

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

JUNE 30, 2023

---

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Financial Statements	22
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) and Actual - County School Service Fund	52
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) and Actual - Special Education Pass-Through Fund	53

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

JUNE 30, 2023

---

TABLE OF CONTENTS

	<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)</u>	
Schedules of the County Office's Proportionate Share of the Net Pension Liability	54
Schedules of the County Office's Contributions	55
Notes to Required Supplementary Information	56
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Organization/Board of Education/Administration	58
Schedule of Average Daily Attendance	59
Schedule of Charter Schools	60
Schedule of Expenditures of Federal Awards	61
Reconciliation of Unaudited Actuals Financial Report with Audited Financial Statements	63
Schedule of Financial Trends and Analysis	64
Combining Statements - Non-Major Governmental Funds:	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	66
Notes to Supplementary Information	67
<u>OTHER INDEPENDENT AUDITOR'S REPORT SECTION</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	71

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

JUNE 30, 2023

---

TABLE OF CONTENTS

	<u>Page</u>
<u>OTHER INDEPENDENT AUDITOR'S REPORT SECTION (CONCLUDED)</u>	
Independent Auditor's Report on State Compliance	74
<u>AUDIT FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Audit Findings and Questioned Costs	79
Section I - Summary of Auditor's Results	79
Section II - Financial Statement Findings	80
Section III - Federal Award Findings and Questioned Costs	81
Section IV - State Award Findings and Questioned Costs	81
Summary Schedule of Prior Year Audit Findings	84

FINANCIAL SECTION



Certified Public Accountant

200 Gateway Drive, #370  
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

## INDEPENDENT AUDITOR'S REPORT

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

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

#### *Opinions*

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

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

#### *Basis for Opinions*

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Nevada County Superintendent of Schools and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, I*:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison information on pages 52 and 53, and accounting by employer for pensions on pages 54 and 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nevada County Superintendent of Schools' basic financial statements. The schedule of expenditures of federal awards, 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 other supplementary information listed in the table of contents, as required by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in *Title 5, California Code of Regulations Section 19810* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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



Board of Education  
Nevada County Superintendent of Schools  
Page Four

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 13, 2023 on my consideration of the Nevada County Superintendent of Schools' internal control over financial reporting and on 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 the Nevada County Superintendent of Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevada County Superintendent of Schools' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Michelle M. Hanson". The signature is written in a cursive style with a large, stylized initial "M".

MICHELLE M. HANSON  
Certified Public Accountant

December 13, 2023

# NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

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, 2023. The intent of this discussion and analysis is to look at the County Office's financial performance as a whole. To provide a complete understanding of the County Office's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements, and the County Office's financial statements.

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

### **FINANCIAL HIGHLIGHTS**

- County School Service Fund revenues and other sources exceeded expenditures and other outgo by \$1.4 million, ending the year with available reserves of \$8.8 million. This surplus is due primarily to additional Local Control Funding Formula operations revenue allocated to county offices of education beginning with the 2022-2023 fiscal year that has not yet been obligated.
- In complying with GASB 34, fixed assets are valued at historical cost. The total of the County Office's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$7.5 million. After depreciation, the June 30, 2023 book value for fixed assets totaled \$4.6 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 \$4.5 million in 2022-2023 and is reported in the Statement of Net Position. During 2022-2023 it was determined the County Offices' proportionate share of the PERS unfunded pension liability had been overstated since 2021-2022. This was the year the charter schools (Bitney Prep High, Forest Charter, Twin Ridges Home Study Charter, and Yuba River Charter School) were accounted for as individual local education agencies and not as part of the County Offices' financial statements. The charter schools' contributions were still being included by PERS and there was not an adjustment to correct this.

