530	103,686	109,867	100,715	604,918	100,806	101,649	105,000	105,000	100,000	1,117,373
Supplies	4000-4999	523,124	399,798	33,317	33,317	80,000	50,000	23,000	15,000	150,000	384,633	15,000	15,000	25,000	10,000	10,000	459,633
Actuals				29	13,278	58,205	36,873	29,530	15,268	14,245	167,428	13,649	188,403	125,000	65,000	20,000	579,480
Services	5000-5999	2,213,455	2,108,680	175,723	175,723	100,000	125,000	175,723	64,802	175,723	992,695	150,000	100,000	200,000	350,000	125,000	1,917,695
Actuals				264,780	137,422	141,212	174,828	167,787	177,943	505,754	1,569,726	-174,953	164,999	250,000	300,000	50,000	2,159,772
TOTAL Est.											4,127,532						7,017,532
TOTAL Actuals	4000-5999	8,621,139	2,508,478	377,058	436,279	691,358	696,557	674,643	730,466	1,001,041	4,607,402	323,139	842,796	873,500	863,500	548,000	8,058,337
TOTAL DISBURSEMENTS		8,621,139	8,014,215	377,058	436,279	691,358	696,557	674,643	730,466	1,001,041	4,607,402	323,139	842,796	873,500	863,500	548,000	8,058,337
CURR YR NET INC/DEC		-89,206	-172,506	-121,729	35,903	76,038	-216,522	-4,377	337,545	-541,449	-434,591	-100,068	-39,806	-725,952	-712,225	384,391	-1,628,251
Total Prior Year Transactions		-271,466	73,447	845,126	19,025	504,011	-116,531	1,790	36,629	-36,199	1,253,851	-268,015	-90,966	0	0	0	894,870
TOTAL NET INC/DEC		182,260	-99,059	723,397	54,928	580,049	-333,053	-2,587	374,174	-577,648	819,260	-368,083	-130,772	-725,952	-712,225	384,391	-733,381
ENDING CASH BALANCE		1,741,680	1,790,504	2,465,077	2,520,005	3,100,054	2,767,001	2,764,414	3,138,588	2,560,940	2,560,940	2,192,857	2,062,085	1,336,133	623,908	1,008,299	1,008,299
																	~Cash

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

JUNE 30, 2020

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JUNE 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise Nevada County Superintendent of School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, 2020, 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 page 51 through 53 and accounting by employer for pensions on pages 54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 School's basic financial statements. The introductory, financial and statistical information listed as supplementary information in the table of contents as required by the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel 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 March 2, 2021, on my consideration of Nevada County Superintendent of School's 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 School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevada County Superintendent of School's internal control over financial reporting and compliance.



MICHELLE M. HANSON
Certified Public Accountant

March 2, 2021

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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

- The COVID-19 pandemic affected our community and led us on a journey none of us thought we would experience in our lifetime. Our community and families have experienced physical, emotional, health, and financial strains. Governor Gavin Newsom issued Executive Order N-26-20, ensuring state funding for schools even in the event of physical closure. Senate Bill 117 (Chapter 3, Statutes of 2020) was signed as a companion to the executive order for the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19. This legislation shortened the period used to calculate ADA based apportionment to include all full school months from July 1, 2019 to February 29, 2020.
- In March, 2020 the County Superintendent made the difficult decision to close programs in order to slow the spread of the COVID-19 Virus. It was the hope of the County Office that programs would reopen before the end of the 2019-2020 school year, however the State of California continued its Stay-At-Home Order which kept the programs closed for the remainder of the school year. The Governor's Executive Order N-26-20 provided continued funding to support schools during the period of closure. County School Service Fund revenues exceeded expenditures by \$1.1 million, ending the year with available reserves of \$5.5 million. While salaries were still paid during program closures, there were savings in all other areas that reduced the County Office expenditures along with new revenue sources.
- 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 \$20.4 million. After depreciation, the June 30, 2020 book value for fixed assets totaled \$16.8 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 \$1.3 million in 2019-2020 and is reported in the Statement of Net Position (this includes the Charter Schools).

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

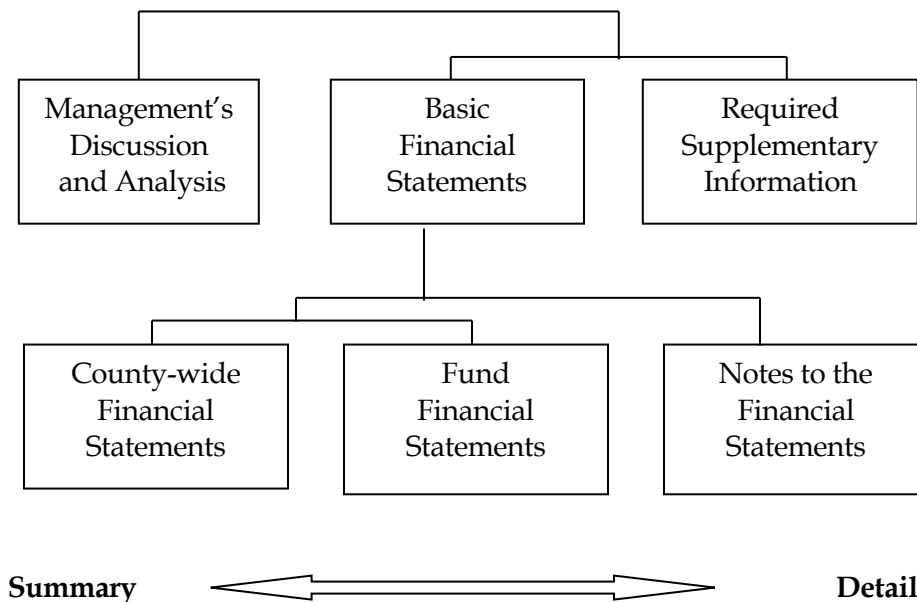
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 2019-2020?"

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS*The County Office as a Whole*

The County Office's net position was \$1.6 million at June 30, 2020. Of this amount a deficit \$10.7 million was unrestricted. Net investment in capital assets account for \$11.2 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	
	2020	2019
ASSETS		
Cash	\$ 6,331,938	\$ 7,063,196
Receivables	10,951,523	7,247,313
Prepaid expenditures	159,762	304,300
Deposits	76,493	77,493
Capital assets	16,824,482	17,113,193
Total assets	34,344,198	31,805,495
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	6,971,867	7,542,416
LIABILITIES		
Accounts payable and other current liabilities	5,736,539	4,426,994
Unearned revenue	54,796	69,838
Long-term liabilities	31,564,369	30,413,702
Total liabilities	37,355,704	34,910,534
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	2,375,139	2,310,121
NET POSITION		
Net investment in capital assets	11,208,535	11,299,906
Restricted	1,035,402	1,357,283
Unrestricted (deficit)	(10,658,715)	(10,529,933)
Total net position	\$ 1,585,222	\$ 2,127,256

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The County Office's net position decreased \$542 thousand this fiscal year (See Table 2.) The County Office's expenses for instruction related services and pupil support services represented 57 percent of total governmental expenses. The general administrative activities supporting Nevada County School District, Charter School and County Office operations accounted for 10 percent of total costs. Expenses for pass-through payments of Federal and State revenues to school districts were 23 percent. The remaining 10 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	
	2020	2019
Revenues		
Program revenues	\$ 18,941,139	\$ 18,629,795
General revenues		
Taxes levied for general purposes	1,823,588	1,813,541
Federal and State Aid not restricted to specific purposes	15,784,586	15,659,199
Interest and investment earnings	143,615	215,267
Interagency revenues	761,887	773,340
Miscellaneous	1,236,122	1,484,086
Total revenues	<u>38,690,937</u>	<u>38,575,228</u>
Expenses		
Instruction	14,112,669	14,270,362
Instruction related services	5,515,235	5,267,789
Pupil support services	2,781,730	2,726,478
General administration	3,998,169	3,883,115
Plant services	1,513,119	1,626,711
Ancillary services	245,955	379,145
Community services	1,562,704	1,238,860
Other Outgo	9,503,390	12,949,176
Total expenses	<u>39,232,971</u>	<u>42,341,636</u>
Decrease in net position	<u>\$ (542,034)</u>	<u>\$ (3,766,408)</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

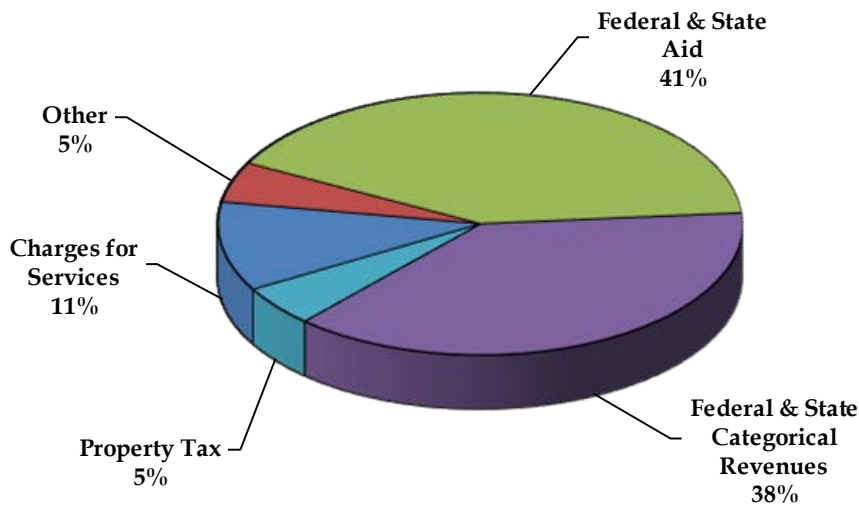
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

Governmental Activities

As reported in the Statement of Activities, the cost of all of the County Office governmental activities this year was \$39.2 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 \$15.8 million. State and Federal Categorical revenue totaled over \$14.5 million, and covered 38 percent of the expenses of the entire County Office. (See Figure 1)

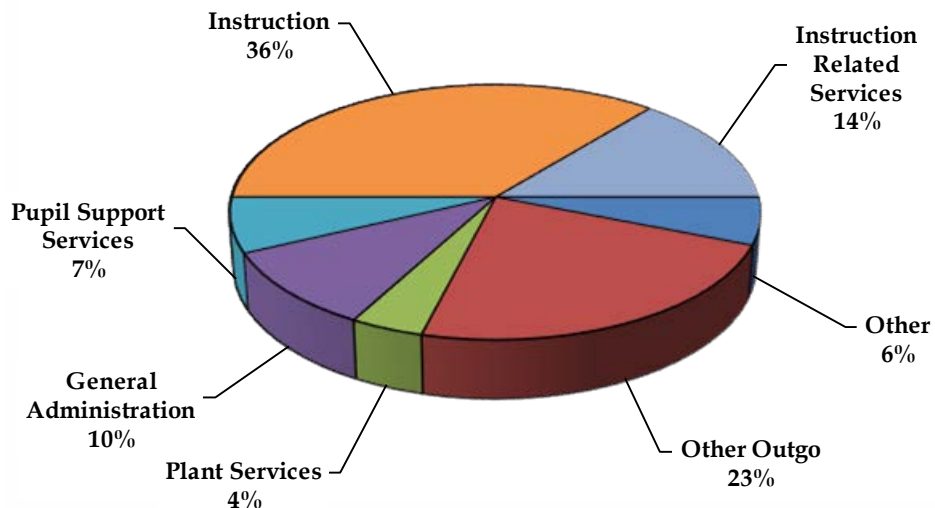
Sources of Revenue for the 2019-2020 Fiscal Year

Figure 1



Expenses for the Fiscal Year 2019-2020

Figure 2



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 \$11.7 million, an increase of \$1.5 million from the previous fiscal year's combined ending balance of \$10.2 million. The County School Service Fund increased \$1.1 million and the Charter School Fund increased \$620 thousand.

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 \$496 thousand.

The County Office ended the year with available reserves of \$5.9 million in the County School Service Fund, of which \$535 thousand is categorized by the County Office as a reserve for economic uncertainties and \$4.9 million is unassigned. The remaining balance is made up of nonspendable, restricted, 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 40.7 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2019-2020 fiscal year, the County Office had invested \$20.4 million in capital assets, including school buildings, administrative buildings, site improvements, vehicles and equipment. The major increases during 2019-2020 include playground projects at Yuba River Charter and Forest Charter, fiber optic readiness, and final costs for the new school construction by Yuba River Charter. The capital assets net of accumulated depreciation was \$16.8 million at June 30, 2020.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)**Capital Assets (Concluded)****Comparative Schedule of Capital Assets
(net of depreciation)****June 30, 2020 and 2019****Table 3**

	2020	2019	Difference Increase (Decrease)
Land	\$ 1,304,647	\$ 1,304,647	
Site Improvements	51,429	22,384	\$ 29,045
Buildings	15,340,537	15,683,746	(343,209)
Machinery and Equipment	94,869	69,416	25,453
Work in Process	33,000	33,000	
Totals	<u>\$ 16,824,482</u>	<u>\$ 17,113,193</u>	<u>\$ (288,711)</u>

Long-Term Debt

At June 30, 2020, the County Office had \$31.6 million in long-term debt outstanding.

Comparative Schedule of Outstanding Debt**June 30, 2020 and 2019****Table 4**

	2020	2019
Compensated Absences	\$ 130,302	\$ 85,151
Lease Obligation-NCSOS	929,442	1,003,958
Lease Obligation-Yuba River Charter	4,686,505	4,809,329
Net Pension Liability	25,818,120	24,515,264
Totals	<u>\$ 31,564,369</u>	<u>\$ 30,413,702</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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FACTORS BEARING ON THE COUNTY OFFICE'S FUTURE

The 2019-2020 audit was performed during the COVID-19 global pandemic and the severe economic downturn that resulted. The Learning Continuity and Attendance Plan, passed by the Governing Boards before September 30, 2020 has, for one year, replaced the requirement for a Local Control and Accountability Plan and Annual Update in 2020-2021. The Learning Continuity and Attendance Plan is intended to balance the needs of all stakeholders, including educators, parents, students, and community members, while both streamlining engagement and condensing several preexisting plans.

The full effect of the COVID-19 pandemic and the length of the resulting recession is still unknown. While the 10% reduction in LCFF funding was rejected in the State of California's final budget packages, it was replaced with no LCFF COLA and \$11 billion in cross fiscal year deferrals. This will require the County Office and Charter Schools to monitor cash monthly and may result in the need for borrowing, either internally or externally. Realistic cash, revenue and expenditure projections are essential along with enrollment projections and analysis of staffing ratios. Local resources should be reserved to address the potential impacts of possible deterioration of future revenue streams. Prudent reserves afford the County Office, Charter Schools and their respective Governing Boards time to thoughtfully identify and implement budget adjustments over time.

Although the full multiyear impact to state and federal funding for K-12 school districts, charter schools and county offices remains uncertain, local educational agencies throughout California are reasonably planning for a sharp decline in funding in the coming years. Assuming these funding reductions occur as anticipated, the County Office and Charter Schools will need to proactively identify significant additional expenditure reductions beyond those included in its 2020-2021 original and revised budgets to maintain fiscal solvency and local control.

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash (Note 2)	\$ 6,331,938
Accounts Receivable (Note 3)	10,551,523
Notes Receivable (Note 3)	400,000
Prepaid Expenses (Note 1H)	159,762
Other Assets	76,493
Capital Assets, Net of Depreciation (Note 5)	16,824,482
Total Assets	34,344,198
DEFERRED OUTFLOWS OF RESOURCES (NOTE 1H)	
Deferred Outflows on Pensions (Note 8)	6,971,867
LIABILITIES	
Accounts Payable and Other Current Liabilities	5,736,539
Unearned Revenue (Note 1H)	54,796
Long-term Liabilities (Note 6)	
Due Within One Year	331,888
Due After One Year	31,232,481
Total Liabilities	37,355,704
DEFERRED INFLOWS OF RESOURCES (NOTE 1H)	
Deferred Inflows on Pensions (Note 8)	2,375,139
NET POSITION	
Net Investment in Capital Assets	11,208,535
Restricted For:	
Education Programs	861,240
Other Purposes (Nonexpendable)	174,162
Unrestricted (Deficit)	(10,658,715)
Total Net Position	\$ 1,585,222

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		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	\$ 14,112,669	\$ 1,260,105	\$ 4,507,790	\$ (8,344,774)
Instruction-Related Services:				
Supervision of Instruction	1,288,005	138,024	400,752	(749,229)
Instructional Library, Media and Technology	33,738			(33,738)
School Site Administration	4,193,492	113,735	520,545	(3,559,212)
Pupil Services:				
Home-To-School Transportation	631,461	150,468	394,011	(86,982)
Food Services	134,905	9,744	100,417	(24,744)
All Other Pupil Services	2,015,364	301,453	1,055,023	(658,888)
General Administration:				
Data Processing	368,297			(368,297)
All Other General Administration	3,629,872	156,634	419,642	(3,053,596)
Plant Services	1,513,119	22,743	72,509	(1,417,867)
Ancillary Services	245,955	95,023	71,094	(79,838)
Community Services	1,562,704	796,081	348,022	(418,601)
Interest on Long-Term Debt	91,687			(91,687)
Other Outgo	8,979,875	1,355,488	6,651,836	(972,551)
Depreciation (unallocated)	431,828			(431,828)
Total Governmental Activities	<u>\$ 39,232,971</u>	<u>\$ 4,399,498</u>	<u>\$ 14,541,641</u>	<u>(20,291,832)</u>
General Revenues:				
Property Taxes Levied For:				
General Purposes				1,823,588
Federal and State Aid Not Restricted to Specific Purposes				15,784,586
Interest and Investment Earnings				143,615
Interagency Revenues				761,887
Miscellaneous				1,236,122
Total General Revenues				<u>19,749,798</u>
Change (Decrease) in Net Position				(542,034)
Net Position Beginning				<u>2,127,256</u>
Net Position Ending				<u>\$ 1,585,222</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	County School Service Fund	Charter School Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash (Note 2)	\$ 3,358,075	\$ 2,591,237	\$ 274,205	\$ 108,421	\$ 6,331,938
Accounts Receivable (Note 3)	3,836,480	3,182,089	3,198,846	334,108	10,551,523
Notes Receivable (Note 3)	400,000				400,000
Due From Other Funds (Note 4)	224,670	78,155		10,007	312,832
Prepaid Expenditures (Note 1H)	97,914	61,848			159,762
Other Assets	189	76,304			76,493
Total Assets	<u>\$ 7,917,328</u>	<u>\$ 5,989,633</u>	<u>\$ 3,473,051</u>	<u>\$ 452,536</u>	<u>\$ 17,832,548</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 604,575	\$ 1,688,261	\$ 3,397,478	\$ 46,225	\$ 5,736,539
Unearned Revenue (Note 1H)	38,870			15,926	54,796
Due to Other Funds (Note 4)	10,007			302,825	312,832
Total Liabilities	<u>653,452</u>	<u>1,688,261</u>	<u>3,397,478</u>	<u>364,976</u>	<u>6,104,167</u>
Fund Balances (Note 1H):					
Nonspendable	102,914	71,248			174,162
Restricted	644,477	53,630	75,573	87,560	861,240
Assigned	1,057,408	4,176,494			5,233,902
Unassigned	5,459,077				5,459,077
Total Fund Balances	<u>7,263,876</u>	<u>4,301,372</u>	<u>75,573</u>	<u>87,560</u>	<u>11,728,381</u>
Total Liabilities and Fund Balances	<u>\$ 7,917,328</u>	<u>\$ 5,989,633</u>	<u>\$ 3,473,051</u>	<u>\$ 452,536</u>	<u>\$ 17,832,548</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance - governmental funds	\$	11,728,381
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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	\$	20,411,408	
Accumulated depreciation		(3,586,926)	
Net			16,824,482

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	\$	25,818,120	
Compensated absences		130,302	
Lease obligation-NCSOS		929,442	
Lease obligation-Yuba River Charter		4,686,505	
Total			(31,564,369)

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	\$	6,971,867	
Deferred inflows of resources relating to pensions		(2,375,139)	
Net			4,596,728

Total net position - governmental activities	\$	1,585,222
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 2,897,411	\$ 10,184,811			\$ 13,082,222
Local Sources	1,823,588	2,241,310			4,064,898
Total Local Control Funding					
Formula Sources	4,720,999	12,426,121			17,147,120
Federal Revenue	1,148,047	167,788	\$ 2,354,832	\$ 384,178	4,054,845
Other State Revenue	2,724,989	1,151,729	6,320,221	533,623	10,730,562
Other Local Revenue	5,878,249	907,579	12,296	788,454	7,586,578
Total Revenues	14,472,284	14,653,217	8,687,349	1,706,255	39,519,105
EXPENDITURES					
Certificated Salaries	2,774,210	5,242,463		459,239	8,475,912
Classified Salaries	4,184,278	1,899,362		321,498	6,405,138
Employee Benefits	2,818,160	2,634,034		334,062	5,786,256
Books and Supplies	335,475	450,584		126,544	912,603
Services and Other					
Operating Expenditures	3,121,590	3,597,035		265,277	6,983,902
Capital Outlay	9,900	59,393		84,188	153,481
Debt Service:					
Principal Retirement	74,516	122,824			197,340
Interest and Fiscal Charges	20,417	71,270			91,687
Other Outgo	32,791	34,005	8,712,905	200,174	8,979,875
Total Expenditures	13,371,337	14,110,970	8,712,905	1,790,982	37,986,194
Excess of Revenues Over (Under) Expenditures	1,100,947	542,247	(25,556)	(84,727)	1,532,911
Other Financing Sources (Uses):					
Operating Transfers In (Note 4)		78,155		26,456	104,611
Operating Transfers Out (Note 4)	(26,456)			(78,155)	(104,611)
Total Other Financing Sources (Uses)	(26,456)	78,155	0	(51,699)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,074,491	620,402	(25,556)	(136,426)	1,532,911
Fund Balances - July 01, 2019	6,189,385	3,680,970	101,129	223,986	10,195,470
Fund Balances - June 30, 2020	\$ 7,263,876	\$ 4,301,372	\$ 75,573	\$ 87,560	\$ 11,728,381

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$ 1,532,911
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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 outlay	\$	143,117	
Depreciation expense		(431,828)	
Net			(288,711)

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:

(1,938,423)

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:

197,340

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:

(45,151)

Total change (decrease) in net position - governmental activities	\$ <u>(542,034)</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash (Note 2)	\$ 65,235
Receivables	<u>1,222,208</u>
Total Assets	<u><u>\$ 1,287,443</u></u>
LIABILITIES	
Accounts Payable	<u>\$ 1,287,443</u>
Total Liabilities	<u><u>\$ 1,287,443</u></u>
TOTAL NET POSITION	<u><u>\$ 0</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 Prep High, Forest Charter, Sierra Montessori Academy (school closed October 31, 2019,) 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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	\$ 9,400			\$ 14,400
Prepaid Expenditures	97,914	61,848			159,762
Total Nonspendable Fund Balance	102,914	71,248	\$ 0	\$ 0	174,162
Restricted For:					
Legally Restricted Categorical Funding	644,477	53,630		87,560	785,667
Special Education Pass-through			75,573		75,573
Total Restricted Fund Balance	644,477	53,630	75,573	87,560	861,240
Assigned For:					
Special Education Reserve		274,855			274,855
Technology Rotation		85,000			85,000
Building Project		810,000			810,000
Differentiated Assistance	882,536				882,536
Deferred Maintenance Projects	174,872				174,872
Charter School Economic Uncertainties		3,006,639			3,006,639
Total Assigned Fund Balance	1,057,408	4,176,494	0	0	5,233,902
Unassigned:					
Reserve for Economic Uncertainties	535,467				535,467
Other Unassigned	4,923,610				4,923,610
Total Unassigned Fund Balance	5,459,077	0	0	0	5,459,077
Total Fund Balances	\$ 7,263,876	\$ 4,301,372	\$ 75,573	\$ 87,560	\$ 11,728,381

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May, 2020. The primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by delaying the effective dates of certain pronouncements, including each of those listed below, by one year. Earlier application of the provisions addressed in this Statement is encouraged and permitted to the extent specified in each pronouncement as originally issued. The effect of this Statement and the action taken by the County Office as applicable has been described below.

The GASB issued Statement 84, *Fiduciary Activities* January, 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for account and financial reporting purposes and how those activities should be reported. This Statement was originally effective beginning in 2019-2020, but has been postponed by one year. The County Office will implement this Statement in 2020-2021 and 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. This Statement was originally effective beginning in 2020-2021, but has been postponed by one year. The County Office will implement this Statement in 2021-2022 and has not yet determined the impact on the financial statements.

The GASB has also issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (June, 2018) and Statement 91, *Conduit Debt Obligations* (May, 2019). These Statements are effective for reporting periods beginning after December 15, 2019 and December 15, 2020 respectively, but have been postponed by one year and will be implemented as delayed. The County Office does not expect these statements to have an impact on the financial statements.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH

A. Summary of Cash

The following is a summary of cash at June 30, 2020:

<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>\$6,331,938</u>	<u>\$ 65,235</u>	<u>\$6,397,173</u>

The County Office had the following cash at June 30, 2020:

	<u>Fair Value</u>	<u>Carrying Amount</u>
Cash in County Treasury	\$ 6,538,071	\$ 6,379,273
Cash in Revolving Fund	14,400	14,400
Cash in Commercial Banks	3,500	3,500
Total Cash	<u>\$ 6,555,971</u>	<u>\$ 6,397,173</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 laddered 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, 2020, the carrying amount of the County Office's accounts was \$17,900, all of which was insured.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 \$251,885,243. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$245,767,389. 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, 2020 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>\$6,538,071</u>	<u>\$2,936,901</u>	<u>\$2,888,520</u>	<u>\$712,650</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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 - RECEIVABLESA. Accounts Receivable

Accounts receivable at June 30, 2020 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	\$ 348,080	\$ 176,871	\$ 2,354,832	\$ 25,797	\$ 2,905,580
State Government					
Local Control Funding Formula	313,950	1,774,464			2,088,414
Categorical Aid Programs	336,704	64,350	844,014	62,735	1,307,803
Lottery	4,419	72,870			77,289
Total State Government	655,213	1,911,684	844,014	62,735	3,473,646
Local Government	2,371,025	1,090,954		213,556	3,675,535
Interest		35			35
Miscellaneous	462,162	2,545		32,020	496,727
Total Accounts Receivable	\$ 3,836,480	\$ 3,182,089	\$ 3,198,846	\$ 334,108	\$ 10,551,523

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 according to the following schedule: \$200,000 by November 30, 2020, \$50,000 by December 31, 2020, \$50,000 by January 31, 2021 and the remaining \$100,000 by August 31, 2021. 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, 2020 are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
County School Service Fund	\$ 224,670	\$ 10,007
Charter School Fund	78,155	
Non-Major Governmental Funds:		
Child Development Fund	10,007	224,670
School Facilities Fund		78,155
Total	<u>\$ 312,832</u>	<u>\$ 312,832</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 2019-2020 fiscal year were as follows:

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)Interfund Transfers (Concluded)

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
County School Service Fund		\$ 26,456
Charter School Fund	\$ 78,155	
Non-Major Governmental Funds:		
Child Development Fund	26,456	
School Facilities Fund		78,155
Total	<u>\$ 104,611</u>	<u>\$ 104,611</u>

Transferred \$26,456 from the County School Service Fund to the Child Development Fund to pay costs from the Step-Up Preschool Program and to supplement program costs providing positive cash flow.

Transferred \$78,155 from the School Facilities Fund to the Charter School Fund (Yuba River Charter specifically) to close out the unspent balance contributed by the Yuba River Charter School towards their new school construction project.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, is shown below:

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 1,304,647			\$ 1,304,647
Work in progress	33,000			33,000
Total capital assets, not being depreciated	<u>1,337,647</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,337,647</u>
Capital assets being depreciated:				
Buildings	18,524,059	65,029		18,589,088
Improvements of sites	148,761	31,300		180,061
Equipment	257,824	46,788		304,612
Total capital assets, being depreciated	<u>18,930,644</u>	<u>143,117</u>	<u>0</u>	<u>19,073,761</u>
Less accumulated depreciation for:				
Buildings	2,840,313	408,238		3,248,551
Improvements of sites	126,377	2,255		128,632
Equipment	188,408	21,335		209,743
Total accumulated depreciation	<u>3,155,098</u>	<u>431,828</u>	<u>0</u>	<u>3,586,926</u>
Total capital assets, being depreciated, net	<u>15,775,546</u>	<u>(288,711)</u>	<u>0</u>	<u>15,486,835</u>
Governmental activities capital assets, net	<u>\$ 17,113,193</u>	<u>\$ (288,711)</u>	<u>\$ 0</u>	<u>\$ 16,824,482</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Unallocated	\$ <u>431,828</u>
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NOTE 6 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2020, is shown below.

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Compensated Absences	\$ 85,151	\$ 45,151		\$ 130,302	\$ 130,302
Lease Obligation-NCSOS	1,003,958		\$ 74,516	929,442	76,066
Lease Obligation-YRCS	4,809,329		122,824	4,686,505	125,520
Net Pension Liability	24,515,264	1,302,856		25,818,120	
Totals	<u>\$ 30,413,702</u>	<u>\$ 1,348,007</u>	<u>\$ 197,340</u>	<u>\$ 31,564,369</u>	<u>\$ 331,888</u>

The compensated absences and lease obligation-NCSOS will be paid from the County School Service Fund. The 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 OBLIGATIONSA. 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, 2020, the principal balance outstanding was \$929,442.

The annual requirements to amortize the lease obligation as of June 30, 2020 are as follows:

Year Ended June 30	Principal	Interest	Total
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	82,597	12,317	94,914
2026-2030	439,492	35,077	474,569
2031	93,461	967	94,428
Totals	<u>\$ 929,442</u>	<u>\$ 114,124</u>	<u>\$ 1,043,566</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, the principal balance outstanding was \$4,686,505.

The annual requirements to amortize the lease obligation as of June 30, 2020 are as follows:

Year Ended June 30	Principal	Interest	Total
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	135,961	82,395	218,356
2026-2030	722,059	369,718	1,091,777
2031-2035	797,891	293,887	1,091,778
2036-2040	881,683	210,094	1,091,777
2041-2045	974,278	117,500	1,091,778
2046-2049	657,154	22,174	679,328
Totals	<u>\$ 4,686,505</u>	<u>\$ 1,451,711</u>	<u>\$ 6,138,216</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, 2020:

Year Ended June 30	Future Minimum Rent Payments
2021	\$ 342,544
2022	346,392
2023	217,397
2024	207,187
Total	<u>\$ 1,113,520</u>

The Charter Schools paid \$395,492 for related rents in 2019-2020. The Charter Schools will receive no sublease rentals nor pay any contingent rentals for these facilities.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, 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	\$ 13,537,978	\$ 4,116,262	\$ 1,701,841	\$ 1,673,455
CalPERS	12,280,142	2,855,605	673,298	2,809,647
Totals	<u>\$ 25,818,120</u>	<u>\$ 6,971,867</u>	<u>\$ 2,375,139</u>	<u>\$ 4,483,102</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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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 2018-2019 was 16.28% and for fiscal year 2019-2020 was 17.10% of annual payroll, reduced pursuant to the supplemental payments to CalSTRS provided by the State of California's Budget Act of 2019. The required State contribution rate for fiscal year 2018-2019 was 9.828% and for fiscal year 2019-2020 the rate was 10.328%. The Nevada County Superintendent of School's contributions to CalSTRS for the fiscal years ending June 30, 2020 and 2019 were \$1,345,420 and \$1,335,883, respectively, and equal 100% of the required contributions for each year.

Contribution by County Office	\$ 1,345,420
Contribution by State	<u>1,030,241</u>
Total Contribution in 2019-2020	<u>\$ 2,375,661</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County Office reported a liability of \$13,537,978 for its proportionate share of the net pension liability for the STRP. The net pension liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the County Office's proportion of contributions was 0.01499 percent, an increase of 0.00033% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County Office recognized pension expense of \$1,673,455 which included the State's required on-behalf contribution of \$202,075.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 (Continued). At June 30, 2020, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 34,176	\$ 381,484
Changes in assumptions	1,712,258	
Net difference between projected and actual earnings on pension plan investments		521,487
Changes in proportion and differences between County Office contributions and proportionate share of contributions	1,024,408	798,870
County Office contributions subsequent to measurement date of June 30, 2019	1,345,420	
Totals	<u>\$ 4,116,262</u>	<u>\$ 1,701,841</u>

The \$1,345,420 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, 2021. 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:

	Outflows	Inflows
June 30, 2021	\$ 694,171	\$ 414,205
June 30, 2022	694,168	776,247
June 30, 2023	598,802	419,316
June 30, 2024	593,348	10,430
June 30, 2025	148,182	42,096
June 30, 2026	42,171	39,547
Total	<u>\$ 2,770,842</u>	<u>\$ 1,701,841</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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). 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, 2019 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. The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Assumptions (Concluded). 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 as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Private Equity	13%	6.3%
Real Estate	13%	3.6%
Inflation Sensitive	4%	3.3%
Risk Mitigating Strategies	9%	1.8%
Fixed Income	12%	1.3%
Cash/Liquidity	2%	(0.4)%

* 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:

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)A. California State Teachers' Retirement System (CalSTRS) (Concluded)*Discount Rate (Concluded).*

Discount Rate	Net Pension Liability of Employers
3% Decrease (4.10%)	\$ 38,074,401
2% Decrease (5.10%)	\$ 28,215,763
1% Decrease (6.10%)	\$ 20,159,170
Current Discount Rate (7.10%)	\$ 13,537,978
1% Increase (8.10%)	\$ 8,047,749
2% Increase (9.10%)	\$ 3,456,744
3% Increase (10.10%)	\$ (399,472)

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-2019.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, 2020 and 2019 were 19.721% and 18.062%, respectively. The Nevada County Superintendent of School's employer contributions to CalPERS for the fiscal years ending June 30, 2020 and 2019 were \$1,199,259 and \$1,063,271, respectively and equal 100% of the required contributions for each year. The employer contribution rate for 2019-2020 was reduced by 1.012% from the 20.733% previously adopted due to Government Code section 20825.2(a).

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)B. California Public Employees Retirement System (CalPERS) (Continued)

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, 2020, the County Office reported a liability of \$12,280,142 for its proportionate share of the net pension liability for the PERF B. The net pension liability was measured as of June 30, 2019, 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, 2018. The County Office's proportion of the net pension 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, 2019, the County Office's proportion of contributions was 0.04214 percent, an increase of .00072% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County Office recognized pension expense of \$2,809,647. At June 30, 2020, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 892,031	
Changes in assumptions	584,573	
Net difference between projected and actual earnings on pension plan investments		\$ 113,901
Changes in proportion and differences between County Office contributions and proportionate share of contributions	179,742	559,397
County Office contributions subsequent to measurement date of June 30, 2019	1,199,259	
Totals	<u>\$ 2,855,605</u>	<u>\$ 673,298</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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). The \$1,199,259 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, 2021. 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:

	Outflows	Inflows
June 30, 2021	\$ 1,020,035	\$ 467,264
June 30, 2022	439,291	(20,014)
June 30, 2023	182,645	(34,032)
June 30, 2024	14,375	260,080
Total	<u>\$ 1,656,346</u>	<u>\$ 673,298</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 four years as of the June 30, 2019 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, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The financial reporting actuarial valuation as of June 30, 2018, 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019, 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%)	\$ 17,701,017
Current Discount Rate (7.15%)	\$ 12,280,142
1% Increase (8.15%)	\$ 7,783,151

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

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

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

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. 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, 2020.

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)

Schools Insurance Group (SIG)

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

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

Schools Insurance Group (Concluded)

The following is a summary of financial information for Schools Insurance Group at June 30, 2020:

Total assets	\$ 111,774,531
Total deferred outflows of resources	\$ 288,284
Total liabilities	\$ 41,450,340
Total deferred inflows of resources	\$ 73,223
Net position	\$ 70,539,252
Total revenues	\$ 98,672,583
Total expenditures	\$ 94,629,709
Change in net position	\$ 4,042,874

Nevada County Charter Services Authority

The Charter Schools (Bitney Prep High, Forest Charter, Twin Ridges Home Study and Yuba River Charter) are members of a Joint Powers Authority, Nevada County Charter Services Authority (NCCSA) established to provide cost-effective and efficient mechanisms for sharing special education and other services and purchasing goods and services for the participating charter schools. NCCSA is governed by a Board of Directors consisting of one member from each Member Agency, selected by the Member Agency. The Board of Directors controls the operations of NCCSA, including the selection of management and approval of additional educational entities to the agreement and the NCCSA operating budgets.

The following is a summary of financial information for NCCSA at June 30, 2020:

Total assets	\$ 364,329
Total deferred outflows of resources	\$ 936,488
Total liabilities	\$ 1,857,640
Total deferred inflows of resources	\$ 308,072
Net position (deficit)	\$ (864,895)
Total revenues	\$ 1,966,005
Total expenditures	\$ 2,140,879
Change (decrease) in net position	\$ (174,874)

The relationships between Nevada County Superintendent of Schools and the Schools Insurance Group JPA and the Charter Schools and the Nevada County Charter Services Authority are such that the JPAs are not component units of the County Office and/or Charter Schools for financial reporting purposes.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, 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 2019-2020, 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 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 2, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
COUNTY SCHOOL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts (GAAP Basis)	
REVENUES				
Local Control Funding				
Formula Sources:				
State Apportionments	\$ 2,477,334	\$ 2,906,800	\$ 2,897,411	\$ (9,389)
Local Sources	1,763,929	1,805,360	1,823,588	18,228
Total Local Control Funding				
Formula Sources	4,241,263	4,712,160	4,720,999	8,839
Federal Revenue	886,583	1,029,467	1,148,047	118,580
Other State Revenue	2,977,032	2,961,307	2,724,989	(236,318)
Other Local Revenue	5,615,027	5,669,365	5,878,249	208,884
Total Revenues	13,719,905	14,372,299	14,472,284	99,985
EXPENDITURES				
Certificated Salaries	2,840,313	2,842,594	2,774,210	68,384
Classified Salaries	4,177,055	4,246,522	4,184,278	62,244
Employee Benefits	2,745,462	2,687,212	2,818,160	(130,948)
Books and Supplies	348,060	387,460	335,475	51,985
Services and Other				
Operating Expenditures	3,458,277	3,654,926	3,121,590	533,336
Capital Outlay		40,000	9,900	30,100
Debt Service:				
Principal Retirement	74,516	74,516	74,516	
Interest and Fiscal Charges	20,984	20,984	20,417	567
Other Outgo	(94,435)	(104,742)	32,791	(137,533)
Total Expenditures	13,570,232	13,849,472	13,371,337	478,135
Excess of Revenues				
Over Expenditures	149,673	522,827	1,100,947	578,120
Other Financing Sources (Uses):				
Operating Transfers Out	(37,970)	(26,407)	(26,456)	(49)
Excess of Revenues Over				
Expenditures and Other Uses	111,703	496,420	1,074,491	578,071
Fund Balances - July 01, 2019	5,819,165	6,189,385	6,189,385	0
Fund Balances - June 30, 2020	\$ 5,930,868	\$ 6,685,805	\$ 7,263,876	\$ 578,071

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(GAAP Basis)	Final Budget - Positive (Negative)
REVENUES				
Local Control Funding				
Formula Sources:				
State Apportionments	\$ 10,877,633	\$ 9,987,765	\$ 10,184,811	\$ 197,046
Local Sources	2,050,327	2,357,360	2,241,310	(116,050)
Total Local Control Funding				
Formula Sources	12,927,960	12,345,125	12,426,121	80,996
Federal Revenue	244,735	189,309	167,788	(21,521)
Other State Revenue	1,181,617	1,681,714	1,151,729	(529,985)
Other Local Revenue	374,213	370,305	907,579	537,274
Total Revenues	14,728,525	14,586,453	14,653,217	66,764
EXPENDITURES				
Certificated Salaries	5,401,001	5,000,313	5,242,463	(242,150)
Classified Salaries	1,894,609	1,851,234	1,899,362	(48,128)
Employee Benefits	2,421,754	2,713,377	2,634,034	79,343
Books and Supplies	733,968	618,850	450,584	168,266
Services and Other				
Operating Expenditures	3,768,332	3,774,833	3,597,035	177,798
Capital Outlay		23,000	59,393	(36,393)
Debt Service:				
Principal Retirement	234,000	146,516	122,824	23,692
Interest and Fiscal Charges	4,680	72,140	71,270	870
Other Outgo	89,813		34,005	(34,005)
Total Expenditures	14,548,157	14,200,263	14,110,970	89,293
Excess of Revenues				
Over Expenditures	180,368	386,190	542,247	156,057
Other Financing Sources:				
Operating Transfers In	0	0	78,155	78,155
Excess of Revenues and				
Other Financing Sources Over				
Expenditures	180,368	386,190	620,402	234,212
Fund Balances - July 01, 2019	3,141,933	3,680,970	3,680,970	0
Fund Balances - June 30, 2020	\$ 3,322,301	\$ 4,067,160	\$ 4,301,372	\$ 234,212