### **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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

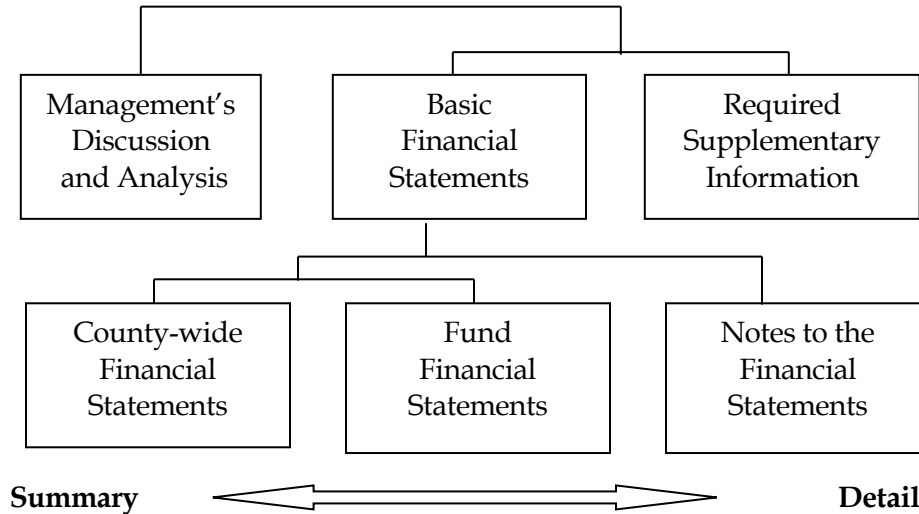
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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. The government-wide financial statements do not include Fiduciary Fund activity because the resources of the Fiduciary Fund are not available to support the County Office's own programs.

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 and Special Education Pass-Through Fund are included. The fund financial statements also include reporting on Fiduciary Funds. These financial statements report resources held for the benefit of parties outside of the County Office. 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Reporting the County Office as a Whole (Concluded)**

*Statement of Net Position and the Statement of Activities (Concluded)*

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 2022-2023?"

These two statements report on 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 the 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.

**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 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)**

**Reporting the County Office's Most Significant Funds (Concluded)**

*Fund Financial Statements (Concluded)*

◆ Fiduciary Funds

The County Office is the trustee, or fiduciary, for the Charter School Passthrough Fund. The fiduciary activities are reported in separate Statements of Fiduciary Net position. This fund is used to account resources held for the benefit of specific charter schools outside of the County Office that cannot be used to support the County Office's own programs.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

*The County Office as a Whole*

The County Office's net position was \$4.8 million at June 30, 2023. Of this amount a deficit \$66 thousand was unrestricted. Net investment in capital assets account for \$3.9 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	
	2023	(Restated) 2022
<b>ASSETS</b>		
Cash	\$ 7,092,642	\$ 11,802,845
Receivables	12,941,540	7,967,091
Prepaid expenditures	42,823	43,545
Other current assets	189	189
Capital assets, net	4,574,135	4,127,466
Total assets	24,651,329	23,941,136
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	7,555,285	5,747,211
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	7,502,381	8,725,752
Unearned revenue	502,220	387,790
Long-term liabilities	16,457,232	11,990,160
Total liabilities	24,461,833	21,103,702
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,946,428	6,437,046
<b>NET POSITION</b>		
Net investment in capital assets	3,877,671	3,351,738
Restricted	986,801	2,758,905
Unrestricted (deficit)	(66,119)	(3,963,044)
Total net position	\$ 4,798,353	\$ 2,147,599

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

*The County Office as a Whole (Continued)*

The County Office's net position increased \$2.7 million this fiscal year (See Table 2.) The County Office's expenses for instruction related services and pupil support services represented 43 percent of total governmental expenses. The general administrative activities supporting Nevada County School District, Charter School, and County Office operations accounted for 12 percent of total costs. Expenses for pass-through payments of Federal and State revenues to school districts and charter schools were 38 percent. The remaining 7 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	
	2023	2022
<b>Revenues</b>		
Program revenues	\$ 27,083,677	\$ 22,862,351
General revenues		
Taxes levied for general purposes	2,248,665	2,054,100
Federal and State Aid not restricted to specific purposes	4,541,422	2,769,050
Interest and investment earnings	563,373	(323,298)
Interagency revenues	642,961	542,058
Miscellaneous	1,800,687	919,391
Total revenues	<u>36,880,785</u>	<u>28,823,652</u>
<b>Expenses</b>		
Instruction	7,751,810	6,401,373
Instruction related services	2,627,071	1,860,685
Pupil support services	3,884,431	3,295,903
General administration	4,049,264	3,451,435
Plant services	781,765	664,152
Ancillary services	256,025	202,368
Community services	1,387,187	1,144,253
Debt Service	15,528	17,210
Other Outgo	13,318,913	10,719,940
Depreciation	158,037	183,127
Total expenses	<u>34,230,031</u>	<u>27,940,446</u>
Change in net position	<u>\$ 2,650,754</u>	<u>\$ 883,206</u>