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
SPECIAL EDUCATION PASS-THROUGH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts (GAAP Basis)	
REVENUES				
Federal Revenue	\$ 1,989,828	\$ 2,352,299	\$ 2,354,832	\$ 2,533
Other State Revenue	4,133,555	6,080,017	6,320,221	240,204
Other Local Revenue	0	8,000	12,296	4,296
Total Revenues	6,123,383	8,440,316	8,687,349	247,033
EXPENDITURES				
Other Outgo	6,123,383	8,440,316	8,712,905	(272,589)
Total Expenditures	6,123,383	8,440,316	8,712,905	(272,589)
Excess of Revenues Over (Under) Expenditures	0	0	(25,556)	(25,556)
Fund Balances - July 01, 2019	0	101,129	101,129	0
Fund Balances - June 30, 2020	\$ 0	\$ 101,129	\$ 75,573	\$ (25,556)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULES OF THE COUNTY OFFICE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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
2020	0.0150%	\$ 13,537,978	\$ 7,385,930	\$ 20,923,908	\$ 8,205,670	165%	73%
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
2020	0.0421%	\$ 12,280,142	\$ 5,886,784	209%	70%
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%

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULES OF THE COUNTY OFFICE'S CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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
2020	\$ 1,345,420	\$ (1,345,420)	\$ 0	\$ 7,867,953	17.10%
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
2020	\$ 1,199,259	\$ (1,199,259)	\$ 0	\$ 6,081,127	19.72%
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%

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Governmental Funds:	
County School Service Fund	
Employee Benefits	\$ 130,948
Other Outgo	\$ 137,533
Operating Transfers Out	\$ 49
Charter School Fund	
Certificated Salaries	\$ 242,150
Classified Salaries	\$ 48,128
Capital Outlay	\$ 36,393
Other Outgo	\$ 34,005
Special Education Pass-Through Fund	
Other Outgo	\$ 272,589
Non-Major Governmental Funds:	
Child Development Fund	
Employee Benefits	\$ 7,949
Contract Services	\$ 95,419
County School Facilities Fund	
Food and Supplies	\$ 6,061
Transfers Out	\$ 78,155

The County Office did not revise the final budgets for the County School Service Fund for the final STRS On-Behalf Contribution calculation and additional categorical revenues awarded and spent near year end for COVID related expenditures. The Charter School Funds were not revised for additional revenue received and spent near year end for COVID related expenditures. The Special Education Pass-Through Fund was not revised for the final calculation of SELPA program revenue.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (CONCLUDED)

A. Budgetary Comparison Schedule (Concluded)

The Child Development Fund was not revised for additional revenue received and spent from special programs and for COVID related expenditures. The School Facilities Fund was not revised for the final activities related to the Yuba River School Construction project, including final expenditures to the project and transferring back excess General Fund contributions from the Fund.

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

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

GRASS VALLEY, CALIFORNIA

JUNE 30, 2020

ORGANIZATION

The Nevada County Superintendent of School's office has operated continuously since the 1800's and 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
Louise Benicoff-Johnson	Member	December, 2020
Susan Clarabut	Member	December, 2020

ADMINISTRATION

Scott W. Lay
County Superintendent

Teena Corker
Associate Superintendent
Educational Services

Eli Gallup
Associate Superintendent
SELPA and Special Education

Darlene Waddle
Chief Business Official

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Second Period Report	Annual Report
<u>COUNTY-OPERATED PROGRAMS</u>		
Elementary:	(Revised) F452778B	AC0A14AA
Probation Referred, on Probation or Parole, or Mandatory Expelled	2	2
Secondary:		
Juvenile Hall	9	9
Probation Referred, on Probation or Parole, or Mandatory Expelled	4	4
Total County-Operated Programs	15	15
<u>COUNTY-OPERATED PROGRAMS ON BEHALF OF THE DISTRICTS</u>		
Special Education - Special Day Class	(Revised) 40C9EA95	E902310C
Transitional Kindergarten through Third	22	22
Fourth through Sixth	11	11
Seventh and Eighth	9	9
Special Education - Nonpublic, Nonsectarian Schools		
Seventh and Eighth	3	3
Ninth through Twelfth	11	11
Extended Year Special Education - Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	2	2
Fourth through Sixth	1	1
Seventh and Eighth	2	2
Ninth through Twelfth	1	1
Total County-Operated Programs on Behalf of the Districts	62	62
ADA Totals - County Operated Programs	77	77

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Second Period Report	Annual Report
<u>CHARTER SCHOOLS</u>		
Bitney Prep High:	D32572C1	CC1297FB
Ninth through Twelfth	79	79
Classroom-based ADA for Ninth through Twelfth	77	77
Forest Charter:	E4B514B0	0B8FF8DB
Transitional Kindergarten through Third	169	169
Classroom-based ADA for TK through Third	0	0
Fourth through Sixth	144	144
Classroom-based ADA for Fourth through Sixth	0	0
Seventh and Eighth	155	155
Classroom-based ADA for Seventh and Eighth	0	0
Ninth through Twelfth	306	306
Classroom-based ADA for Ninth through Twelfth	0	0
ADA Totals	774	774
Classroom-based ADA Totals	0	0
Twin Ridges Home Study:	3D538FD8	634A8F65
Transitional Kindergarten through Third	77	77
Classroom-based ADA for TK through Third	0	0
Fourth through Sixth	55	55
Classroom-based ADA for Fourth and Fifth	0	0
Seventh and Eighth	22	22
Classroom-based ADA for Seventh and Eighth	0	0
ADA Totals	154	154
Classroom-based ADA Totals	0	0
Yuba River Charter:	78461446	8BCE1803
Transitional Kindergarten through Third	159	159
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	53	53
Classroom-based ADA for Seventh and Eighth	53	53
ADA Totals	297	297
Classroom-Based ADA Totals	257	257

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONCLUDED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CHARTER SCHOOLS (CONCLUDED)

	Annual Report	
	Original 0F00BC01	Audited None
Sierra Montessori Academy:		
Transitional Kindergarten through Third	16.52	21.43
Classroom-based ADA for TK through Third	16.19	21.01
Fourth through Sixth	10.36	13.45
Classroom-based ADA for Fourth through Sixth	10.28	13.35
Seventh and Eighth	7.88	10.23
Classroom-based ADA for Seventh and Eighth	7.61	9.87
ADA Totals	34.76	45.11
Classroom-based ADA Totals	34.08	44.23

* This Charter School closed its doors on October 31, 2020. Only an annual report was filed.

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Grade Level	Minutes Requirement	2019-2020 Actual Minutes Offered or Waived	Minutes Credited Via COVID-19 School Closure Certification	2019-2020 Adjusted Minutes	2019-2020 Actual Days Offered or Waived	Days Credited Via COVID-19 School Closure Certification	2019-2020 Adjusted Days	Status
<u>Charter Schools</u>								
<u>Bitney Prep High:</u>								
Grade 9	64,800	47,439	18,396	65,835	126	49	175	In Compliance
Grade 10	64,800	47,439	18,396	65,835	126	49	175	In Compliance
Grade 11	64,800	47,439	18,396	65,835	126	49	175	In Compliance
Grade 12	64,800	47,439	18,396	65,835	126	49	175	In Compliance
<u>Sierra Montessori Academy:</u>								
Kindergarten	36,000	17,100	0	17,100	54	0	54	Not in Compliance
Grade 1	50,400	16,020	0	16,020	54	0	54	Not in Compliance
Grade 2	50,400	16,020	0	16,020	54	0	54	Not in Compliance
Grade 3	50,400	16,020	0	16,020	54	0	54	Not in Compliance
Grade 4	54,000	17,100	0	17,100	54	0	54	Not in Compliance
Grade 5	54,000	17,100	0	17,100	54	0	54	Not in Compliance
Grade 6	54,000	17,100	0	17,100	54	0	54	Not in Compliance
Grade 7	54,000	17,910	0	17,910	54	0	54	Not in Compliance
Grade 8	54,000	17,910	0	17,910	54	0	54	Not in Compliance
<u>Yuba River Charter:</u>								
Kindergarten	36,000	34,770	15,480	50,250	121	54	175	In Compliance
Grade 1	50,400	35,565	15,810	51,375	121	54	175	In Compliance
Grade 2	50,400	35,565	15,810	51,375	121	54	175	In Compliance
Grade 3	50,400	35,755	15,870	51,625	121	54	175	In Compliance
Grade 4	54,000	40,425	17,950	58,375	121	54	175	In Compliance
Grade 5	54,000	40,425	17,950	58,375	121	54	175	In Compliance
Grade 6	54,000	40,140	17,680	57,820	121	54	175	In Compliance
Grade 7	54,000	40,140	17,680	57,820	121	54	175	In Compliance
Grade 8	54,000	40,140	17,680	57,820	121	54	175	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	0255	Separate Report
Nevada City School of the Arts	0869	Separate Report
Bitney Prep High	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

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Federal Catalog Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Program Expenditures
Program Name:				
U.S. Department of Agriculture:				
Forest Reserve Funds	10.665	10044	\$ 101,680	\$ 120,565
Passed through the California Department of Education (CDE):				
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393		57,078
CCFP Cash in Lieu of Commodities	10.558	13534		2,040
Subtotal Child and Adult Care Food Program Cluster				59,118
National School Lunch (Sec 4 and Sec 11)	10.555	13523/13524		3,253
Total U.S. Department of Agriculture			101,680	182,936
U.S. Department of Defense:				
Passed through CDE:				
Flood Control	12.112	0400191M		3,808
U.S. Department of Treasury:				
Passed through CDE:				
COVID-19: Coronavirus Relief Fund, Learning Loss Mitigation	21.019	25516		5,251
U.S. Department of Education:				
Direct Aid:				
Indian Education	84.060	10011		64,794
Passed through CDE:				
Title I:				
ESEA (ESSA): Title I, Part A, Basic Grants Low Income and Neglected	84.010*	14329		345,402
ESEA (ESSA): Title I, Part D, Local Delinquent Programs	84.010*	14357		69,477
ESEA (ESSA): School Improvement (CSI) Funding for COEs	84.010*	15439		37,379
Subtotal Title I				452,258
Special Education Cluster:				
IDEA: Basic Local Assistance, Part B, Section 611	84.027*	13379	2,156,873	2,471,785
IDEA: Mental Health Allocation Plan, Part B, Section 611	84.027A*	15197	122,244	183,366
IDEA: Preschool Grants, Part B, Section 619	84.173*	13430	75,715	75,715
Subtotal Special Education Cluster			2,354,832	2,730,866
IDEA: Early Intervention Grants, Part C	84.181	23761		45,669
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction	84.367	14341		37,022
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		27,009
ESEA (ESSA): Title X, McKinney-Vento Homeless Assistance	84.196	14332		38,772
Total U.S. Department of Education			2,354,832	3,396,390

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Expenditures</u>
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		197,429
Passed through Sutter County Office of Education:				
Medi-Cal Administrative Activities (MAA)	93.778	10060		123,648
Subtotal Title XIX, Medicaid Cluster				<u>321,077</u>
Passed through CDE:				
Child Care and Development Block Grant Cluster:				
Child Development: Federal General (CCTR) and State Preschool (CFCC)	93.596	13609		50,214
Child Development: Federal General (CCTR) and State Preschool (CFCC)	93.575	15136		23,083
Child Development: Local Planning Councils	93.575	13946		53,117
Child Development: Child Care Staff Retention	93.575	14092/14990		18,433
Subtotal Child Care and Development Block Grant Cluster				<u>144,847</u>
Child Development: Quality Improvement Activities (Preschool)	93.434	15442		18,569
Total U.S. Department of Health and Human Services			<u>0</u>	<u>484,493</u>
Total Federal Programs			<u>\$ 2,456,512</u>	<u>\$ 4,072,878</u>

* Considered a major program.

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
RECONCILIATION OF UNAUDITED ACTUALS FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Charter School Fund
June 30, 2020, Annual Unaudited Actual Financial Report Fund Balance	<u>\$ 4,015,716</u>
Adjustments and Reclassifications Increasing the Fund Balance:	
Overstatement of Fund Balance in SACS for Nevada City School of the Arts Actviity	459
Understatement LCFF Revenue for Forest Charter	<u>285,197</u>
Net Adjustments and Reclassifications	<u>285,656</u>
June 30, 2020, Audited Financial Statement Fund Balance	<u>\$ 4,301,372</u>

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Unaudited Actual Financial Report for the year ended June 30, 2020.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget 2020-2021	2019-2020	2018-2019	2017-2018
<u>County School Service Fund</u>				
Revenues and Other Financial Sources	\$ 13,646,319	\$ 14,472,284	\$ 14,691,683	\$ 14,397,889
Expenditures	14,030,768	13,371,337	13,986,826	13,582,256
Other Uses and Transfers Out	14,424	26,456	86,861	4,644,626
Total Outgo	14,045,192	13,397,793	14,073,687	18,226,882
Change in Fund Balance (Decrease)	(398,873)	1,074,491	617,996	(3,828,993)
Ending Fund Balance	\$ 6,286,933	\$ 7,263,876	\$ 6,189,385	\$ 5,571,389
Available Reserves	\$ 5,286,445	\$ 5,459,077	\$ 5,132,254	\$ 4,810,607
Reserve for Economic Uncertainties	\$ 561,808	\$ 535,467	\$ 562,948	\$ 406,565
Unassigned Fund Balance	\$ 4,724,637	\$ 4,923,610	\$ 4,569,306	\$ 4,404,042
Available Reserves as a Percentage of Total Outgo	37.6%	40.7%	36.5%	26.4%
Total Long-Term Debt	\$ 31,362,783	\$ 31,564,369	\$ 30,413,702	\$ 28,449,551
Average Daily Attendance at P-2	75	77	75	88

The County School Service Fund balance has decreased by \$2,136,506 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 \$3,114,818 over the past two years 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 2020-2021 are listed to provide additional analysis and have not been audited.

SEE NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Child Development Fund	County School Facilities Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 30,246	\$ 78,175	\$ 108,421
Accounts Receivable	334,108		334,108
Due From Other Funds	10,007		10,007
Total Assets	<u>\$ 374,361</u>	<u>\$ 78,175</u>	<u>\$ 452,536</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 46,205	\$ 20	\$ 46,225
Unearned Revenue	15,926		15,926
Due to Other Funds	224,670	78,155	302,825
Total Liabilities	<u>286,801</u>	<u>78,175</u>	<u>364,976</u>
Fund Balances:			
Restricted	<u>87,560</u>		<u>87,560</u>
Total Fund Balances	<u>87,560</u>	<u>0</u>	<u>87,560</u>
Total Liabilities and Fund Balances	<u>\$ 374,361</u>	<u>\$ 78,175</u>	<u>\$ 452,536</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Child Development Fund	Forest Reserve Fund	County School Facilities Fund	Total Non-Major Governmental Funds
REVENUES				
Federal Revenue	\$ 282,498	\$ 101,680		\$ 384,178
Other State Revenue	533,623			533,623
Other Local Revenue	785,874		\$ 2,580	788,454
Total Revenues	1,601,995	101,680	2,580	1,706,255
EXPENDITURES				
Certificated Salaries	459,239			459,239
Classified Salaries	321,498			321,498
Employee Benefits	334,062			334,062
Books and Supplies	113,628		12,916	126,544
Services and Other Operating Expenditures	264,677		600	265,277
Capital Outlay			84,188	84,188
Other Outgo	98,494	101,680		200,174
Total Expenditures	1,591,598	101,680	97,704	1,790,982
Excess of Revenues Over (Under) Expenditures	10,397	0	(95,124)	(84,727)
Other Financing Sources: Operating Transfers In	26,456			26,456
Operating Transfers Out			(78,155)	(78,155)
Total Other Financing Sources (Uses)	26,456	0	(78,155)	(51,699)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	36,853	0	(173,279)	(136,426)
Fund Balances - July 01, 2019	50,707	0	173,279	223,986
Fund Balances - June 30, 2020	\$ 87,560	\$ 0	\$ 0	\$ 87,560

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COMBINING BALANCE SHEET
CHARTER SCHOOL FUND
JUNE 30, 2020

	Bitney Prep High	Forest Charter	Sierra Montessori Academy	Twin Ridges Home Study	Yuba River Charter	Total Charter School Fund
ASSETS						
Cash	\$ 90,164	\$ 915,220	\$ 375,045	\$ 263,206	\$ 947,602	\$ 2,591,237
Accounts Receivable	163,089	1,802,941	2,633	321,163	892,263	3,182,089
Due From Other Funds					78,155	78,155
Prepaid Expenditures	500	37,502		4,429	19,417	61,848
Other Assets	10,830	53,348		4,651	7,475	76,304
Total Assets	<u>\$ 264,583</u>	<u>\$ 2,809,011</u>	<u>\$ 377,678</u>	<u>\$ 593,449</u>	<u>\$ 1,944,912</u>	<u>\$ 5,989,633</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 111,879	\$ 782,134	\$ 377,678	\$ 173,055	\$ 243,515	\$ 1,688,261
Total Liabilities	<u>111,879</u>	<u>782,134</u>	<u>377,678</u>	<u>173,055</u>	<u>243,515</u>	<u>1,688,261</u>
Fund Balances:						
Nonspendable	3,600	40,102		5,529	22,017	71,248
Restricted	3,630	30,522		7,549	11,929	53,630
Assigned	145,474	1,956,253		407,316	1,667,451	4,176,494
Total Fund Balances	<u>152,704</u>	<u>2,026,877</u>	<u>0</u>	<u>420,394</u>	<u>1,701,397</u>	<u>4,301,372</u>
Total Liabilities and Fund Balances	<u>\$ 264,583</u>	<u>\$ 2,809,011</u>	<u>\$ 377,678</u>	<u>\$ 593,449</u>	<u>\$ 1,944,912</u>	<u>\$ 5,989,633</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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, 2020

	Bitney Prep High	Forest Charter	Sierra Montessori Academy	Twin Ridges Home Study	Yuba River Charter	Total Charter School Fund
REVENUES						
Local Control Funding Formula Sources						
State Apportionments	\$ 861,362	\$ 6,404,137	\$ 153,449	\$ 1,190,854	\$ 1,575,009	\$ 10,184,811
Local Sources		924,198	7,269	184,407	1,125,436	2,241,310
Total Local Control Funding						
Formula Sources	861,362	7,328,335	160,718	1,375,261	2,700,445	12,426,121
Federal Revenue	13,677	116,661	3,255	6,265	27,930	167,788
Other State Revenue	84,532	734,373	4,327	119,179	209,318	1,151,729
Other Local Revenue	54,404	362,274	55,972	29,371	405,558	907,579
Total Revenues	1,013,975	8,541,643	224,272	1,530,076	3,343,251	14,653,217
EXPENDITURES						
Certificated Salaries	330,888	3,437,721	142,933	538,110	792,811	5,242,463
Classified Salaries	119,517	871,647	68,852	157,142	682,204	1,899,362
Employee Benefits	183,835	1,583,990	69,432	263,423	533,354	2,634,034
Books and Supplies	41,253	240,109	9,799	48,336	111,087	450,584
Services and Other						
Operating Expenditures	367,917	2,153,230	77,660	396,488	601,740	3,597,035
Capital Outlay		16,414			42,979	59,393
Debt Service:						
Principal Retirement					122,824	122,824
Interest and Fiscal Charges					71,270	71,270
Other Outgo		34,005				34,005
Total Expenditures	1,043,410	8,337,116	368,676	1,403,499	2,958,269	14,110,970
Excess of Revenues Over (Under) Expenditures	(29,435)	204,527	(144,404)	126,577	384,982	542,247
Other Financing Sources:						
Operating Transfers In (Note 4)					78,155	78,155
Total Other Financing Sources	0	0	0	0	78,155	78,155
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(29,435)	204,527	(144,404)	126,577	463,137	620,402
Fund Balances - July 01, 2019	182,139	1,822,350	144,404	293,817	1,238,260	3,680,970
Fund Balances - June 30, 2020	\$ 152,704	\$ 2,026,877	\$ 0	\$ 420,394	\$ 1,701,397	\$ 4,301,372