**Governmental Activities**

As reported in the Statement of Activities, the cost of all of the County Office governmental activities this year was \$34.2 million. The amount that our local taxpayers financed for these activities through property taxes was \$2.2 million. Federal and State aid not restricted to specific purposes totaled \$4.5 million. State and Federal Categorical revenue totaled over \$18.6 million and covered 53 percent of the expenses of the entire County Office. (See Figure 1)

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

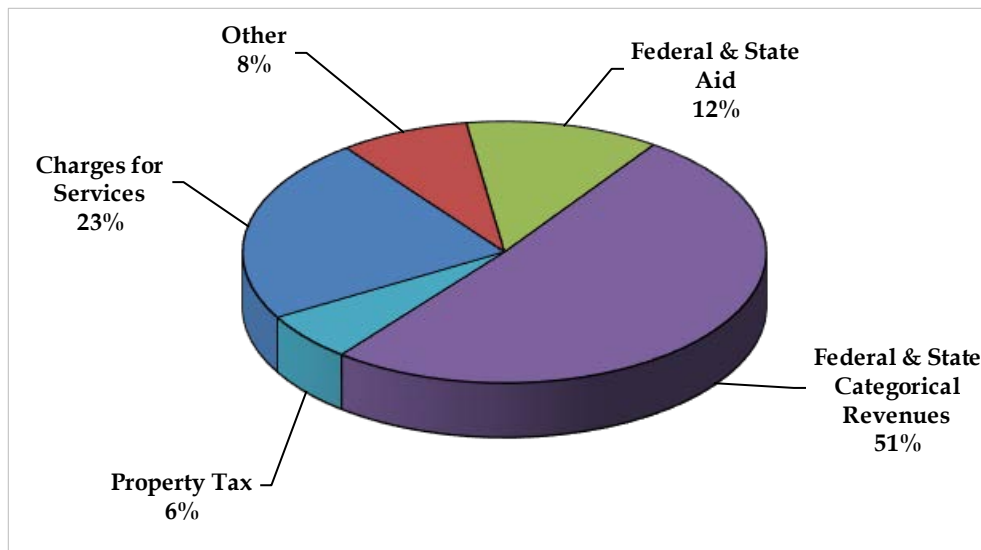
---

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)**

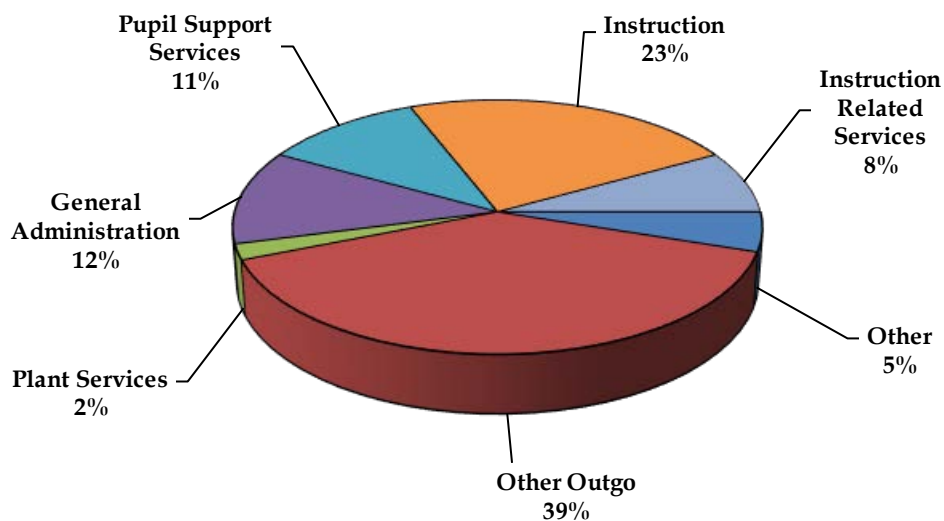
*The County Office as a Whole (Concluded)*

**Governmental Activities (Concluded)**

**Sources of Revenue for the 2022-2023 Fiscal Year  
Figure 1**



**Expenses for the Fiscal Year 2022-2023  
Figure 2**



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

**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 \$12.1 million, an increase of \$1.4 million from the previous fiscal year's combined ending balance of \$10.7 million. The County School Service Fund increased \$1.4 million.