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
BITNEY PREP HIGH
JUNE 30, 2020

	Bitney Prep High
ASSETS	
Cash	\$ 90,164
Accounts Receivable	163,089
Prepaid Expenditures	500
Other Assets	<u>10,830</u>
Total Assets	<u><u>\$ 264,583</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 111,879</u>
Total Liabilities	<u>111,879</u>
Fund Balances	
Nonspendable	3,600
Restricted	3,630
Assigned	<u>145,474</u>
Total Fund Balances	<u>152,704</u>
Total Liabilities and Fund Balances	<u><u>\$ 264,583</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BITNEY PREP HIGH
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Bitney Prep High
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 861,362
Total Local Control Funding	
Formula Sources	861,362
Federal Revenue	13,677
Other State Revenue	84,532
Other Local Revenue	54,404
Total Revenues	1,013,975
EXPENDITURES	
Certificated Salaries	330,888
Classified Salaries	119,517
Employee Benefits	183,835
Books and Supplies	41,253
Services and Other	
Operating Expenditures	367,917
Total Expenditures	1,043,410
Excess of Revenues Over (Under) Expenditures	(29,435)
Fund Balances - July 01, 2019	182,139
Fund Balances - June 30, 2020	\$ 152,704

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
FOREST CHARTER
JUNE 30, 2020

	<u>Forest Charter</u>
ASSETS	
Cash	\$ 915,220
Accounts Receivable	1,802,941
Prepaid Expenditures	37,502
Other Assets	<u>53,348</u>
Total Assets	<u><u>\$ 2,809,011</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 782,134</u>
Total Liabilities	<u>782,134</u>
Fund Balances:	
Nonspendable	40,102
Restricted	30,522
Assigned	<u>1,956,253</u>
Total Fund Balances	<u>2,026,877</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,809,011</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOREST CHARTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Forest Charter</u>
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 6,404,137
Local Sources	<u>924,198</u>
Total Local Control Funding	
Formula Sources	7,328,335
Federal Revenue	116,661
Other State Revenue	734,373
Other Local Revenue	<u>362,274</u>
Total Revenues	<u>8,541,643</u>
EXPENDITURES	
Certificated Salaries	3,437,721
Classified Salaries	871,647
Employee Benefits	1,583,990
Books and Supplies	240,109
Services and Other	
Operating Expenditures	2,153,230
Capital Outlay	16,414
Other Outgo	<u>34,005</u>
Total Expenditures	<u>8,337,116</u>
Excess of Revenues Over	
Expenditures	204,527
Fund Balances - July 01, 2019	<u>1,822,350</u>
Fund Balances - June 30, 2020	<u><u>\$ 2,026,877</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
SIERRA MONTESSORI ACADEMY
JUNE 30, 2020

	Sierra Montessori Academy
ASSETS	
Cash	\$ 375,045
Accounts Receivable	<u>2,633</u>
Total Assets	<u><u>\$ 377,678</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 377,678</u>
Total Liabilities	377,678
Fund Balance	<u>0</u>
Total Liabilities and Fund Balances	<u><u>\$ 377,678</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
SIERRA MONTESSORI ACADEMY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Sierra Montessori Academy
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 153,449
Local Sources	<u>7,269</u>
Total Local Control Funding	
Formula Sources	160,718
Federal Revenue	3,255
Other State Revenue	4,327
Other Local Revenue	<u>55,972</u>
Total Revenues	<u>224,272</u>
EXPENDITURES	
Certificated Salaries	142,933
Classified Salaries	68,852
Employee Benefits	69,432
Books and Supplies	9,799
Services and Other	
Operating Expenditures	<u>77,660</u>
Total Expenditures	<u>368,676</u>
Excess of Revenues Over (Under) Expenditures	(144,404)
Fund Balances - July 01, 2019	<u>144,404</u>
Fund Balances - June 30, 2020	<u><u>\$ 0</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
TWIN RIDGES HOME STUDY CHARTER
JUNE 30, 2020

	Twin Ridges Home Study
ASSETS	
Cash	\$ 263,206
Accounts Receivable	321,163
Prepaid Expenditures	4,429
Other Assets	<u>4,651</u>
Total Assets	<u>\$ 593,449</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 173,055</u>
Total Liabilities	<u>173,055</u>
Fund Balances:	
Nonspendable	5,529
Restricted	7,549
Assigned	<u>407,316</u>
Total Fund Balances	<u>420,394</u>
Total Liabilities and Fund Balances	<u>\$ 593,449</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TWIN RIDGES HOME STUDY CHARTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Twin Ridges Home Study</u>
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 1,190,854
Local Sources	<u>184,407</u>
Total Local Control Funding	
Formula Sources	1,375,261
Federal Revenue	6,265
Other State Revenue	119,179
Other Local Revenue	<u>29,371</u>
Total Revenues	<u>1,530,076</u>
EXPENDITURES	
Certificated Salaries	538,110
Classified Salaries	157,142
Employee Benefits	263,423
Books and Supplies	48,336
Services and Other	
Operating Expenditures	<u>396,488</u>
Total Expenditures	<u>1,403,499</u>
Excess of Revenues	
Over Expenditures	126,577
Fund Balances - July 01, 2019	<u>293,817</u>
Fund Balances - June 30, 2020	<u><u>\$ 420,394</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
BALANCE SHEET
YUBA RIVER CHARTER
JUNE 30, 2020

	Yuba River Charter
ASSETS	
Cash	\$ 947,602
Accounts Receivable	892,263
Due From Other Funds	78,155
Prepaid Expenditures	19,417
Other Assets	<u>7,475</u>
Total Assets	<u>\$ 1,944,912</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 243,515</u>
Total Liabilities	<u>243,515</u>
Fund Balances:	
Nonspendable	22,017
Restricted	11,929
Assigned	<u>1,667,451</u>
Total Fund Balances	<u>1,701,397</u>
Total Liabilities and Fund Balances	<u>\$ 1,944,912</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YUBA RIVER CHARTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Yuba River Charter
REVENUES	
Local Control Funding	
Formula Sources	
State Apportionments	\$ 1,575,009
Local Sources	<u>1,125,436</u>
Total Local Control Funding	
Formula Sources	2,700,445
Federal Revenue	27,930
Other State Revenue	209,318
Other Local Revenue	<u>405,558</u>
Total Revenues	<u>3,343,251</u>
EXPENDITURES	
Certificated Salaries	792,811
Classified Salaries	682,204
Employee Benefits	533,354
Books and Supplies	111,087
Services and Other	
Operating Expenditures	601,740
Capital Outlay	42,979
Debt Service:	
Principal Retirement	122,824
Interest and Fiscal Charges	<u>71,270</u>
Total Expenditures	<u>2,958,269</u>
Excess of Revenues Over	
Expenditures	384,982
Other Financing Sources:	
Operating Transfers In (Note 4)	<u>78,155</u>
Excess of Revenues and Other Financing	
Sources Over Expenditures	463,137
Fund Balances - July 01, 2019	<u>1,238,260</u>
Fund Balances - June 30, 2020	<u><u>\$ 1,701,397</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Beginning Balances	Additions	Deductions	Ending Balances
<u>CHARTER PASS-THROUGH FUND</u>				
ASSETS				
Cash in County Treasury	\$ 1,008,124	\$ 10,560,983	\$ 11,508,791	\$ 60,316
Accounts Receivable	56,584	1,458,309	311,243	1,203,650
Total Assets	<u>\$ 1,064,708</u>	<u>\$ 12,019,292</u>	<u>\$ 11,820,034</u>	<u>\$ 1,263,966</u>
LIABILITIES				
Accounts Payable	<u>\$ 1,064,708</u>	<u>\$ 12,019,292</u>	<u>\$ 11,820,034</u>	<u>\$ 1,263,966</u>
<u>PAYROLL REVOLVING FUND</u>				
ASSETS				
Cash in County Treasury	\$ 1,419			\$ 1,419
Cash in Commercial Banks	3,500			3,500
Accounts Receivable	18,558			18,558
Total Assets	<u>\$ 23,477</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,477</u>
LIABILITIES				
Payroll Payable	<u>\$ 23,477</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,477</u>
<u>TOTAL - FIDUCIARY FUNDS</u>				
ASSETS				
Cash in County Treasury	\$ 1,009,543	\$ 10,560,983	\$ 11,508,791	\$ 61,735
Cash on Hand and in Bank	3,500			3,500
Accounts Receivable	75,142	1,458,309	311,243	1,222,208
Total Assets	<u>\$ 1,088,185</u>	<u>\$ 12,019,292</u>	<u>\$ 11,820,034</u>	<u>\$ 1,287,443</u>
LIABILITIES				
Accounts Payable	\$ 1,064,708	\$ 12,019,292	\$ 11,820,034	\$ 1,263,966
Payroll Payable	23,477	0	0	23,477
Total Liabilities	<u>\$ 1,088,185</u>	<u>\$ 12,019,292</u>	<u>\$ 11,820,034</u>	<u>\$ 1,287,443</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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. Senate Bill 117 (Chapter 3, Statutes of 2020) shortened the periods used to calculate average daily attendance-based apportionment to include all full school months from July 1, 2019 to February 29, 2020.

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the classroom-based Charter Schools and whether the Charter Schools complied with the provisions of *Education Code* Sections 47612 and 47612.5, respectively. On October 31, 2019 the Sierra Montessori Academy closed its doors and did not offer the required minimum instructional minutes for the 2019-2020 school year. See finding 2020-002 for additional details. Both Bitney Prep High and Yuba River Charter certified its school was closed due to COVID-19 from March 16, 2020 through the end of their planned school year, June 1, 2020 and June 5, 2020 for a total of 50 and 54 instructional days, respectively. Bitney Prep High, Sierra Montessori Academy, and Yuba River Charter also received approval for their requests for five, seven, and four emergency closure days, respectively. These actions allow the school closure days to be used to meet the instructional time requirements noted above.

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 \$18,033 less than the Federal expenditures on the SEFA due to revenue recognition differences as shown on next page.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

D. Schedule of Expenditures of Federal Awards (Concluded)

	Federal Catalog Number	Amount
Total Federal revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 4,054,845
Child Nutrition Cluster	10.558	(328)
Coronavirus Relief Fund: Learning Loss Mitigation	21.019	5,251
Medicaid Cluster	93.778	13,110
Total Federal expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 4,072,878</u>

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



Certified Public Accountant

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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, 2020, and the related notes to the financial statements, which collectively comprise Nevada County Superintendent of School's basic financial statements, and have issued my report thereon dated March 2, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada County Superintendent of School's 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 financial statements. 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 School's Response to Finding

Nevada County Superintendent of School's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. Nevada County Superintendent of School's 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 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

March 2, 2021



Certified Public Accountant

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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 School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Nevada County Superintendent of School's major federal programs for the year ended June 30, 2020. Nevada County Superintendent of School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 School's 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 School's 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 School's 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, 2020.

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 School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Nevada County Superintendent of School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in 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

March 2, 2021



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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 School's compliance with the types of compliance requirements described in the *2019-2020 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 School's State government programs as noted below for the year ended June 30, 2020.

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 School's 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 *2019-2020 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 School's 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 School's 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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools (Concluded):	
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
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	Not Applicable

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 does not operate those programs.

Basis for Qualified Opinion on Instructional Time for Sierra Montessori Academy

As described in the accompanying schedule of findings and questioned costs as Finding 2020-002, Sierra Montessori Academy did not comply with requirements regarding Instructional Time. Compliance with such requirements is necessary, in my opinion for Sierra Montessori Academy to comply with the requirements applicable to that program.

Qualified Opinion on Instructional Time for Sierra Montessori Academy

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, Nevada County Superintendent of Schools (including all other Charter Schools) complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other State Government Program

In my opinion, Nevada County Superintendent of Schools (including Charter 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, 2020.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2019-2020 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003 and 2020-004. My opinion on State government programs is not modified with respect to these matters.

Nevada County Superintendent's 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 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 *2019-2020 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.

A handwritten signature in black ink, appearing to read "Michelle M. Hanson". The signature is stylized with a large, looped initial "M" and "H".

MICHELLE M. HANSON
Certified Public Accountant

March 2, 2021

FINDINGS AND QUESTIONED COSTS SECTION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

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 ☒ No

Significant deficiency(ies) identified that are not considered to be material weakness? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be material weakness? ☐ Yes ☒ 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 ☒ No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027, 84.027A, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

State Awards

Internal control over state programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be material weakness? ☒ Yes ☐ None reported

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

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section I - Summary of Auditor's Results (Concluded)

State Awards (Concluded)

*Unmodified for all programs except for the following program which was qualified:

Name of Program:

Instructional Time for Sierra Montessori Academy

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section II – Financial Statements Findings

2020-001 – CASH RECEIPTS-BITNEY PREP HIGH - 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 Bitney Prep High, it was noted amounts received by employees are not consistently deposited in a timely manner and deposits continue to contain money that appears to have been held at the site for more than 30 days.

Cause: While delays were anticipated for a portion of the year when the school was closed due to the COVID-19 pandemic, the internal controls over cash receipts should still be improved to ensure all cash received is accounted for accurately.

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 condition referred to above was the result of my testing attributes of the control system. There are no questioned costs.

Recommendation: This finding is being repeated. I continue to recommend cash control procedures be implemented at Bitney Prep High to ensure money received by any charter employee be brought to one central, secure location with deposits to the bank being made weekly. These procedures should be communicated to employees involved and periodic monitoring performed throughout the year in addition to the annual independent audit.

Corrective Action: We understand the vital importance of not having funds on-site and are prioritizing weekly trips to the bank to deposit those funds. Due to the Covid-19 shutdown of schools in March 2020, we have spent more time working from home and therefore the normal weekly trips to the bank have not always occurred in a timely fashion. We will renew our efforts in this area and will perform internal control reviews of all cash receipts to make sure that we are maintaining this practice. All monies received by the school are being counted by both the Secretary and by the Business Manager. Fundraisers and collection fees are being reconciled to the actual goods sold, services provided or other amounts collected. The received funds are locked in a file cabinet in the Business Manager's office until the weekly trip to the bank for deposit. The Business Manager also creates a detailed deposit slip to confirm all fund amounts that the Secretary reviews and signs. All of this documentation is saved for the monthly Clearing Account Reconciliation and copies are saved on-site and submitted to NCSOS for review. If there is any accounting discrepancy, then we will investigate the matter and take proper action to rectify the situation, in accordance with our fiscal policy.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section IV - State Award Findings and Questioned Costs2020-002 - INSTRUCTIONAL TIME-SIERRA MONTESSORI ACADEMY - 40000

Criteria: As a condition of apportionment, pursuant to *California Education Code* Sections 47612 and 47612.5(a)(1) a charter school shall for each fiscal year, offer, at a minimum, 175 days of instruction and the following minimum number of minutes of instruction per grade span:

To pupils in kindergarten: 36,000 minutes
 To pupils in grades 1 to 3: 50,400 minutes
 To pupils in grades 4 to 8: 54,000 minutes

Statement of Condition: The Sierra Montessori Academy (SMA) closed its doors and ceased operations on October 31, 2019. To that point SMA had offered 47 days of instruction and received approval for its request for allowance due to emergency conditions for 7 days the school was closed. The instructional minutes offered to that point, per grade span were:

To pupils in kindergarten: 17,100 minutes
 To pupils in grades 1 to 3: 16,020 minutes
 To pupils in grades 4 to 6: 17,100 minutes
 To pupils in grades 7 to 8: 17,910 minutes

Cause: The mid-year closure of SMA resulted in insufficient instructional days and minutes being offered. There are no provisions in the Education Code providing relief from the annual instructional day and minute requirements when an entity closes mid-year.

Effect or Potential Effect: The SMA apportionment was previously reduced by the California Department of Education by a "Days of Operation Adjustment" applied to the average daily attendance (ADA) reported when SMA closed so there is not an additional penalty for not offering 175 days of instruction. SMA is subject to a penalty for not offering the required number of instructional minutes. The instructional time penalty is a product of total apportionment for the affected grade spans multiplied by the percentage of instructional time SMA failed to offer.

Questioned Costs:

Affected Grade Span	K	1-3	4-6	7-8	Total
Affected ADA*	4.48	12.03	10.36	7.89	
Derived Value of ADA	\$ 9,428	\$ 9,428	\$ 8,669	\$ 8,926	
Number of Required Minutes	36,000	50,400	54,000	54,000	
Number of Minutes Short	18,980	34,380	36,900	36,090	
Percentage of Minutes Not Offered	52.50%	68.21%	68.33%	66.83%	
Affected LCFF Apportionment	\$42,238	\$113,420	\$89,807	\$70,425	
Instructional Time Penalty	\$22,175	\$77,364	\$61,365	\$47,065	\$207,969

*Affected ADA used above is equal to SMA's originally filed Annual Attendance Report, Certificate Number 0F00BC01 and does not include the additional ADA identified in Finding 2020-003 or the "Days of Operations Adjustment."

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section IV - State Award Findings and Questioned Costs (Continued)

2020-002 - INSTRUCTIONAL TIME-SIERRA MONTESSORI ACADEMY - 40000 (CONCLUDED)

Recommendation: There are no recommendations because the Sierra Montessori Academy is no longer in existence. The expectation is the Nevada County Superintendent of Schools administrators will work with the Principal Apportionment Section of the California Department of Education to ensure the final documentation on file for SMA is accurate so a final disposition of liabilities and assets can be determined.

Corrective Action: The County Office will continue to communicate with the California Department of Education regarding outstanding liabilities owed by the Sierra Montessori Academy Charter School to ensure final documentation is on file.

2020-003 - ATTENDANCE-SIERRA MONTESSORI ACADEMY - 10000

Criteria: Pursuant to Title 5, *California Code of Regulations* Section 11960 indicate "attendance" as used in *California Education Code* Section 47612, means the attendance of charter school pupils while engaged in educational activities required of them by their charter school, on days when school is actually taught in their charter schools. "Regular average daily attendance" shall be computed by dividing a charter school's total number of pupil-days of attendance by the number of calendar days on which school was actually taught in the charter school.

Statement of Condition: The average daily attendance (ADA) reported for the Sierra Montessori Academy (SMA) was calculated using the wrong number of days school was actually taught in the divisor (used 61 vs 47).

Cause: SMA closed its doors and ceased operations on October 31, 2019. The attendance system report used to complete annual attendance report submitted on December 11, 2019 included the period from August 15, 2019 through November 29, 2019.

Effect or Potential Effect: ADA was underreported by 10.35.

Questioned Costs:

	Original	Revised		Value of	Estimated
<u>Grade Span</u>	<u>ADA</u>	<u>ADA</u>	<u>Difference</u>	<u>ADA</u>	<u>Revenue</u>
K-3	16.51	21.43	4.92	\$9,428	\$46,386
4-6	10.36	13.45	3.09	\$8,669	\$26,787
7-8	7.89	10.23	2.34	\$8,926	\$20,887
Totals	<u>34.76</u>	<u>45.11</u>	<u>10.35</u>		<u>\$94,060</u>

Recommendation: There are no recommendations because the Sierra Montessori Academy is no longer in existence. The expectation is that the Nevada County Superintendent of Schools administrators will work with the Principal Apportionment Section of the California Department of Education to ensure the final documentation on file for SMA is accurate so a final disposition of liabilities and assets can be determined.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section IV - State Award Findings and Questioned Costs (Concluded)

2020-003 - ATTENDANCE-SIERRA MONTESSORI ACADEMY - 10000 (CONCLUDED)

Corrective Action: The County Office will continue to communicate with the California Department of Education regarding outstanding liabilities owed by the Sierra Montessori Academy Charter School and will provide revised attendance reports if necessary.

2020-004 - CALIFORNIA CLEAN ENERGY JOBS ACT-BITNEY PREP HIGH - 40000

Criteria: *California Public Resources Code* Section 26206(e) states all projects (California Clean Energy Jobs Act) shall be subject to audit and the California Energy Commission's (CEC) Proposition 39: California Clean Energy Jobs Act-2017 Program Implementation Guidelines indicate a final project completion report must be completed no later than 15 months after project completion.