**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 \$509 thousand.

The County Office ended the year with available reserves of \$8.8 million in the County School Service Fund, of which \$853 thousand is categorized by the County Office as a reserve for economic uncertainties and \$7.9 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 41.1 percent.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of the 2022-2023 fiscal year, the County Office had invested \$7.5 million in capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. The major changes in 2022-2023 involved the property exchange between the County Office and Nevada Joint Union High School District and subsequent improvements to the newly acquired "McCourtney property." Depreciation expense recognized by the County Office was \$158 thousand in 2022-2023. The capital assets net of accumulated depreciation was \$4.6 million at June 30, 2023.



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)**

**Capital Assets (Concluded)**

**Comparative Schedule of Capital Assets  
(net of depreciation)**

**June 30, 2023 and 2022**

**Table 3**

	2023	2022	Difference Increase (Decrease)
Land	\$ 565,998	\$ 660,998	\$ (95,000)
Site Improvements	14,407	16,401	(1,994)
Buildings	3,902,941	3,407,747	495,194
Machinery and Equipment	56,884	42,320	14,564
Work in Process	33,905		33,905
Totals	<u>\$ 4,574,135</u>	<u>\$ 4,127,466</u>	<u>\$ 446,669</u>

**Long-Term Debt**

At June 30, 2023, the County Office had \$16.5 million in long-term debt outstanding.

**Comparative Schedule of Outstanding Debt**

**June 30, 2023 and 2022**

**Table 4**

	2023	(Restated) 2022
Financed Purchases	\$ 696,464	\$ 775,728
Net Pension Liability	15,531,577	11,029,762
Compensated Absences	229,191	184,670
Totals	<u>\$ 16,457,232</u>	<u>\$ 11,990,160</u>

Amounts due to employees for vacation earned, but not yet used, represents the amount shown above in "compensated absences." The financed purchases are for the financing of the County Office Crown Point Circle location. The net pension liability is the County Office's share of the STRS and PERS unfunded liabilities. All obligations are expected to be paid by the County School Service Fund.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

**FACTORS BEARING ON THE COUNTY OFFICE'S FUTURE**

These are unique times as the state moves forward after the pandemic. Revenue continues to be unusually high resulting in generous funding for schools. While we are grateful for this increase in revenue, we proceed with caution as we step into a potential period of economic uncertainty knowing that the economy cannot sustain this level of growth for long.

The following assumptions were considered when preparing our projections for 2023-2024:

- Cost of living adjustment to Local Control Funding Formula (LCFF) revenue of 8.22%
- Increase in PERS contribution rates from 25.37% to 26.68% of payroll. STRS rate remained the same at 19.10% of payroll.
- Cost of living salary increase of 5% to NCSOS non-union employees
- Tiered health cap increases to coincide with rising healthcare premium costs

**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 Associate Superintendent of Operational Services, Nevada County Superintendent of Schools, (530) 478-6400, ext. 2019.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash (Note 2)	\$ 7,092,642
Accounts Receivable (Note 3)	12,941,540
Prepaid Expenses (Note 1H)	42,823
Other Current Assets	189
Capital Assets (Note 5)	
Nondepreciable Capital Assets	599,903
Depreciable Capital Assets, Net	<u>3,974,232</u>
Total Assets	<u>24,651,329</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Outflows on Pensions (Note 8)	<u>7,555,285</u>
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	7,502,381
Unearned Revenue (Note 1H)	502,220
Long-term Liabilities (Note 6)	
Due Within One Year	310,105
Due After One Year	<u>16,147,127</u>
Total Liabilities	<u>24,461,833</u>
<b>DEFERRED INFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Inflows on Pensions (Note 8)	<u>2,946,428</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,877,671
Restricted For:	
Education Programs	986,801
Unrestricted (Deficit)	<u>(66,119)</u>
Total Net Position	<u><u>\$ 4,798,353</u></u>