Statement of Condition: The Bitney Prep High (Charter School) appears to have completed the projects from their approved energy expenditure plan on or about December, 2017 making a final project completion report due on or around March, 2019. The Charter School did prepare and submit an annual progress report through the CEC's website on September 30, 2019, but has not provided a final project completion report or progress report for the 2019-2020 fiscal year (due by September 30, 2020.)

Cause: The Charter School has been unable to regain access to the Proposition 39: California Clean Energy Jobs Act through the CEC website portal and have therefore been unable to provide documentation showing a final project completion report has been completed.

Effect or Potential Effect: *California Public Resources Code* Section 26240(h)(1) provides the funds received (\$78,623) may need to be paid back if not used in accordance with state statute or regulations.

Questioned Costs: This is a finding of noncompliance without associated questioned costs because it is expected the noncompliance will be eliminated by submitting the final project completion report.

Recommendation: The Charter School should submit the final project completion report of its project expenditures and other required elements as soon as possible.

Corrective Action: This was a misunderstanding on our part. We believed that filling out the annual progress report in 2019 was the last step. Once we were told that there was a final project completion report due, we attempted to do so right away. However, there has been a long delay on that since we no longer had access to our account and due to the Covid-19 pandemic, were not able to reach anyone to assist us. We have just today regained access to that account and are in process of completing the final project completion report.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2020

2019-001: 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.
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.

Current Status:

Accepted

Partially Implemented. While #1. above has been implemented, money is not being deposited timely by Bitney Prep High. Finding repeated, see 2020-001.

2019-002: The charter schools should enforce their policies requiring the documentation of all purchases approved in advance by an authorized charter school official. In addition, charter schools should develop and implement procedures to document all goods and services paid for were received, inspected and counted by an appropriate charter school employee.

Current Status:

Accepted

Implemented

2019-003: Attendance rosters should be obtained timely and should be complete, including the signature of the classroom teacher.

Current Status:

Accepted

Implemented

LEASE AGREEMENT
(Gold Run Site)

This Lease Agreement (“Agreement”) is entered into as of the 1st day of July, 2022 (the “Effective Date”), by and between the NEVADA CITY SCHOOL DISTRICT, a public school district duly organized and existing under Chapter 1, of Division 3 of Title 2 of the Education Code of the State of California (“District”), and the Forest Charter School, a California charter school (“Lessee”), each individually referred to as a “Party” and collectively referred to as the “Parties.”

RECITALS

A. The District is the owner of approximately 4.68 acres of land located at 470 Searls Avenue, Nevada City, California, including approximately 25,203 square feet of building space, which property is known generally as the District’s former Gold Run Elementary School site (“Property”), more particularly described on Exhibit “A” attached hereto.

B. The Property is a former school site and has been occupied by Lessee since 2012 under a lease agreement, dated August 1, 2012, which expires on June 30, 2022. (Prior Lease)

C. The Parties desire to hereby memorialize the lease by the District to Lessee of the Property, and the District desires to hereby lease to Lessee, and Lessee desires to hereby lease from the District, the Property, all upon the terms, provisions and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and agreements of the Parties stated herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Lease

1.1 Description of Lease. The District hereby grants and leases to Lessee, and Lessee hereby takes and leases from the District, the Property, for the Term and on the terms and conditions stated in this Agreement. The Property is demised and leased subject to all zoning regulations, restrictions, rules and ordinances, building restrictions and other laws and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction, and to all matters of record. Lessee shall accept the Premises in its condition as of the Commencement Date, subject to all applicable laws, ordinances, regulations, covenants and restrictions. District has made no representation or warranty as to the suitability of the Premises for the conduct of Lessee's business, and Lessee waives any implied warranty that the Premises are suitable for Lessee's intended purposes.

1.2 Use.

A. Permitted Use. Except as otherwise expressly permitted in this Paragraph below, the Property shall be used by Lessee solely for the operation of a school or educational institution for educational purposes and all associated uses so long as such use is permitted by local zoning and municipal codes. Lessee shall at all times comply with all federal, state and local laws, statutes, ordinances, rules and regulations of any governmental authority in connection with Lessee’s use of the Property. The Property may only be used for other purposes

upon the prior written consent of the Superintendent or his/her designee, which consent may be given or withheld in the District's sole and absolute discretion and so long as such use is permitted by local zoning and municipal codes.

B. Restrictions and Prohibited Uses. Lessee shall not commit, nor permit to be committed, any waste or misuse of the Property, or allow any offensive noise or odor in or around the Property, and Lessee shall pay for all damage caused by any unreasonable use or waste. Moreover, Lessee shall not use or permit the use of the Property for any unsafe or illegal purpose or use, or in any manner that creates a nuisance, or that disturbs, injures or annoys, or causes damage to or adversely affects, the District or any neighboring property or property owner. Lessee shall not use or allow another person or entity to use any part of the Property for the storage, use, treatment, manufacture or sale of Hazardous Materials (as defined in Section 16 below), except that Lessee may store, use or maintain customary types and quantities of products on the Property which are incidental to the operation of its business, including, without limitation, photocopy supplies, science lab supplies, secretarial supplies, and janitorial supplies, provided that the use of such products on the Property shall be in compliance with applicable laws and shall be in the manner in which such products are designed to be used.

1.3 Payment of Rent.

A. Monthly Rent. Lessee shall pay to the District as follows: Fourteen Thousand Three Hundred Seventy Five Dollars (\$14,375.00) per month for each month in the first years of the Term. Beginning on July 1, 2023, the Rent shall be as set forth in the Rental Payment Schedule attached hereto as Exhibit B. Rent shall be payable without notice or demand and without any deduction, offset, or abatement, to the District at the address stated herein for notices or to such other persons or such other places as the District may designate to Lessee in writing.

B. Net Lease. It is the purpose and intent of the Parties hereto that the rent payable by Lessee to the District hereunder shall be "net" above all costs, expenses and obligations of every kind and nature whatsoever arising from or relating to the Property except as otherwise agreed to herein, (including, without limitation, the ownership, use, occupancy, operation, repair, security, management, and/or maintenance thereof) which may arise or come due during the term of this Agreement, and shall be paid without set-off, counterclaim, abatement, suspension, deduction or defense. Such costs, expenses and obligations of Lessee include, without limitation, Impositions (as defined below), insurance premiums, utilities fees, costs and expenses, Unused Site Fees (defined below in Section 13) and capital expenditures. Without limiting the foregoing, Lessee expressly agrees to pay all Impositions (if any) assessed against Lessee or the Property prior to the time the same may become delinquent. If Lessee has failed to pay all Impositions in a timely manner, then as further provided by Section 9.3 below, the District may elect to do so (but shall not be obligated to do so) and, in such event, Lessee shall reimburse such amount to the District, together with interest thereon as provided in this Agreement, within the time period provided by said Section 9.3. For purposes of this Agreement, the term "Imposition" shall mean real estate taxes, possessory interest taxes, and assessments, water and sewer rates and charges, occupancy taxes or similar taxes, whether or not imposed on or measured by the rents payable by Lessee, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, which are assessed, levied, confirmed, imposed, or become a lien upon the Property, or any part thereof, or become payable in respect thereto, and any gross rental, license or business tax measured by or levied on the rent payable or real property occupied by Lessee under this Agreement. The rent and

other sums to be paid to Lessor hereunder are not subject to any demand, set-off or other withholding.

C. Taxes and Assessments. Lessee agrees to pay before delinquency all lawful taxes, assessments, fees, or charges which at any time may be levied by the State, County, City or any tax or assessment levying body upon any interest in this Lease or any possessory right which Lessee may have in or to the Property covered hereby or to the buildings or improvements thereon for any reason, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on or about the Property. Lessee shall have the right to contest the amount of any assessment imposed against the Property or the possessory interest therein; provided, however, the entire expense of any such contest (including interest and penalties which may accrue in respect of such taxes) shall be the responsibility of Lessee.

Pursuant to Section 107.6 of the California Revenue and Taxation Code ("Code"), District hereby notifies Lessee that: (i) a possessory interest with respect to the Property is created and/or continued pursuant to the Lease ("Possessory Interest") and is subject to property taxation under the Code; and (ii) Lessee shall be subject to, and shall bear, the payment of all property taxes and related charges and expenses attributable to all periods during the term of this Lease with respect to the Possessory Interest (collectively, "Taxes"). Lessee acknowledges that the foregoing complies with Section 107.6 of the Code. Lessee shall include a statement in all subleases to the effect that the interests created therein are derived from Lessee's Possessory Interest, and Lessee's Possessory Interest requires the payment of Taxes. Lessee shall indemnify, defend and hold harmless the Lessor against all Taxes.

D. Utilities. In addition to the rental charges as herein provided, Lessee shall pay, or cause to be paid, any and all utility and service charges for furnishing electricity, water, gas, power, heating and air conditioning, sewage disposal, light, telephone service, cable, internet connections, irrigation and sewer services, garbage and trash collection and all other utilities and services, to said Property.

1.4 Late Rent. If Lessee fails to pay the Rent or any other additional rent or charges under this Lease within ten (10) days after the same has become due, both Lessee and District agree that District will incur additional expenses including, but not limited to, extra collection efforts and handling costs. Both Parties agree that should Lessee so fail to pay its rent, District is entitled to compensation for the detriment caused by the failure, but that it is extremely difficult and impractical to ascertain the extent of the detriment. The parties therefore agree that should Lessee fail to pay any rent due hereunder within ten (10) days after the same becomes due, District shall be entitled to recover from Lessee ten percent (10%) of the amount past due as a late charge, plus any attorneys' fees incurred by District by reason of Lessee's failure to pay such amount when due. Lessee further agrees to pay Lessor any costs incurred by District in the collection of such past due rent including, but not limited to, fees of an attorney and/or collection agency. Nothing herein contained shall limit any other remedy of District under this Lease. District shall also have the right to require Lessee to pay any past due sums by cashier's check or money order. The Parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that District will incur by reason of the late payment by Lessee. Acceptance of such late charges by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent District from exercising any of the other rights and remedies granted hereunder.

1.5 Security Deposit. The Parties acknowledge that the District currently holds Twenty Five Thousand Dollars (\$25,000) from Lessee as a security deposit (the “Security Deposit”). The Security Deposit shall continue to be held by District without obligation or liability for payment of interest thereon, as security for the faithful performance by Lessee of all of the terms of this Lease to be observed and performed by Lessee. The Security Deposit shall not be mortgaged, assigned, transferred, or encumbered by Lessee without the prior written consent of District. District shall not be required to keep the Security Deposit in a separate account.

A. Application of Security Deposit. Should Lessee at any time be in default with respect to any provision of this Lease, District may, at its option and without prejudice to any other remedy which District may have at law or in equity, use, apply, and/or retain all or any part of the Security Deposit for the payment of Rent and any additional rent or other costs and expenses for which Lessee is obligated to pay under the Lease, for the payment of any amount which District may spend or become obligated to spend by reason of Lessee’s default, to repair damage to the Premises caused by Lessee or for which Lessee is liable under this Lease, to clean the Premises upon the termination of this Lease, to compensate District for any other loss or damage sustained because of Lessee’s default (including, without limitation, damages for rent lost after the termination of this Lease and all other amounts recoverable under California Civil Code Section 1951.2), or for any other purpose permitted by law.

B. Replenishment of Security Deposit. If during the Term, District uses, applies or retains the Security Deposit for any purpose specified above, then within five (5) days after written demand by District, Lessee shall deposit cash with District in an amount sufficient to restore the Security Deposit to the original sum required under Section 1.5.

1.6 Term and Early Termination.

A. Term. The term of this Agreement shall be Ten (10) years (“Term”) commencing on July 1, 2022 (“Commencement Date”) and expiring on June 30, 2032. No less than six (6) months prior to the expiration of the Term, Lessee may renew this Agreement for an additional five (5) year term (“Renewal Term”) on the same terms and conditions, subject to an agreed upon increase to the Rent of \$2,500 per year, so long as either party notifies the other party in writing of its interest in renewing the Agreement no less than six (6) months prior to the expiration of the Term.

B. Early Termination. Either Party may terminate this Agreement for their convenience in years one (1) through seven (7) of the Term, by providing the other Party with at least three (3) years prior written notice of such termination.

1.7 As-Is. Lessee hereby represents, warrants, and covenants as follows:

A. Neither the District, nor anyone acting for or on behalf of the District, has made any representation, warranty, promise or statement, express or implied, to Lessee, or to anyone acting for or on behalf of Lessee, concerning the Property or the condition, use or development of the Property. Lessee further represents and warrants that, in entering into this Agreement, Lessee has not relied on any representation, warranty, promise or statement, express or implied, of the District or anyone acting for or on behalf of the District, other than as expressly set forth in this Agreement, and that all matters concerning the Property have been or shall be independently verified by Lessee prior to the execution of this Agreement, on Lessee’s

own prior investigation and examination of the Property (or Lessee's election not to do so); **AND THAT, AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE DISTRICT, LESSEE IS HEREBY LEASING THE PROPERTY IN AN "AS-IS" PHYSICAL CONDITION AND IN AN "AS-IS" STATE OF REPAIR, WITH ALL FAULTS.** The District hereby disclaims, all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use.

B. LESSEE HEREBY GENERALLY, FULLY AND IRREVOCABLY RELEASES THE DISTRICT, ITS BOARD, STAFF, AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS AND OTHER REPRESENTATIVES (collectively, the "District Parties") FROM AND AGAINST ANY AND ALL CLAIMS THAT LESSEE MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST ANY OF THE DISTRICT PARTIES FOR AND FROM ANY COST, LOSS, LIABILITY, DAMAGE, EXPENSE, ACTION OR CAUSE OF ACTION, WHETHER FORESEEN OR UNFORESEEN, KNOWN OR UNKNOWN, ARISING OUT OF OR RELATED TO THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY PATENT, LATENT OR OTHER DEFECTS IN THE PROPERTY OR THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY), BUT EXCLUDING ANY COSTS AND EXPENSES RESULTING FROM THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY OF THE DISTRICT PARTIES.

WITH RESPECT TO THE RELEASES AND WAIVERS SET FORTH IN THIS SECTION 1.7, LESSEE EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

LESSEE HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, LESSEE ACKNOWLEDGES THAT LESSEE FULLY UNDERSTANDS, APPRECIATES AND ACCEPTS ALL OF THE TERMS OF THIS SECTION 1.7(B).

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2. Parking. Lessee shall have the right to use the parking facilities of the Property, subject to any rules and regulations which may be established by District during the Term thereof, and shall be entitled to use all parking spaces at no cost to Lessee.

3. Maintenance and Repairs of Property.

3.1 Lessee shall maintain the premises including all site common areas, including but not limited to sidewalk, driveways, roads, service areas, curbs, parking areas, including lighting fixtures, landscaping, pest control, fire prevention, plumbing and electrical and water systems, interior walls, floors, floor coverings and keep glass, windows and doors in

operable and safe condition. If Lessee fails to maintain the premises, District may contract for or perform such maintenance and charge Lessee for District's cost. Any repairs to items included in this paragraph shall not exceed a \$1,000.00 deductible, per each item listed above, during any 12 month period. Any repairs exceeding the deductible shall be at District's expense. Lessee will maintain all equipment installed by Lessee or on its behalf.

3.2 District is responsible for maintenance and repair of the heating, ventilating and air conditioning system serving the premises in excess of the first \$500.00 of maintenance and repair in any consecutive twelve months, excluding the cost of the service contract. District shall also provide a service contract for the heating, ventilation and air conditioning system. Lessee shall pay District the base cost of the service contract, currently estimated to be \$2532 as additional rent within thirty (30) days after District provides Lessee with an invoice; this does not include any additional charges under the service contract beyond the base cost. District gives no warranty or will not maintain any part of the kitchen and PA system.

3.3 District shall maintain the roof, gutters, foundation, exterior walls, fire sprinklers, fire extinguishers, utilities equipment servicing the entire site, even if such equipment is located within the premises.

3.4 Whenever possible, Lessee will notify maintenance supervisor, within at least 3 days in advance regarding Lessee improvement, maintenance and repair obligations over \$1,000.

4. Utility Connections. Lessee shall be solely responsible for all electricity, cable, telephone, water, sewer, irrigation, refuse and other services at or to the Property. In the event of a cessation or suspension of any such services to the Property, District shall not be responsible therefor, nor shall the cessation or suspension of any or all services to the Property be construed as an eviction of Lessee, and any such cessation or suspension of services shall not permit or entitle Lessee to any abatement of rent nor relieve Lessee from the obligation to fulfill any covenant or agreement on the part of Lessee under this Agreement.

5. Alterations and Improvements. Lessee shall not structurally alter improvements on the Property or make any alteration or change to the improvements on the Property, including signs, or make any additional improvements to the Property, without the prior written consent of the District (which shall not be unreasonably withheld or delayed, but may be conditioned). Any request for such an alteration, change or improvement shall be accompanied by plans and specifications providing for the alteration, change or improvement, which plans and specifications shall be subject to the District's approval. At the time the District approves a proposed improvement or alteration, it shall inform Lessee whether it will require Lessee to remove the improvement or alteration at the end or early termination of the Term. All construction or alterations shall be performed diligently and in a good and workmanlike manner, and shall comply with all applicable laws, rules and regulations of all governmental authorities having jurisdiction over the Property, including but not limited to building codes, and fingerprinting requirements, as applicable or as reasonably directed by the District. Contractors retained by Lessee with respect to the construction or installation of alterations and/or improvements shall be fully licensed and bonded as required by law and must maintain levels of casualty, liability and workers' compensation insurance and performance and payment bonds consistent with District construction requirements. Lessee shall indemnify, defend and hold harmless District, its directors, officers and employees from any loss, damage, claim, cause of action, cost, expense or liability arising out or

caused by any violation by the Lessee or its directors, officers, employees or contractors of any applicable federal, state or local statute, ordinance, order, governmental requirement, law or regulation that applies to any work, including, without limitation, any labor laws and/or regulations requiring that persons performing work on any improvements be paid prevailing wage, as applicable. The Lessee shall be responsible for compliance with and shall pay for any and all California Environmental Quality Act ("CEQA") obligations with respect to any Alteration and/or Improvements and shall indemnify and hold harmless the District from any and all CEQA related costs.

5.1 Costs and Liens. Lessee shall pay all costs, including, but not limited to, demolition and construction, planning and permit fees, architectural, engineering and legal fees, taxes and insurance, for or related to construction or alterations performed by it, or caused to be performed by it, on the Property as permitted by this Agreement. Lessee shall keep the Property and improvements thereon or therein free and clear of all mechanics' liens resulting from construction and/or alterations performed by, for or at the request of Lessee, it being acknowledged and agreed that nothing herein is intended to state or imply that the Property is subject to mechanic's liens, as the Property is and will continue to constitute real property owned by a public entity during the entire term of this Agreement. Lessee shall do all things reasonably necessary to prevent the filing of any such mechanic's or other liens against the Property or improvements thereon or therein. If any such lien shall at any time be filed against the Property and/or improvements thereon or therein, Lessee shall cause the same to be discharged of record or bonded over to the satisfaction of the District within thirty (30) days from Lessee's receipt of a copy of such lien. Lessee may not collateralize, obtain financing by securitization or borrow against the value of the Property without written consent of the District, which may be withheld in District's sole discretion.

5.2 Documents. Lessee shall deliver to District, promptly after Lessee's receipt thereof, originals or, if originals are not available, copies of any and all of the following instruments and documents pertaining to any construction, repair or replacement of improvements on the Property: (a) plans and specifications for the subject improvements, (b) test results, physical condition and environmental reports and assessments, inspections, and other due diligence materials related to the subject improvements, (c) permits, licenses, certificates of occupancy, and any and all other governmental approvals issued in connection with the subject improvements, (d) agreements and contracts with architects, engineers and other design professionals executed with respect to the design of the subject improvements, (e) construction contracts and other agreements with consultants, construction managers, general and other contractors, and equipment suppliers pertaining to the construction, repair or replacement, as the case may be, of the subject improvements and (f) all guaranties and warranties pertaining to the construction, repair or replacement, as the case may be, of the subject improvements.

5.3 No Zoning Changes. Notwithstanding anything to the contrary stated or implied in this Agreement, Lessee shall not take any action or give any approval that will result in a change in the zoning of the Property that will be binding on the Property or impact or affect District after the expiration or earlier termination of this Agreement, or alter, eliminate or in any way modify any of the entitlements for the Property in any manner that will be binding on the Property or District after the expiration or earlier termination of this Agreement, in each case without prior written consent of the District.

5.4 Status of Improvements on Termination of the Agreement. Upon the expiration of the term of this Agreement or the earlier termination of this Agreement, except as otherwise provided in this section, all improvements located on the Property shall automatically become the property of the District without any compensation from the District to Lessee, and upon request by the District, Lessee shall execute, acknowledge, deliver and record against the Property any and all documentation, and perform all other acts, deemed necessary by the District to effectively vest in the District said fee simple title in and to the improvements (provided that, the foregoing provisions of this Agreement are intended to constitute an automatic, immediate and self-executing transfer of title to the improvements to the District upon the expiration or earlier termination of this Agreement). Further, upon the expiration or earlier termination of this Agreement, the District may elect, in its sole and absolute discretion, to require Lessee to remove the improvements located on the Property, at Lessee's sole cost and expense if District informed Lessee that it would require removal at the time it approved the alteration or improvement. If the District so elects to require Lessee to remove the improvements, Lessee shall remove the improvements in a good and workmanlike manner, in compliance with all applicable laws, orders, ordinances, rules and regulations of federal, state, county, municipal and other authorities having jurisdiction. All provisions of this Agreement regarding insurance, indemnification, alterations, and mechanic's liens shall survive and be in effect during the removal period. Lessee shall have one-hundred twenty (120) days from the receipt of any such notice to complete the removal of the improvements. Except as otherwise expressly provided in this Section, Lessee shall, upon the expiration or earlier termination of this Agreement, peaceably and quietly leave, surrender and yield up unto the District the Property, including, but not limited to, the improvements located thereon, clean and in good order and repair, ordinary wear and tear excepted, and all personal property and trade fixtures must be removed by Lessee.

6. Insurance Requirements.

6.1 Required Coverage. Lessee shall, at its sole cost and expense, carry and maintain during the entire term of this Agreement:

A. General public liability insurance insuring against claims (on an occurrence form) for bodily injury, death or property damage occurring on, in or about the Property and the adjoining streets, sidewalks and passageways, including contractual or assumed liability, products liability and completed operations, such insurance to afford protection to the District, as additional insured, of not less than Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) aggregate. The District reserves the right to adjust and escalate the level of insurance over the term of the Agreement;

B. Workers' compensation insurance covering all persons employed in connection with any work done on or about the Property with respect to which claims for death or bodily injury could be asserted against the District, Lessee or the Property and such workers' compensation insurance shall be in conformance with the laws of the State of California and applicable federal laws; and

C. Such other insurance on the Property in such amounts and against such other insurable hazards that at the time are commonly obtained in the case of property similar to the Property.

6.2 Certificates and Additional Insured. Such insurance policies shall be issued by insurance companies with a rating of not less than A:XII in the latest edition of Best's Insurance Guide or shall be secured through a joint powers authority and shall be primary insurance as to all claims thereunder and provide that any insurance carried by the District is excess and non-contributing with any insurance requirement of Lessee. The District shall be an additional insured party on the liability policies (including any umbrella policy) obtained by Lessee for insured liabilities relating to the Property, and Lessee shall, upon request, deliver to the District certified copies of such insurance policies. In any event, Lessee shall deliver to the District certificates evidencing the coverage of the District under the liability policies and all other policies required to be maintained by Lessee hereunder, promptly upon issuance or renewal thereof, and in any event Lessee shall replace any insurance policy required hereunder (and provide the District with a certificate of insurance evidencing such replacement policy) prior to the expiration or termination of such policy. All of the policies required hereunder shall be endorsed as follows: "This policy shall not be suspended, cancelled, reduced in coverage or required limits of liability or amounts of insurance or non-renewed until notice has been mailed to the Nevada City School District, 800 Hoover Lane, Nevada City, California, 95959 Attention: Superintendent. Date of suspension, cancellation, reduction in coverage or non-renewal may not be less than thirty (30) days after the date of mailing of such notice." If Lessee fails to purchase and maintain any insurance required hereunder, the District may, but shall not be obligated to, upon five (5) days' written notice to Lessee, purchase such insurance on behalf of Lessee and shall be entitled to be reimbursed by Lessee promptly thereafter. Any amounts expended by the District hereunder shall bear interest from the date expended until repaid to the District at the rate of ten percent (10%) per annum.

6.3 Waiver of Subrogation. Lessee agrees to have its insurance companies issuing property insurance for the Property and improvements thereon or therein waive any rights of subrogation that such companies may have against the District so long as insurance carried by Lessee is not invalidated thereby. As long as such waivers of subrogation are contained in Lessee's insurance policies, Lessee hereby waives any right that it may have against the District on account of any loss or damage to its property to the extent such loss or damage is insurable under the policies of insurance for fire and all risk, theft, public liability and other similar insurance required to be carried by Lessee pursuant to this Agreement.

7. Indemnification. Lessee hereby agrees to pay, and to protect, defend, indemnify and save harmless the District and its Board, staff, employees, agents, consultants, contractors and other representatives from and against any and all liabilities, losses, damages, costs, expenses (including all reasonable attorneys' fees, costs and expenses), causes of action, suits, claims, demands or judgments of any nature or kind whatsoever incurred in connection with, arising from or relating to (a) any injury to, or death of, any person or any damage to property on the Property or upon adjoining sidewalks, streets or ways, or in any manner growing out of or in connection with the use, non-use, condition or occupancy of the Property or any part thereof or resulting from the condition thereof or of adjoining sidewalks, streets or ways, (b) violation by Lessee of any agreement or condition of this Agreement, (c) violation by Lessee of any contract or agreement recorded against the Property or any restriction, statute, law, ordinance or regulation, in each case affecting the Property or any part thereof or the ownership, occupancy or use thereof, (d) any injury to, or death of, any person or damage to property caused by or resulting from the acts or omissions of Lessee, its employees, agents, consultants, contractors, guests, invitees or other representatives, (e) the condition, conduct, use, management, or occupancy of the Property during the term of this Agreement, or (f) any Hazardous Materials condition affecting or relating to the Property from any

cause whatsoever and first arising during Lessee's occupancy and/or possession of the Property. This provision shall not apply to liability caused by the sole negligence or willful misconduct of the Landlord. The terms and provisions of this Section shall survive the expiration or earlier termination of this Agreement.

8. Prohibition Against Assignment, Sublease or Transfer. Lessee shall not assign, sell, encumber, hypothecate, alienate or otherwise transfer, whether directly or indirectly, voluntarily, by operation of law or otherwise, its interest in this Agreement or in the Property, or sublease all or any part of the Property, or allow any other person or entity to occupy or use all or any part of the Property except as set forth in Section 1.2 above, without first obtaining the District's written consent, which consent may be given or withheld in the sole and absolute discretion of the District. Notwithstanding anything to the contrary stated in this Agreement, any breach of this Section shall be an automatic material breach of this Agreement (without any right of cure by Lessee), whereupon the District will have available to it all rights and remedies provided in Section 9 below.

9. Defaults and Remedies.

9.1 Default and Termination. If Lessee fails to perform any term, covenant or condition of this Agreement, or otherwise breaches this Agreement, and such failure or breach continues for more than thirty (30) days after written notice is received by Lessee from the District (or if the breach or default is of such character as to reasonably require more than thirty (30) days to cure, and Lessee fails, within thirty (30) days after it receives written notice of such breach or default from the District, to commence the cure of such default or thereafter fails to pursue with reasonable diligence the curing of such default to completion), then the District may, at its option and without any further demand or notice, exercise any of its rights or remedies set forth in Section 9.2 below. The rights and remedies of the District set forth in this Agreement are cumulative and are not intended to be exclusive.

9.2 Various District Remedies. In the event of any default by Lessee as defined herein, then the District may exercise the following remedies:

A. Without terminating or effecting a forfeiture of this Agreement or otherwise relieving Lessee of any obligation hereunder in the absence of express written notice of its election to do so as set forth herein, the District may re-enter and take possession of the Property and of all property of the District located therein; may evict Lessee and all other persons in occupation thereof, and may store all property of Lessee or of any other person which is located therein for the account of and at the risk of Lessee. All property of Lessee which is stored by the District pursuant hereto may be redeemed by Lessee within thirty (30) days after the District notifies Lessee in writing that the District has taken possession thereof upon payment to the District in full of all obligations then due from Lessee to the District hereunder and of all costs incurred by the District in providing such storage. If Lessee fails to redeem such property within the above-referenced thirty (30) day period as set forth herein, the District may sell such property pursuant to the requirements applicable to public school districts for disposing of surplus personal property, and shall apply the proceeds of such sale actually collected first against the costs of storage and sale and then against any other obligation due from Lessee hereunder.

B. The District may terminate or otherwise effect a forfeiture of this Agreement by express written notice to Lessee of its election to do so. Such termination or forfeiture shall not relieve Lessee of any obligation hereunder which has accrued prior to the date

of such termination. In the event of such termination or forfeiture, the District shall be entitled to recover from Lessee, in addition to any obligation which has accrued prior to the date of termination or forfeiture, (i) the worth at the time of award of any unpaid rent which has been earned at the time of such termination, plus (ii) the worth at the time of award (computed by allowing interest at the rate specified herein) of the amount by which the unpaid rent and additional rent which would have been earned after termination or forfeiture until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided.

C. In accordance with California Civil Code Section 1951.2 or other statute of similar effect, and whether or not the District elects to terminate or effect a forfeiture of this Agreement as set forth herein, the District may recover, at its option from Lessee in an appropriate case, in addition to any obligation which has accrued prior to the time of award, the worth at the time of award (computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco, California, plus one hundred (100) basis points) of the amount by which the unpaid rent and additional rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided.

D. The District may recover from Lessee, and Lessee shall pay to the District upon demand, any other reasonable amount necessary to compensate the District for the detriment proximately caused by Lessee's failure to perform its obligations hereunder or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, such expenses as the District may incur in recovering possession of the Property, placing the same in good order and condition, and altering and repairing the same for reletting, as well as all other expenses, commissions and charges incurred by the District in exercising any remedy provided herein or as a result of any default by Lessee hereunder.

E. The District may exercise any other remedy or right now or hereafter available to a landlord against a defaulting tenant under the laws or judicial decisions of the State of California and not otherwise specifically reserved herein.

F. In no event shall the District be obligated to refund any rental or other amounts paid by Lessee prior to the termination of this Agreement due to a default on the part of Lessee hereunder, and Lessee shall have no right to any such refund.

9.3 District's Right to Cure Lessee's Breach. The District may, but is not obligated to, cure any of Lessee's failures to perform any covenant or provision of this Agreement at Lessee's expense, including, without limitation, by purchasing any required insurance, paying and fully satisfying any liens against the Property, and/or taking any action to repair or maintain the Property. If the District, by reason of such failure by Lessee, pays any amount or does any act in accordance with this Section, the amount paid by the District plus the reasonable expense of performing such act shall be due within thirty (30) days after Lessee receives written demand therefor from the District. No such payment or act shall constitute a cure or waiver of the breach or a waiver of any remedy for default or render the District liable for any loss or damage resulting from any such act.

9.4 Interest on Unpaid Amounts. Any amounts not paid when due shall bear interest from the date due until paid at the rate of ten percent (10%) per annum. Payment of such interest shall not excuse or cure any default by Lessee under this Agreement.

9.5 Nonwaiver. No waiver of any provision of this Agreement shall be implied by any failure of the District to enforce any remedy on account of the violation of such provision, even if such violation shall continue or be repeated subsequently, any waiver by the District of any provision of this Agreement may only be in writing, and no express waiver shall affect any provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated.

9.6 Generally. Lessee hereby waives any right of redemption or relief from forfeiture under California Code of Civil Procedure section 1174 or 1179, or under any other present or future law, in the event Lessee is evicted or the District takes possession of the Property by reason of any default by Lessee hereunder. The various rights and remedies reserved to the District herein, including those not specifically described herein, shall be cumulative, and except as otherwise provided by California statutory law in force and effect at the time of execution hereof, the District may pursue any or all of such rights and remedies, whether at the same time or otherwise. No act or thing done by the District or its agents during the term of this Agreement, including any agreement to accept the surrender of the Property or to amend or modify this Agreement, shall be binding on the District, unless in writing and signed by a person authorized to bind the District. The delivery of keys to the District, or the District's agents, employees or officers, shall not operate as a termination of this Agreement or a surrender of the Property. No payment by Lessee or receipt by the District of a lesser amount than the full rental and all other amounts owing under this Agreement, as herein stipulated, shall be deemed to be other than on account of the earliest due rental or other amounts due hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent or any other amount owing hereunder be deemed an accord and satisfaction. The District may accept any such check or payment without prejudice to the District's right to recover the balance owed or to pursue any other remedy available to the District.

9.7 Default by District. If District fails to perform any term, covenant, or condition of this Agreement, or otherwise breaches this Agreement, and such failure or breach continues for more than thirty (30) days after written notice is received by District from Lessee (or if the breach or default is of such character as to reasonably require more than thirty (30) days to cure, and District fails, within thirty (30) days after it receives written notice of such breach or default from the Lessee, to commence the cure of such default or thereafter fails to pursue with reasonable diligence the curing of such default to completion), then Lessee may, at its option and without any further demand or notice, exercise any of its rights or remedies set forth in law or equity.

10. Damage or Destruction. In the event the Property is destroyed or rendered wholly untenantable by fire, storm, earthquake, or other casualty not caused by the negligence of Lessee, this Agreement shall terminate from such time except for the purpose of enforcing rights that may have then accrued hereunder. The Rent provided for herein shall then be accounted for by and between District and Lessee up to the time of such injury or destruction of the Property, Lessee paying Rent up to such date and District refunding Rent collected beyond such date. Should a portion of the Property thereby be rendered untenantable, the Lessee shall have the option of either repairing such injured or damaged portion or terminating this Agreement. There shall be no Rent abatement or reduction during the repair of the Property. Lessee shall have no claim against District for any damages suffered by reason of any such damage, destruction, repair or restoration.

11. Condemnation.

11.1 The term “Condemnation” means the taking or appropriation of property or any interest therein, in exercise of the power or right of eminent domain or such taking for public or quasi-public use. Said term shall also be deemed to include, to the extent not otherwise defined in this Section, a temporary taking of the Property or any part thereof for a period of one (1) year or more, and the taking of the leasehold interest hereby created.

11.2 If the entire Property or such portion thereof as shall make it unfeasible, in Lessee’s sole and absolute judgment, to continue to operate the remaining portion of the Property for the purposes herein stated, shall be taken by Condemnation, Lessee shall have the right and option to terminate this Agreement as of the date when Lessee is required to vacate the Property (or portion thereof) by order of competent authority, by delivering to the District written notice of such termination no later than the date which is sixty (60) days after Lessee first learns of the Condemnation. If this Agreement is terminated as provided in this Section, all charges due from Lessee to the District hereunder shall be paid up to the date of such termination, and the District shall refund to Lessee any sums paid by Lessee in advance and not yet earned and thereafter neither Party shall have any further obligation to the other hereunder, except as otherwise specifically provided in this Agreement. If this Agreement is not terminated within the time period and as provided above, then this Agreement shall continue in full force and effect without abatement or reduction of any rental or other amounts due and payable by Lessee hereunder.

11.3 All of any award(s) received for any taking by Condemnation (collectively, “Award”), whether received for the appropriation of the Property or other improvements, shall be paid to the District, and Lessee shall have no right or interest therein.

11.4 In the case of a Condemnation in which this Agreement is not terminated, this Agreement shall remain in full force and effect and any Award received for such Condemnation shall be paid to the District, and Lessee shall have no right or interest therein.

12. Compliance with Laws. Lessee shall, in the maintenance, operation, use, and occupancy of the Property, promptly comply, and cause all persons claiming by, through or under Lessee promptly to comply, with all laws, ordinances, certificates of occupancy, orders, rules, regulations, and requirements of all federal, state, municipal and other governmental bodies and appropriate departments, commissions, boards and officers thereof. Subject to written approval from District, Lessee shall be responsible, at its sole cost and expense, to make all alterations to the Property (and improvements thereon) as required to comply with any governmental rules, regulations, requirements, or standards, including, without limitation, any laws, building codes, regulations, and judicial or administrative decisions regarding access to and use of the Property (and improvements located thereon) by the disabled or renewable energy sources or sustainability.

12.1 Tenant and Landlord each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder’s fee in connection with said transaction and Lessee hereby indemnifies and holds the District harmless from and against any costs, expenses, attorneys’ fees or liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party. Lessee agrees that Lessor shall not be responsible for any future broker fees related to this transaction, as it may relate to Lessee’s renewal of the Agreement, if any.

13. Unused Site Fee. The Unused Site Program requires school districts be subject to a fee (“Unused Site Fee”) for sites that are not used for school purposes within certain time periods (Education Code section 17219 *et seq.*). The Unused Site Fee is assessed on an annual basis. Lessee shall pay all Unused Site Fees assessed for the Property each year, upon demand. If Lessee has failed to pay the Unused Site Fee in a timely manner, then as further provided by Section 9.3, the District may elect to do so (but shall not be obligated to do so) and, in such event, Lessee shall reimburse such amount to the District, together with interest thereon as provided in this Agreement, within the time period provided by said Section 9.3. Alternatively, Lessee may determine a viable method to exempt the Property from the Unused Site Fees and, upon receiving District approval, do all things necessary to qualify for such exemption.

14. Notices. All notices, statements, demands, requests, or consents under this Agreement made or given by either Party to the other shall be personally delivered or sent by United States certified mail, return receipt requested, postage prepaid, and shall be deemed received upon delivery if personally served or if the notice is given by mail, three (3) business days after placement in the US Mail. Unless notice of a different address has been given in accordance with this Section, all such notices shall be addressed as follows:

If to the District: Nevada City School District
800 Hoover Lane
Nevada City, California
Attention: Superintendent

If to Lessee: Forest Charter School
470 Searls Avenue
Nevada City, California
Attention: Peter Sagebiel, Principal

15. Estoppel Certificates. The District and Lessee shall, respectively, at any time and from time to time within fifteen (15) days after written request by the other, deliver to the requesting Party, a prospective purchaser or mortgagee of the Property, an executed and acknowledged statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there has been any modification(s) thereof, that the same is in full force and effect as modified, and stating the nature of the modification or modifications); (b) that to its knowledge there exists no default under the Agreement (or if any such default exists, describing the specific nature and extent thereof); (c) the date to which rent and any other amounts due hereunder have been paid in advance, if any; and (d) such other matters or statements as the requesting Party may reasonably request.

16. Hazardous Materials. For the purposes of this Agreement, the following terms shall have the following meanings:

A. “Hazardous Materials” shall mean and include, but not be limited to, any liquid, substance, material, waste, gas or particulate matter which is now or may become regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any liquid, material, substance, waste, gas or particulate matter which is: (i) defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” “restricted hazardous waste” or “pollutant” under any provision of

California law, rule or regulation; (ii) a petroleum product; (iii) asbestos; (iv) urea formaldehyde foam insulation; (v) polychlorinated biphenyls; (vi) radioactive material; (vii) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251 et seq. (33 U.S.C. § 1321); (viii) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (ix) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., (x) defined as “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (xi) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (xii) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), or (xiii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20.

B. “Environmental Laws” shall mean all codes and statutes specifically described in the foregoing Section and all other federal, state and local environmental, health or safety statutes, ordinances, codes, rules, regulations, orders, decrees, standards, policies and guidelines in effect now or in the future pertaining to Hazardous Materials.

C. Lessee covenants that it shall not use, treat, store or dispose of, and shall not permit anyone else to use, treat, store or dispose of, whether temporarily or permanently, any Hazardous Materials at, on or beneath the Property in violation of any applicable Environmental Laws. In the event Lessee breaches the covenant contained in this Section 16.C., Lessee shall, at its sole cost and expense, comply with all federal, state and local laws and requirements relating to the remediation of the situation.

D. Lessee shall defend, indemnify and hold District harmless from and against any and all claims, liabilities, losses, damages, costs and expenses, arising from or relating directly or indirectly to the production, storage, release, discharge, presence, or existence (and/or required remediation) of any and all Hazardous Materials (from any cause whatsoever) in, on, under or about the Property from and after the Effective Date until the expiration or earlier termination of this Agreement, except to the extent that such Hazardous Materials are placed on or released from the Property by District or District’s employees, agents or contractors.