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, 2023

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
<u>Governmental Activities</u>				Governmental Activities
Instruction	\$ 7,751,810	\$ 2,245,609	\$ 5,040,737	\$ (465,464)
Instruction-Related Services:				
Supervision of Instruction	1,914,181	351,015	1,045,603	(517,563)
Instructional Library, Media and Technology	61,143		(110)	(61,253)
School Site Administration	651,747	140,025	374,785	(136,937)
Pupil Services:				
Home-To-School Transportation	591,570	219,609	304,383	(67,578)
Food Services	130,426	8,654	101,814	(19,958)
All Other Pupil Services	3,162,435	954,354	1,738,623	(469,458)
General Administration:				
Data Processing	908,309		8,279	(900,030)
All Other General Administration	3,140,955	331,448	714,044	(2,095,463)
Plant Services	781,765	98,993	262,710	(420,062)
Ancillary Services	256,025	59,726	132,437	(63,862)
Community Services	1,387,187	385,638	787,552	(213,997)
Interest on Long-Term Debt	15,528			(15,528)
Other Outgo	13,318,913	3,723,628	8,054,121	(1,541,164)
Depreciation (unallocated)	158,037			(158,037)
<b>Total Governmental Activities</b>	<b>\$ 34,230,031</b>	<b>\$ 8,518,699</b>	<b>\$ 18,564,978</b>	<b>(7,146,354)</b>

General Revenues:

Property Taxes Levied For:	
General Purposes	2,248,665
Federal and State Aid Not Restricted to Specific Purposes	4,541,422
Interest and Investment Earnings	563,373
Interagency Revenues	642,961
Miscellaneous	1,800,687
<b>Total General Revenues</b>	<b>9,797,108</b>
Change in Net Position	2,650,754
Net Position Beginning (Restated, Note 11)	2,147,599
<b>Net Position Ending</b>	<b>\$ 4,798,353</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	County School Service Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash (Note 2)	\$ 5,268,390	\$ 1,665,028	\$ 159,224	\$ 7,092,642
Accounts Receivable (Note 3)	9,262,767	3,069,777	608,996	12,941,540
Due From Other Funds (Note 4)	101,792		17,511	119,303
Prepaid Expenditures (Note 1H)	42,823			42,823
Other Assets	189			189
<b>Total Assets</b>	<b>\$ 14,675,961</b>	<b>\$ 4,734,805</b>	<b>\$ 785,731</b>	<b>\$ 20,196,497</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 2,738,575	\$ 4,622,761	\$ 141,045	\$ 7,502,381
Unearned Revenue (Note 1H)	452,178		50,042	502,220
Due to Other Funds (Note 4)	17,511		101,792	119,303
<b>Total Liabilities</b>	<b>3,208,264</b>	<b>4,622,761</b>	<b>292,879</b>	<b>8,123,904</b>
Fund Balances (Note 1H):				
Nonspendable	47,823			47,823
Restricted	986,801	112,044	492,852	1,591,697
Assigned	1,639,833			1,639,833
Unassigned	8,793,240			8,793,240
<b>Total Fund Balances</b>	<b>11,467,697</b>	<b>112,044</b>	<b>492,852</b>	<b>12,072,593</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,675,961</b>	<b>\$ 4,734,805</b>	<b>\$ 785,731</b>	<b>\$ 20,196,497</b>

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, 2023

Total fund balance - governmental funds \$ 12,072,593

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	\$	7,502,210	
Accumulated depreciation		(2,928,075)	
Net			4,574,135

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

Financed purchases	\$	696,464	
Net pension liability		15,531,577	
Compensated absences		229,191	
Total		(16,457,232)	

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

Deferred outflows of resources relating to pensions	\$	7,555,285	
Deferred inflows of resources relating to pensions		(2,946,428)	
Net			4,608,857