E. The terms and provisions of this Section 16 shall survive the expiration or earlier termination of this Agreement.

17. General Provisions.

17.1 Entire Agreement and Modification. This Agreement contains the entire agreement between the Parties, and supersedes all prior agreements (whether oral or written) of the Parties. No provision of this Agreement may be amended or varied except by an agreement in writing signed by both Parties.

17.2 Consent of District. Neither the District’s execution of this Agreement nor any consent or approval given by the District hereunder in its capacity as a Party to this Agreement

shall waive, abridge, impair or otherwise affect the District's powers and duties as a governmental body. Any requirements under this Agreement that Lessee obtains consents or approvals of the District are in addition to and not in lieu of any requirements of law that Lessee obtains approvals or permits.

17.3 Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the parties shall each be responsible for their own attorneys' fees and costs.

17.4 Holding Over. If Lessee holds over after the expiration of the Term for any cause, with or without the express or implied consent of District, such holding over shall be deemed to be a tenancy from month-to-month only, and shall not constitute a renewal or extension of the Term. During any such holdover period, the Rent in effect at the end of the Term shall be increased to one hundred twenty five percent (125%) of such previously effective amounts. Such holdover shall otherwise be subject to the same terms, conditions, restrictions and provisions as herein contained. Such holding over shall include any time employed by Lessee to remove machines, appliances and other equipment during the time periods herein provided for such removal. Nothing contained herein shall be construed as consent by District to any holding over by Lessee, and District expressly reserves the right to require Lessee to surrender possession of the Property to Lessor as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 17.4 shall not be deemed to limit or constitute a waiver of any other rights or remedies of District provided at law or in equity. If Lessee fails to surrender the Property upon the termination or expiration of this Lease, in addition to any other liabilities to District accruing therefrom, Lessee shall protect, defend, indemnify and hold District harmless from all losses, costs (including reasonable attorneys' fees), damages, claims and liabilities resulting from such failure, including, without limitation, any claims made by any succeeding tenant arising from such failure to surrender, and any lost profits to District resulting therefrom, provided that District notifies Lessee that Lessee's failure to timely surrender the Property will cause District to incur such lost profits.

17.5 Signage and Murals. Lessee shall not have the right to place, construct or maintain any sign, advertisement, awning, banner, mural or other external decorations on the improvements that are a part of the subject property without the prior written consent of the District's Superintendent, which shall not be unreasonably withheld, conditioned, or delayed. As Lessee is already in possession of the Property, any signs, awnings, banners, murals, or other exterior decorations that were in place on the Effective Date may remain without further approval from the District.

17.6 District Liability. If at any time the District shall fail to perform or pay any covenant or obligation on its part to be performed or paid under this Agreement, and as a consequence thereof Lessee shall recover a money judgment against the District, such judgment shall be enforced against and satisfied only out of the District's interest in the Property.

17.7 Invalidity. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall to any extent be invalid and unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

17.8 Time of Essence. Time is of the essence of this Agreement.

17.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

17.10 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between the District and Lessee, it being expressly understood and agreed that neither the payment of rent nor any act of the parties hereto shall be deemed to create any relationship between the District and Lessee other than the relationship of landlord and tenant.

17.11 Successors and Assigns. Subject to the limitations on Lessee's right to assign, sublet, hypothecate, mortgage, or otherwise transfer or dispose of its interest in this Agreement or the Property, the provisions of this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the District and Lessee. Upon the sale, transfer or other disposition of the Property and assignment of its interest in this Agreement by the District, the District shall have no further obligations or liabilities under this Agreement thereafter.

17.12 Authority. The District and Lessee each represents to the other that it has full power and authority to execute and perform this Agreement.

17.13 Access by the District. The District or its authorized representatives may, from time to time upon reasonable advance notice to Lessee and at any reasonable hour, enter upon and inspect the Property to ascertain compliance with this Agreement, but without obligation to do so or liability therefor. The District or its authorized representatives may also access the Property from time to time without notice to Lessee in order to cure a Lessee default under this Agreement in accordance with its rights hereunder. Prior to accessing the Property, the District or any of its agents, employees, contractors, or representatives will comply with all background check requirements in Lessee's approved charter petition.

17.14 Accessibility Inspection Disclosure. Pursuant to California Civil Code section 1938, District provides the following disclosure:

As of the date of execution of this Agreement, the Property (Check one):

- “ has undergone inspection by a Certified Access Specialist and has been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code section 55.53.
- “ has undergone inspection by a Certified Access Specialist and has been determined not to meet all applicable construction-related accessibility standards pursuant to California Civil Code section 55.53.
- “ has not undergone inspection by a Certified Access Specialist.

17.15 No District Affiliation/Endorsement. Lessee shall not imply, indicate or otherwise suggest that the Lessee's use and/or any related activities are connected or affiliated with, or are endorsed, favored or supported by, or are opposed by the District. No signage, flyers or other material may reference the District, any school name, logo or mascot.

17.16 No Construction against Drafting Party. The rule of construction that ambiguities are resolved against the drafting party shall not apply to this Agreement, and each Party hereto represents and warrants that it has been advised by legal counsel in connection with the drafting and negotiation of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

NEVADA CITY SCHOOL DISTRICT

By: _____
(Authorized Representative Signature)

(Printed or Typed Name)

(Title)

FOREST CHARTER SCHOOL

By: _____
(Authorized Representative Signature)

Peter Sagebiel

(Printed or Typed Name)

Executive Director

(Title)

EXHIBIT “A”

Legal Description of Property
(ATTACHED)

EXHIBIT “B”

Rental Payment Schedule

<u>Year</u>	<u>Rental Amount Per Month</u>
<u>1</u>	<u>\$14,375.00</u>
<u>2</u>	<u>\$14,583.33</u>
<u>3</u>	<u>\$14,791.67</u>
<u>4</u>	<u>\$15,000.00</u>
<u>5</u>	<u>\$15,208.33</u>
<u>6</u>	<u>\$15,416.67</u>
<u>7</u>	<u>\$15,625.00</u>
<u>8</u>	<u>\$15,833.33</u>
<u>9</u>	<u>\$16,041.67</u>
<u>10</u>	<u>\$16,250.00</u>

**DRAFT FOREST CHARTER SCHOOL
Annual Administrative Salary Schedule
2020-2021**

Range		
Step	A	B
1	\$ 105,865.34	\$ 86,068.96
2	\$ 109,705.09	\$ 88,730.50
3	\$ 113,683.16	\$ 91,476.51
4	\$ 117,806.92	\$ 94,305.92
5	\$ 122,079.53	\$ 97,221.91
6	\$ 126,507.35	\$ 100,140.00
7	\$ 131,095.64	\$ 103,057.03
8	\$ 135,850.74	\$ 105,974.07
9	\$ 140,777.93	\$ 108,891.11
10	\$ 145,882.47	\$ 111,808.15

Job Classification	
Credentialed	
A	Executive Director (204 Days)
B	Assistant Director/Academic Dean (199 Days)

Recommend salary schedule be reviewed every 2 -3 years for market comparison and budget sustainability

Health Benefit eligible at .75 FTE with the following Annual Caps:

Employee	\$4,562
Employee + Child	\$7,637
Employee + Spouse	\$8,212
Employee + Family	\$10,543

Anything above the Cap is an employee out-of-pocket expense

Dental & Vision are voluntary and are not covered under the Cap

Board Approvals/Revisions

2006/2007 - Board Approved 5/16/06

2007/08 - Board revised: 3% COLA

2008/09 - Board revised: Benefit cap increase to \$6500

2009/10 - No COLA or Step increase

2010/11 - No COLA or Step increase

2011/12 - No COLA or Step increase

2012/13 - Board revised: 3% increase

2013/14 - Board revised: two step increase/ Benefit cap increase to \$7000/Dental & Vision under cap/life ins. Avail to all emp

2014/15 - Board approved moving Business Director to Adm Salary Schedule, classification "B"; Revised Adm salary schedule to reflect 15 steps. Steps 11 - 15 = 3% of Step 10; Revised adm salary schedule to reflect 10 steps total,

removing steps 1-5. 3/18/14

2014/15 - Board approved two step increase/Benefit Cap increase to \$7500. 3/18/14

2015/16 - Board approved COLA increase of 1.02% May 26, 2015

2015/16 - Board approved 16/17 salary schedule. No COLA or Health Cap increase; March 15, 2016

2016/17 - Board approved 5% annual increase effective 7/1/16;

2016/17 - Board approved increase/restructure in Range A effective 7/1/17

2017/18 - Board approved corrections to Health Benefit cap. 1/16/18

2017/18 - Board approved 2.5% annual increase. 4/17/18

2019/20 - Board approved 3% annual increase. 10/15/19. Effective 7/1/19

Charter Council App 4/21/2020
Effective: July 1, 2020

FOREST CHARTER SCHOOL
Annual Administrative Salary Schedule
2021-2022

Range		
Step	A	B
1	\$ 109,041.30	\$ 88,651.03
2	\$ 112,996.24	\$ 91,392.42
3	\$ 117,093.65	\$ 94,220.81
4	\$ 121,341.13	\$ 97,135.10
5	\$ 125,741.92	\$ 100,138.57
6	\$ 130,302.57	\$ 103,144.20
7	\$ 135,028.51	\$ 106,148.74
8	\$ 139,926.26	\$ 109,153.29
9	\$ 145,001.27	\$ 112,157.84
10	\$ 150,258.94	\$ 115,162.39

Job Classification	
Credentialed	
A	Executive Director (204 Days)
B	Assistant Director/Academic Dean (199 Days)

Recommend salary schedule be reviewed every 2 -3 years for market comparison and budget sustainability

Health Benefit eligible at .75 FTE with the following Annual Caps:

Employee	\$4,800
Employee + Child	\$8,040
Employee + Spouse	\$8,760
Employee + Family	\$11,280

Anything above the Cap is an employee out-of-pocket expense

Dental & Vision are voluntary and are not covered under the Cap

Board Approvals/Revisions

2006/2007 - Board Approved 5/16/06

2007/08 - Board revised: 3% COLA

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2016/17 - Board approved increase/restructure in Range A effective 7/1/17

2017/18 - Board approved corrections to Health Benefit cap. 1/16/18

2017/18 - Board approved 2.5% annual increase. 4/17/18

2019/20 - Board approved 3% annual increase. 10/15/19. Effective 7/1/19

2021/22 - Proposed 3% increase to be effective 7/1/2021

Charter Council Approved:

Effective:

Forest Charter School
Classified Aide Salary Schedule - Hourly
2020-2021

Classified Support Staff

Range/Step	1	2	3	4	5	6	7	8	9	10
A	15.83	16.62	17.45	18.32	19.24	20.21	21.22	22.29	23.39	24.57

Job Classifications

A Health and Safety Aide

Board Approvals/Revisions

Approved: 8/28/14

Approved: 5/26/15

Approved: 4/19/16

Approved: 8/23/16

Approved: 9/20/16

Approved: 8/22/17

Approved: 4/17/18 2.5% annual increase

Approved: 10/15/19 3% annual increase

Approved: 21-Apr-20

Effective 1-Jul-20

Forest Charter School
Classified Aide Salary Schedule - Hourly
2021-2022

Classified Support Staff

Range/Step	1	2	3	4	5	6	7	8	9	10
A	16.30	17.12	17.97	18.87	19.82	20.82	21.86	22.96	24.09	25.31

Job Classifications

A Health and Safety Aide

Board Approvals/Revisions

Approved: 8/28/14

Approved: 5/26/15

Approved: 4/19/16

Approved: 8/23/16

Approved: 9/20/16

Approved: 8/22/17

Approved: 4/17/18 2.5% annual increase

Approved: 10/15/19 3% annual increase

Proposed: 3% increase

Approved:

Effective

FOREST CHARTER SCHOOL**CLASSIFIED BLOCK CLASS INSTRUCTOR SALARY SCHEDULE****2020-2021****HOURLY**

Hours per week include class prep-time and meetings

Range						Step 1	Step 2	Step 3	Step 4	Step 5
A	Specialist Instructor	Ret-Base AT 1.0 FTE				\$35,006.82	\$37,198.66	\$39,390.50	\$41,597.99	\$43,774.18
	Pathways: Elective 7-12 class 3.5HRS/WK	Hourly Rate				\$ 23.03	\$ 24.47	\$ 25.91	\$ 27.37	\$ 28.80
	Actual FTE of Employee is 0.07598									

B	Specialist Instructor	Ret-Base AT 1.0 FTE				\$29,883.20	\$31,935.20	\$33,972.00	\$36,008.80	\$38,045.60
	Pathways: Enrichment K-8 class 2.0HRS/WK	Hourly Rate				\$ 19.66	\$ 21.01	\$ 22.35	\$ 23.69	\$ 25.03
	Actual FTE of Employee is 0.04078									

1FTE = 190 Workdays at 8 hours per day

Benefits

1. Sick Leave = 24 hours (does not roll over year to year)
2. No Holiday pay
3. Instructor to be paid on end-of month with equal pay over 10 months
4. Auto deposit available

Schoolwide Benefit Eligibility

.75 FTE or greater are eligible for health benefits pro-rated based on date of hire or eligibility

Initial placement on salary schedule is at the discretion of the School Director.

Steps do not reflect number of years at FCS.

2017-18 Board approved 2.5% annual increase. 4/17/18

2019-20 Board approved 3% annual increase 10/15/19

Charter Council Approved: **21-Apr-20**Effective: **July 1, 2020**

FOREST CHARTER SCHOOL**CLASSIFIED BLOCK CLASS INSTRUCTOR SALARY SCHEDULE****2021-2022****HOURLY**

Hours per week include class prep-time and meetings

Range						Step 1	Step 2	Step 3	Step 4	Step 5
A	Specialist Instructor	Ret-Base AT 1.0 FTE				\$36,055.77	\$38,310.23	\$40,564.70	\$42,850.47	\$45,089.28
	Pathways: Elective 7-12 class 3.5HRS/WK	Hourly Rate				\$ 23.72	\$ 25.20	\$ 26.69	\$ 28.19	\$ 29.66
	Actual FTE of Employee is 0.07598									

B	Specialist Instructor	Ret-Base AT 1.0 FTE				\$30,779.70	\$32,893.26	\$34,991.16	\$37,089.06	\$39,186.97
	Pathways: Enrichment K-8 class 2.0HRS/WK	Hourly Rate				\$ 20.25	\$ 21.64	\$ 23.02	\$ 24.40	\$ 25.78
	Actual FTE of Employee is 0.04078									

1FTE = 190 Workdays at 8 hours per day

Benefits

1. Sick Leave = 24 hours (does not roll over year to year)
2. No Holiday pay
3. Instructor to be paid on end-of month with equal pay over 10 months
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Initial placement on salary schedule is at the discretion of the School Director.

Steps do not reflect number of years at FCS.

2017-18 Board approved 2.5% annual increase. 4/17/18

2019-20 Board approved 3% annual increase 10/15/19

21/22 PROPOSED 3% increase

Charter Council Approved:**Effective:**

**Classified Hourly Salary Schedule
2020-2021**

Classified Support Staff

Range/Step	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	50.89	52.47	54.10	55.77	57.49	59.21	60.93	62.66	64.39	66.11					
A1	28.91	30.35	31.87	33.47	35.14	36.89	38.74	40.69	42.72	44.86					
B	22.37	23.54	24.78	26.09	27.46	28.91	30.35	31.87	33.47	35.14	36.89	38.74	40.69	42.72	44.86
C	21.60	22.75	23.87	25.08	26.33	27.64	29.03	30.48	32.00	33.60	35.28	37.04	38.90	40.85	42.89
D	19.95	20.99	22.11	22.40	24.49	25.79	27.14	28.49	29.91	31.42	32.99	34.63	36.37	38.19	40.09
E	18.31	19.26	20.30	21.30	22.37	23.48	24.65	25.89	27.19	28.55	29.98	31.48	33.05	34.70	36.44
F	18.10	19.06	20.00	20.99	22.06	23.17	24.32	25.53	26.80	28.16	29.57	31.05	32.60	34.23	35.95
G	15.80	16.63	17.50	18.42	19.38	20.42	21.43	22.50	23.64	25.25	26.51	27.84	29.23	30.69	32.22

Recommend salary schedule be reviewed every 2 -3 years for market comparison and budget sustainability

- next review March 2021

Job Classifications

210 Workdays + 10 Holidays + 10 Vacations = 230 paid days

A	Business Director *
A1	Technology Coordinator*
B	Attendance/Payroll Specialist; Attendance/Payroll Assistant; Administrative Business Assistant; Business Assistant/Student Records/Facility Coord; Business Director Assistant
C	Maintenance
D	Resource Facilitator
E	Administrative Assistant; Enrollment Coordinator/Front Desk
F	Unassigned
G	IT Help Desk Assistant

***exempt position**

Comments

- 1 FTE is defined as 230 paid days @ 7.5 hours per day
- Employees are benefit eligible at .75 FTE
- Full time employees earn 12 sick days per year
- Full time employees receive 10 paid holidays per year
- Full time employees receive 10 paid vacation days per year to be paid in July
See Employee Handbook for more detail.
- Initial placement is at the Executive Director's discretion
- Salary steps reflect one full year of employment at FCS.

Health Benefit Cap

Employee	\$4,562
Employee + Child	\$7,637
Employee + Spouse	\$8,212
Employee + Family	\$10,543

Board Approvals/Revisions

2006/2007 - Board Approved 5/16/06
2007/08 - Board revised: 5% COLA
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2009/10 - No COLA or Step increase
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2014/15 - Board approved the addition of 5 steps totalling 15 steps/COLA increase of .85%; Benefit cap increase to \$7500; 3/18/14.
2014/15 - Board approved 10 vacation days to be paid in July only; 5/27/14
2015/16 - Board approved COLA increase of 1.02%; May 26, 2015
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2016/2017 - Board approved 5% raise effective July 1, 2016
2017/18 - Board approved corrections to Health Benefit cap. 1/16/18
2017/2018 - Board approved 2.5% COLA increase; Revised Job Classifications. 4/17/18
2018/2019 - Removed job classification "H"; added "A1" as exempt position
2019-20 - Board approved 3% annual increase. 10-15-19
2020-2021 - Board approved 2% annual increase 4/21/2020

Charter Council Approved: **21-Apr-20**
Effective: July 1, 2020

**Classified Hourly Salary Schedule
2021-2022**

Classified Support Staff

Range/Step	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	52.42	54.04	55.72	57.44	59.21	60.99	62.76	64.54	66.32	68.09					
A1	29.78	31.26	32.83	34.47	36.19	38.00	39.90	41.91	44.00	46.21					
B	23.04	24.25	25.52	26.87	28.28	29.78	31.26	32.83	34.48	36.20	38.00	39.91	41.91	44.00	46.20
C	22.25	23.43	24.59	25.83	27.12	28.47	29.90	31.39	32.96	34.61	36.34	38.15	40.07	42.07	44.18
D	20.55	21.62	22.77	23.07	25.23	26.56	27.95	29.34	30.81	32.36	33.98	35.67	37.46	39.33	41.30
E	18.86	19.84	20.91	21.94	23.04	24.19	25.39	26.67	28.00	29.41	30.88	32.42	34.04	35.74	37.53
F	18.64	19.63	20.60	21.62	22.72	23.86	25.05	26.29	27.60	29.01	30.46	31.98	33.58	35.26	37.02
G	16.27	17.13	18.03	18.97	19.96	21.03	22.07	23.17	24.34	26.00	27.31	28.67	30.11	31.61	33.19

Recommend salary schedule be reviewed every 2 -3 years for market comparison and budget sustainability

Job Classifications

	210 Workdays + 10 Holidays + 10 Vacations = 230 paid days
A	Business Director *
A1	Technology Coordinator*
B	Attendance/Payroll Specialist; Attendance/Payroll Assistant; Administrative Business Assistant; Business Assistant/Student Records/Facility Coord; Business Director Assistant
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See Employee Handbook for more detail.
- Initial placement is at the Executive Director's discretion
- Salary steps reflect one full year of employment at FCS.