Total net position - governmental activities \$ 4,798,353

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, 2023

	County School Service Fund	Special Education Pass-Through Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Control Funding Formula Sources				
State Apportionments	\$ 4,509,536			\$ 4,509,536
Local Sources	1,349,572	\$ 899,093		2,248,665
<b>Total Local Control Funding Formula Sources</b>	<b>5,859,108</b>	<b>899,093</b>	<b>\$ 0</b>	<b>6,758,201</b>
Federal Revenue	2,244,233	2,429,897	460,285	5,134,415
Other State Revenue	3,135,965	7,988,814	1,330,553	12,455,332
Other Local Revenue	11,543,864	157,698	860,192	12,561,754
<b>Total Revenues</b>	<b>22,783,170</b>	<b>11,475,502</b>	<b>2,651,030</b>	<b>36,909,702</b>
<b>EXPENDITURES</b>				
Certificated Salaries	4,032,692		632,530	4,665,222
Classified Salaries	6,507,863		472,712	6,980,575
Employee Benefits	4,250,533		470,564	4,721,097
Books and Supplies	591,333		84,625	675,958
Services and Other				
Operating Expenditures	4,440,988		454,381	4,895,369
Capital Outlay	55,227			55,227
Debt Service:				
Principal Retirement	79,264			79,264
Interest and Fiscal Charges	15,528			15,528
Other Outgo	1,404,189	11,758,052	286,756	13,448,997
<b>Total Expenditures</b>	<b>21,377,617</b>	<b>11,758,052</b>	<b>2,401,568</b>	<b>35,537,237</b>
Excess of Revenues Over (Under) Expenditures	1,405,553	(282,550)	249,462	1,372,465
Fund Balances - July 01, 2022	10,062,144	394,594	243,390	10,700,128
Fund Balances - June 30, 2023	<u>\$ 11,467,697</u>	<u>\$ 112,044</u>	<u>\$ 492,852</u>	<u>\$ 12,072,593</u>

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, 2023

Net change in fund balances - total governmental funds \$ 1,372,465

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	\$ 64,290	
	Depreciation expense	<u>(158,037)</u>	
	Net		(93,747)

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: 796,877

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: 79,264

Donated capital assets: In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated net of the fair market value of assets exchanged was: 540,416

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: (44,521)

Total change in net position - governmental activities \$ 2,650,754

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023

---

	<u>Custodial Fund</u> <u>Charter Pass-</u> <u>Through Fund</u>
<b>ASSETS</b>	
Cash (Note 2)	\$ 1,353,838
Total Assets	<u>1,353,838</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>1,353,838</u>
Total Liabilities	<u>1,353,838</u>
<b>TOTAL NET POSITION</b>	<u>\$ 0</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Custodial Fund
	Charter Pass-Through Fund
<u>Additions</u>	
Other	\$ 24,083,717
Total Additions	24,083,717
<u>Deductions</u>	
Other	24,035,061
Total Deductions	24,035,061
Change in Net Position	48,656
Total Net Position (Deficit) - July 1, 2022	(48,656)
Total Net Position - June 30, 2023	\$ 0

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, 2023

---

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.

B. Basis of Presentation

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.

The government-wide statements are prepared using the economic resources measurement focus, which 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Government-wide Financial Statements (Concluded):

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's funds, including its fiduciary funds. 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. Fiduciary fund reporting focuses on net position and changes in net position.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

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, 2023

---

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.

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, 2023

---

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. The fiduciary fund category is split into four classifications: Pension (and other employee benefit (trust funds), investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County Office reports the following fiduciary fund:

Charter Pass-Through Fund - This fund exists primarily to account separately for amounts received and passed through to subrecipient charter schools and the County Office has no administrative or direct financial involvement. The County Office acts only as a cash conduit.

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 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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.



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Deposits and Investments (Concluded)

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

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Deferred Outflows/Inflows of Resources (Concluded)

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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

6. Pensions (Concluded)

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.

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Net Position (Concluded)

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 that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained by the County Office.

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

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

11. Fund Equity (Concluded)

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, 2023 consisted of the following:

	County School Service Fund	Special Education Pass- Through Fund	Other Governmental Funds	Total
Nonspendable:				
Revolving Fund	\$ 5,000			\$ 5,000
Prepaid Expenditures	42,823			42,823
Total Nonspendable Fund Balance	<u>47,823</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>47,823</u>
Restricted For:				
Legally Restricted Categorical Funding	986,801			986,801
Child Development Program			492,852	492,852
Special Education Pass-through		112,044		112,044
Total Restricted Fund Balance	<u>986,801</u>	<u>112,044</u>	<u>492,852</u>	<u>1,591,697</u>
Assigned For:				
Differentiated Assistance	1,503,034			1,503,034
Deferred Maintenance Projects	136,799			136,799
Total Assigned Fund Balance	<u>1,639,833</u>	<u>0</u>	<u>0</u>	<u>1,639,833</u>
Unassigned:				
Reserve for Economic Uncertainties	853,411			853,411
Other Unassigned	7,939,829			7,939,829
Total Unassigned Fund Balance	<u>8,793,240</u>	<u>0</u>	<u>0</u>	<u>8,793,240</u>
Total Fund Balances	<u>\$ 11,467,697</u>	<u>\$ 112,044</u>	<u>\$ 492,852</u>	<u>\$ 12,072,593</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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 at least 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Concluded)

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

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.