Health Benefit Cap

Employee	\$4,800
Employee + Child	\$8,040
Employee + Spouse	\$8,760
Employee + Family	\$11,280

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 2019-20 - Board approved 3% annual increase. 10-15-19
 2020-2021 - Board approved 2% annual increase 4/21/2020
 2021-2022 PROPOSED 3% increase

Charter Council Approved:
 Effective: July 1, 2021

**FOREST CHARTER SCHOOL
CREDENTIALLED BLOCK CLASS INSTRUCTOR SALARY SCHEDULE
ANNUAL**

2020-2021

Hours per week include class prep-time and meetings

Range						Step 1	Step 2	Step 3	Step 4	Step 5
A	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 38,310.23	\$ 41,488.40	\$ 44,682.22	\$ 47,869.39	\$ 51,054.22
	Pathways: Core 7-12 class 4.0HRS/WK									
	Actual FTE of Employee is 0.08684				Per Pay Period (19)	\$175.10	\$189.62	\$204.22	\$218.79	\$233.34
B	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 35,006.82	\$ 37,198.66	\$ 39,390.50	\$ 41,597.99	\$ 43,774.18
	Pathways: Elective 7-12 class 3.5HRS/WK									
	Actual FTE of Employee is 0.07598				Per Pay Period (19)	\$139.99	\$148.76	\$157.52	\$166.35	\$175.05
C	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 29,887.30	\$ 31,938.24	\$ 33,973.52	\$ 36,008.80	\$ 38,044.08
	Pathways: Enrichment K-8 class 2.0HRS/WK									
	Actual FTE of Employee is 0.04078				Per Pay Period (19)	\$64.15	\$68.55	\$72.92	\$77.29	\$81.65

1FTE = 190 Workdays at 8 hours per day

Benefits

1. Sick Leave = 24 hours (does not roll over year to year)
2. No Holiday pay
3. Instructor to be paid on end-of month with equal pay over 10 months
4. Auto deposit available

Schoolwide Benefit Eligibility

.75 FTE or greater are eligible for health benefits pro-rated based on date of hire or eligibility

Initial placement on salary schedule is at the discretion of the School Director.

Steps do not reflect number of years at FCS.

2017 - 18 Board approved 2.5% annual increase. 4 /17/18

2019-20 Board approved 3% annual increase 10-15-19

Charter Council Approved: 21-Apr-20
Effective: July 1, 2020

**FOREST CHARTER SCHOOL
CREDENTIALLED BLOCK CLASS INSTRUCTOR SALARY SCHEDULE
ANNUAL**

2021-2022

Hours per week include class prep-time and meetings

Range						Step 1	Step 2	Step 3	Step 4	Step 5
A	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 39,453.12	\$ 42,740.88	\$ 46,028.64	\$ 49,300.74	\$ 52,588.50
	Pathways: Core 7-12 class 4.0HRS/WK									
	Actual FTE of Employee is 0.08684				Hourly Rate	\$25.96	\$28.12	\$30.28	\$32.43	\$34.60
B	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 36,055.77	\$ 38,310.23	\$ 40,564.70	\$ 42,850.47	\$ 45,089.28
	Pathways: Elective 7-12 class 3.5HRS/WK									
	Actual FTE of Employee is 0.07598				Hourly Rate	\$23.72	\$25.20	\$26.69	\$28.19	\$29.66
C	Specialist Instructor	Ret-Base AT 1.0 FTE				\$ 30,779.70	\$ 32,893.26	\$ 34,991.16	\$ 37,089.06	\$ 39,186.97
	Pathways: Enrichment K-8 class 2.0HRS/WK									
	Actual FTE of Employee is 0.04078				Hourly Rate	\$20.25	\$21.64	\$23.02	\$24.40	\$25.78

1FTE = 190 Workdays at 8 hours per day

Benefits

1. Sick Leave = 24 hours (does not roll over year to year)
 2. No Holiday pay
- Schoolwide Benefit Eligibility
.75 FTE or greater are eligible for health benefits pro-rated based on date of hire or eligibility
Initial placement on salary schedule is at the discretion of the School Director.
Steps do not reflect number of years at FCS.

2017 - 18 Board approved 2.5% annual increase. 4 /17/18
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**Charter Council Approved:
Effective: July 1, 2021**

**DRAFT Forest Charter School Certificated Salary Schedule - Annual
2020-2021**

Supervising Teacher (ST)		Supervising Teacher/K-8 Co-op		Supervising Teacher/H.S. Co-op	
Step 1	\$ 46,172.21	Step 1	\$ 46,172.21	Step 1	\$ 46,172.21
Step 2	\$ 48,604.79	Step 2	\$ 48,604.79	Step 2	\$ 48,604.79
Step 3	\$ 51,038.60	Step 3	\$ 51,038.60	Step 3	\$ 51,038.60
Step 4	\$ 53,472.38	Step 4	\$ 53,472.38	Step 4	\$ 53,472.38
Step 5	\$ 56,544.28	Step 5	\$ 56,544.28	Step 5	\$ 56,544.28
Step 6	\$ 58,805.91	Step 6	\$ 58,805.91	Step 6	\$ 58,805.91
Step 7	\$ 60,864.12	Step 7	\$ 60,864.12	Step 7	\$ 60,864.12
Step 8	\$ 62,997.08	Step 8	\$ 62,997.08	Step 8	\$ 62,997.08
Step 9	\$ 65,199.15	Step 9	\$ 65,199.15	Step 9	\$ 65,199.15
Step 10	\$ 67,481.13	Step 10	\$ 67,481.13	Step 10	\$ 67,481.13
Step 11	\$ 70,079.02	Step 11	\$ 70,079.02	Step 11	\$ 70,079.02
Step 12	\$ 72,683.67	Step 12	\$ 72,683.67	Step 12	\$ 72,683.67
Step 13	\$ 75,321.93	Step 13	\$ 75,321.93	Step 13	\$ 75,321.93
Step 14	\$ 77,960.20	Step 14	\$ 77,960.20	Step 14	\$ 77,960.20
Step 15	\$ 80,598.45	Step 15	\$ 80,598.45	Step 15	\$ 80,598.45
Step 16	\$ 80,598.45	Step 16	\$ 80,598.45	Step 16	\$ 80,598.45
Step 17	\$ 80,598.45	Step 17	\$ 80,598.45	Step 17	\$ 80,598.45
Step 18	\$ 81,654.20	Step 18	\$ 81,654.20	Step 18	\$ 81,654.20
Step 19	\$ 81,654.20	Step 19	\$ 81,654.20	Step 19	\$ 81,654.20
Step 20	\$ 82,709.95	Step 20	\$ 82,709.95	Step 20	\$ 82,709.95
**23-27 Students = 1.0 FTE		**18-22 Students = 1.0 FTE		**15-19 Students = 1.0 FTE	
18 Students = Benefits		14 Students = Benefits		12 Students = Benefits	

Additions To Salary Steps

Master's Stipend \$1,000

Recommend salary schedule be reviewed every 2-3 years for market comparison and budget sustainability

- next review March 2021-2022

Comments

1. Full-time ST's are contracted for 190 days (175 students days + Contract Days)
2. ST's are paid on a "per student" or "annual" employment agreement. See Employee Handbook for more details.
3. Full-time annual salary is identified above. FCS does not guarantee an ST will reach, or remain at, full time status if placed on a "per student" employment agreement. Fewer than a 1.0 FTE will effect STRS credit and salary.
4. Full-time ST's earn 10 sick leave days per school year; this is pro-rated for part-time
5. Part-time salaries shall be pro-rated based on FTE
6. ST's do not receive vacation or holiday pay
7. Salary steps reflect one full school year with FCS
8. Initial salary placement is at Executive Director's discretion
9. ST's are Health Benefit eligible at .75 FTE with the following Annual Caps:

Employee	\$4,562
Employee + Child	\$7,637
Employee + Spouse	\$8,212
Employee + Family	\$10,543
7. Anything above the Cap is an employee out-of-pocket expense
8. Dental & Vision are voluntary and are not covered under the Cap

Board Approvals/Revisions

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Charter Council Approved: 4/21/2020

Effective: July 1, 2020

**Forest Charter School Certificated Salary Schedule - Annual
2021-2022**

Supervising Teacher (ST)		Supervising Teacher/K-8 Co-op		Supervising Teacher/H.S. Co-op	
Step 1	\$ 47,557.38	Step 1	\$ 47,557.38	Step 1	\$ 47,557.38
Step 2	\$ 50,062.93	Step 2	\$ 50,062.93	Step 2	\$ 50,062.93
Step 3	\$ 52,569.76	Step 3	\$ 52,569.76	Step 3	\$ 52,569.76
Step 4	\$ 55,076.55	Step 4	\$ 55,076.55	Step 4	\$ 55,076.55
Step 5	\$ 58,240.61	Step 5	\$ 58,240.61	Step 5	\$ 58,240.61
Step 6	\$ 60,570.09	Step 6	\$ 60,570.09	Step 6	\$ 60,570.09
Step 7	\$ 62,690.04	Step 7	\$ 62,690.04	Step 7	\$ 62,690.04
Step 8	\$ 64,886.99	Step 8	\$ 64,886.99	Step 8	\$ 64,886.99
Step 9	\$ 67,155.12	Step 9	\$ 67,155.12	Step 9	\$ 67,155.12
Step 10	\$ 69,505.56	Step 10	\$ 69,505.56	Step 10	\$ 69,505.56
Step 11	\$ 72,181.39	Step 11	\$ 72,181.39	Step 11	\$ 72,181.39
Step 12	\$ 74,864.18	Step 12	\$ 74,864.18	Step 12	\$ 74,864.18
Step 13	\$ 77,581.59	Step 13	\$ 77,581.59	Step 13	\$ 77,581.59
Step 14	\$ 80,299.01	Step 14	\$ 80,299.01	Step 14	\$ 80,299.01
Step 15	\$ 83,016.40	Step 15	\$ 83,016.40	Step 15	\$ 83,016.40
Step 16	\$ 83,016.40	Step 16	\$ 83,016.40	Step 16	\$ 83,016.40
Step 17	\$ 83,016.40	Step 17	\$ 83,016.40	Step 17	\$ 83,016.40
Step 18	\$ 84,103.83	Step 18	\$ 84,103.83	Step 18	\$ 84,103.83
Step 19	\$ 84,103.83	Step 19	\$ 84,103.83	Step 19	\$ 84,103.83
Step 20	\$ 85,191.25	Step 20	\$ 85,191.25	Step 20	\$ 85,191.25
**23-27 Students = 1.0 FTE		**18-22 Students = 1.0 FTE		**15-19 Students = 1.0 FTE	
18 Students = Benefits		14 Students = Benefits		12 Students = Benefits	

Additions To Salary Steps

Master's Stipend \$1,000

Recommend salary schedule be reviewed every 2-3 years for market comparison and budget sustainability

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2019-20 - Board approved 3% annual increase 10-15-19
2021-2022 Proposed 3% annual increase

Charter Council Approved:
Effective: July 1, 2021

Forest Charter School
Mental Health Counselor Salary Schedule Hourly
2021-2022

Classified

Range/Step	1	2	3	4	5	6	7	8	9	10
A	\$ 46.12	\$ 48.43	\$ 50.85	\$ 53.40	\$ 56.06	\$ 58.85	\$ 61.81	\$ 64.90	\$ 68.14	\$ 71.54

Job Classifications

A Mental Health Counselor (Hourly)

Board Approvals/Revisions

2019-20 - Board approved 3% annual increase. 10-15-19

2021-22 Proposed 3% increase

Approved:

Effective:

Forest Charter School
Stipend Salary Schedule
2021-2022

Credentialed Positions

A – G Course Development*	\$500 - \$1000
Block Class Teacher Training	\$50 - \$100
Labs	\$250 - \$750
County Academic Tournament Coordinator	\$500 - \$1000
Curriculum Development*	\$1200
Department Head Stipend	\$1000
ELPAC	\$50 - \$1000
K-8 Block Class Coordinator	\$3500 - \$4000
Mentor for 1 ST	\$1000
Mentor for 2 ST's	\$1500
Mentor for 2 nd Year ST	\$500
Mentor for Block Class Instructor	\$250 per semester
Special Projects* (assigned by Director)	\$500 – \$5000
SST Coordinator	\$500 - \$2000
Distance Learning K-8 Enrichment	
Block Class Course Creation	\$500 per semester

Classified Positions

Special Projects* (assigned by Director)	\$500 – \$3500
Distance Learning K-8 Enrichment	
Block Class Course Creation	\$500 per semester

* Requires stipend expectations and deadlines

Charter Council Approved:
Effective: July 1, 2021

Forest Charter School
Substitute Salary Schedule - Hourly
2021-2022

Credentialed Positions

1 – 3 hours	\$35.00/hour
4 hours + (full day)	\$140.00
Long –Term Subs (daily rate)	\$175 per day after 11 th consecutive day

Classified Positions

Hourly	\$30.00
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Charter Council Approved:
Effective: July 1, 2021

Forest Charter School
Supplemental Salary Schedule - Hourly
2021-2022

Credentialed Positions

Credentialed Small Group Teacher	\$15 - \$50	As Per Contract
Credentialed Music Teacher	\$15 - \$50	As Per Contract
Credentialed Tutor	\$15 - \$60	As Per Contract

Classified Positions

Classified Small Group Instructor	\$15 - \$45	As Per Contract
Classified Music Instructor	\$15 - \$45	As Per Contract
Classified Tutor	\$15 - \$50	As Per Contract
Supervised Activities	\$15 - \$25	As Per Contract
Charter Council Secretary	\$20	As Per Contract
Office Support	\$15 - \$25 ~~0~~	As Per Contract
Custodian	\$15 - \$50	As Per Contract
Tech Support	\$15 - \$65	As Per Contract

Charter Council Approved:
Effective: July 1, 2021



Section: 300
Policy: 003
FCS Council Approved: November 13, 2018
Updated: April 20, 2021

Instructional Budget Policy

Rationale

- Forest Charter School is committed to supporting and encouraging a number of diverse activities and learning experiences
- The school administration holds the responsibility for managing public funds

Based on the above considerations, Forest Charter School has adopted the following policy:

Policy

1. At least 50% of the instructional budget is allocated for core academics. If a student wishes to exceed the policy requirements, the request must go to the budget review committee for approval. The budget review committee holds the authority for all decisions. The committee will consider some or all of the following factors:
 - Academic standing including but not limited to State Testing results, local assessments/benchmarks, and report cards
 - Proof of adequate core curriculum and supporting materials
 - ST recommendations
 - Other considerations/ factors as appropriate
2. Forest Charter School may freeze or redirect instructional budgets at any time for reasons including but not necessarily limited to academics in need of support, not turning in required paperwork, missing assignments, not attending meetings, or not returning materials
3. Items purchased with public dollars (i.e. instructional funds) are the property of Forest Charter School and must be returned when requested or when leaving FCS. Items identified as consumable by Forest Charter do not need to be returned.
4. Public funds cannot be used to purchase materials with religious content.
5. Instructional Budget amounts may change at any time due to state budgets and other fiscal considerations

Deleted: <#>Developmental ages¶

Deleted: <#>Block class electives¶

Deleted: due to:¶
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Deleted: completing

Deleted: Decisions will be made based on individual student needs as well as the good of the whole school in the context of the school, the district and the county. ¶

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Forest Charter School

A Personalized Learning Program

Accredited by the Western Association of Schools and Colleges

The following computers and equipment are no longer needed or not in working order and can be surplused for a price of: **\$20 suggested donation**

All Chromebook HP 14 G4

All Chromebook HP 14 G3 – See filemaker report for barcode numbers and details

Nick Szwarc

Technology Director
Forest Charter School
530-265-4823

20045900	Student Computers	HP 14 G3 Chromebook (2016)
20045905	Student Computers	HP 14 G3 Chromebook (2016)
20046052	Student Computers	HP 14 G3 Chromebook (2016)
20046086	Student Computers	HP Chromebook 14 G3 (2016)
20046087	Student Computers	HP Chromebook 14 G3 (2016)
20046088	Student Computers	HP Chromebook 14 G3 (2016)
20046089	Student Computers	HP Chromebook 14 G3 (2016)
20046090	Student Computers	HP Chromebook 14 G3 (2016)
20046091	Student Computers	HP Chromebook 14 G3 (2016)
20046092	Student Computers	HP Chromebook 14 G3 (2016)
20046094	Student Computers	HP Chromebook 14 G3 (2016)
20046095	Student Computers	HP Chromebook 14 G3 (2016)
20046098	Student Computers	HP 14 Chromebook G3 (2016)
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20046100	Student Computers	HP 14 Chromebook G3 (2016)
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20046155	Student Computers	HP 14 Chromebook G3 (2016)

20046156	Student Computers	HP 14 Chromebook G3 (2016) DISABLED by Jenna 1-18-17
20046157	Student Computers	HP 14 Chromebook G3 (2016)
20046158	Student Computers	HP 14 Chromebook G3 (2016)
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20046506	Student Computers	HP 14 G3 Chromebook (2016)
20046507	Student Computers	HP 14 G3 Chromebook (2016)
20046508	Student Computers	HP 14 G3 Chromebook (2016)
20046509	Student Computers	HP 14 G3 Chromebook (2016)-DISABLED by Jenna Dec 2016
20046510	Student Computers	HP 14 G3 Chromebook (2016)
20046511	Student Computers	HP 14 G3 Chromebook (2016)

20046512	Student Computers	HP 14 G3 Chromebook (2016)
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20046524	Student Computers	HP 14 G3 Chromebook (2016)
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20046570	Student Computers	HP 14 G3 Chromebook (2016)
20046571	Student Computers	HP 14 G3 Chromebook (2016)
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20046573	Student Computers	HP 14 G3 Chromebook (2016)
20046574	Student Computers	HP 14 G3 Chromebook (2016)
20046575	Student Computers	HP 14 G3 Chromebook (2016)
20046576	Student Computers	HP 14 G3 Chromebook (2016)
20046577	Student Computers	HP 14 G3 Chromebook (2016) Disabled June 16,2017
20046578	Student Computers	HP 14 G3 Chromebook (2016)
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20046580	Student Computers	HP 14 G3 Chromebook (2016)
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20046604	Student Computers	HP 14 G3 Chromebook (2016)
20047659	Student Computers	HP Chromebook 14 G3 (2017)
20050139	Student Computers	HP Chromebook 14 G3 (2016)
20051782	Student Computers	HP Chromebook 14 G3 (2016)
20054568	Student Computers	HP Chromebook 14 G3
20055272	Student Computers	HP 14 G3 Chromebook (2016)
20055273	Student Computers	HP 14 G3 Chromebook (2016)

20055274	Student Computers	HP 14 G3 Chromebook (2016)
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20055283	Student Computers	HP 14 G3 Chromebook (2016)

Asset ID	Category	Item
20046805	Student Computers	HP 14 G4 Chromebook (2016)
20046806	Student Computers	HP 14 G4 Chromebook (2016)
20046808	Student Computers	HP 14 G4 Chromebook (2016)
20046809	Student Computers	HP 14 G4 Chromebook (2016)
20046811	Student Computers	HP 14 G4 Chromebook (2016)
20046812	Student Computers	HP 14 G4 Chromebook (2016)
20046814	Student Computers	HP 14 G4 Chromebook (2016)
20046815	Student Computers	HP 14 G4 Chromebook (2016)
20046816	Student Computers	HP 14 G4 Chromebook (2016)
20046817	Student Computers	HP 14 G4 Chromebook (2016)
20046818	Student Computers	HP 14 G4 Chromebook (2016)
20046819	Student Computers	HP 14 G4 Chromebook (2016)
20046820	Student Computers	HP 14 G4 Chromebook (2016)
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20046822	Student Computers	HP 14 G4 Chromebook (2016)
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20046828	Student Computers	HP 14 G4 Chromebook (2016)
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20046832	Student Computers	HP 14 G4 Chromebook (2016)
20046833	Student Computers	HP 14 G4 Chromebook (2016)
20048027	Student Computers	HP 11 G4 Chromebook (2017)
20048157	Student Computers	HP 14 G4 Chromebook (2017)
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20050123	Student Computers	HP Chromebook 14 G4 (2017)
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20050125	Student Computers	HP Chromebook 14 G4 (2017)
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20051021	Student Computers	HP Chromebook 14 G4 (2018)
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20051023	Student Computers	HP Chromebook 14 G4 (2018)
20053356	Student Computers	HP Chromebook 11 G4 11.6 inch
20053358	Student Computers	HP Chromebook 11 G4 11.6 inch

20053359	Student Computers	HP Chromebook 11 G4 11.6 inch
20053360	Student Computers	HP Chromebook 11 G4 11.6 inch
20053361	Student Computers	HP Chromebook 11 G4 11.6 inch
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20053373	Student Computers	HP Chromebook 11 G4 11.6 inch