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 No. 100 *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 in June 2022. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning in 2023-2024. The County Office does not expect this statement to have an impact on its financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. This standard's primary objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model and by amending certain previously required disclosures. This statement is effective beginning in 2023-2024. The County Office has not yet determined the impact this statement will have on the financial statements.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - CASH

A. Summary of Cash

The County Office had the following cash at June 30, 2023:

	Fair Value	Carrying Amount	
		Governmental Funds	Fiduciary Funds
Cash in County Treasury	\$ 8,103,257	\$ 7,084,142	\$ 1,353,838
Cash in Revolving Fund	5,000	5,000	
Cash in Commercial Banks	3,500	3,500	
Total Cash	<u>\$ 8,111,757</u>	<u>\$ 7,092,642</u>	<u>\$ 1,353,838</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, 2023, the carrying amount of the County Office's accounts was \$8,500, all of which was insured.

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 \$334,544,456. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$321,273,528. 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 an amortized cost basis.



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - CASH (CONTINUED)

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, 2023 the County had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
County Treasury	<u>\$8,103,257</u>	<u>\$3,260,751</u>	<u>\$3,687,792</u>	<u>\$1,154,714</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.

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

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 - ACCOUNTS RECEIVABLES

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

	County School Service Fund	Special Education Pass- Through Fund	Other Governmental Funds	Total
Federal Government				
Categorical Aid Programs	\$ 710,178	\$ 3,067,701	\$ 136,297	\$ 3,914,176
State Government				
Local Control Funding Formula	427			427
Categorical Aid Programs	869,518	2,076	227,089	1,098,683
Lottery	7,186			7,186
Total State Government	877,131	2,076	227,089	1,106,296
Local Government	7,673,464		245,551	7,919,015
Miscellaneous	1,994		59	2,053
Total Accounts Receivable	<u>\$ 9,262,767</u>	<u>\$ 3,069,777</u>	<u>\$ 608,996</u>	<u>\$ 12,941,540</u>

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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Receivables/Payables (Due From/Due To)

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

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
County School Service Fund	\$ 101,792	\$ 17,511
Non-Major Governmental Funds:		
Child Development Fund	17,511	101,792
Total	<u>\$ 119,303</u>	<u>\$ 119,303</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no interfund transfers for the 2022-2023 fiscal year.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, is shown below:

	(Restated) Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 660,998	\$ 250,000	\$ 345,000	\$ 565,998
Work in progress		33,905		33,905
Total capital assets, not being depreciated	<u>660,998</u>	<u>283,905</u>	<u>345,000</u>	<u>599,903</u>
Capital assets being depreciated:				
Buildings	6,383,432	1,000,000	889,813	6,493,619
Improvements of sites	148,761		42,023	106,738
Equipment	275,017	30,385	3,452	301,950
Total capital assets, being depreciated	<u>6,807,210</u>	<u>1,030,385</u>	<u>935,288</u>	<u>6,902,307</u>
Less accumulated depreciation for:				
Buildings	2,975,685	140,222	525,229	2,590,678
Improvements of sites	132,360	1,994	42,023	92,331
Equipment	232,697	15,821	3,452	245,066
Total accumulated depreciation	<u>3,340,742</u>	<u>158,037</u>	<u>570,704</u>	<u>2,928,075</u>
Total capital assets, being depreciated, net	<u>3,466,468</u>	<u>872,348</u>	<u>364,584</u>	<u>3,974,232</u>
Governmental activities capital assets, net	<u>\$ 4,127,466</u>	<u>\$ 1,156,253</u>	<u>\$ 709,584</u>	<u>\$ 4,574,135</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Unallocated	<u>\$ 158,037</u>
-------------	-------------------

NOTE 6 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2023, is shown below.

	(Restated) Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Financed Purchases	\$ 775,728		\$ 79,264	\$ 696,464	\$ 80,914
Net Pension Liability	11,029,762	\$ 4,501,815		15,531,577	
Compensated Absences	184,670	44,521		229,191	229,191
Totals	<u>\$ 11,990,160</u>	<u>\$ 4,546,336</u>	<u>\$ 79,264</u>	<u>\$ 16,457,232</u>	<u>\$ 310,105</u>

All liabilities are expected to be paid or liquidated in the County School Service Fund.

NOTE 7 - FINANCED PURCHASE

On June 8, 2016, the Nevada County Superintendent of Schools executed the purchase agreement 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 purchase agreement bears an interest rate of 2.07% and is scheduled to mature in June 2031. At June 30, 2023, the principal balance outstanding was \$696,464.

The annual requirements to amortize the financed purchase agreement outstanding as of June 30, 2023 are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 80,914	\$ 14,000	\$ 94,914
2025	82,597	12,317	94,914
2026	84,316	10,598	94,914
2027	86,071	8,843	94,914
2028	87,861	7,053	94,914
2029-2031	274,705	5,725	280,430
Totals	<u>\$ 696,464</u>	<u>\$ 58,536</u>	<u>\$ 755,000</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023, the County Office 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	\$ 3,728,936	\$ 3,059,420	\$ 2,652,763	\$ (55,583)
CalPERS	11,802,641	4,495,865	293,665	1,754,016
Totals	\$ 15,531,577	\$ 7,555,285	\$ 2,946,428	\$ 1,698,433

A. California State Teachers' Retirement System (CalSTRS)

*Plan Description.* The County Office 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/annual-comprehensive-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.

*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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*Contributions (Concluded).* 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, 2023. The County Office 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. Supplemental payments to CalSTRS were provided by the State of California Budget Acts of 2019 and 2020 and reduced the statutorily required employer contribution rates to 16.15% of annual payroll in 2020-2021 and 16.92% of annual payroll in 2021-2022. The employer contribution rate for fiscal year 2022-2023 was 19.10%. The required State contribution rate for fiscal years 2022-2023 and 2021-2022 was 10.828%. The County Office's contributions to CalSTRS for the fiscal years ending June 30, 2023 and 2022 were \$753,083 and \$523,078, respectively, and equal 100% of the required contributions for each year.

Contribution by County Office	\$ 753,083
Contribution by State	<u>299,579</u>
Total Contribution in 2022-2023	<u>\$ 1,052,662</u>

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the County Office reported a liability of \$3,728,936 for its proportionate share of the net pension liability for the STRP. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021. 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 local educational agencies and the State of California, actuarially determined. At June 30, 2022, the County Office's proportion of contributions was 0.0054%, a decrease of 0.00369% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County Office recognized pension expense of (\$55,583) which included the State's required on-behalf contribution of (\$139,671). At June 30, 2023, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 3,059	\$ 279,592
Changes in assumptions	184,928	
Net difference between projected and actual earnings on pension plan investments		182,299
Changes in proportion and differences between County Office contributions and proportionate share of contributions	2,118,350	2,190,872
County Office contributions subsequent to measurement date of June 30, 2022	<u>753,083</u>	
Totals	<u>\$ 3,059,420</u>	<u>\$ 2,652,763</u>

The \$753,083 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, 2024. Other amounts reported as deferred outflows of resources related to pensions and deferred inflows of resources related to pension will be recognized as increases or decreases respectively in pension expense as follows:

	<u>Outflows</u>	<u>Inflows</u>
June 30, 2024	\$ 604,035	\$ 564,806
June 30, 2025	442,036	576,022
June 30, 2026	442,036	647,933
June 30, 2027	442,034	100,932
June 30, 2028	376,196	394,496
June 30, 2029	368,574	368,574
Total	<u>\$ 2,306,337</u>	<u>\$ 2,652,763</u>

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2022. 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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*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, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 2015, through June 30, 2018
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 January 2020. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019), 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 investment staff and investment consultant as inputs to the process. 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	(0.4)%

\* 20-year geometric average



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.10%, unchanged from the prior fiscal year. 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%) 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%, as well as what the net pension liability would be if it were calculated using a discount rate that is one to three percent lower or one to three percent higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability of Employers</u>
3% Decrease (4.10%)	\$ 13,368,863
2% Decrease (5.10%)	\$ 9,499,004
1% Decrease (6.10%)	\$ 6,333,116
Current Discount Rate (7.10%)	\$ 3,728,936
1% Increase (8.10%)	\$ 1,566,683
2% Increase (9.10%)	\$ (244,227)
3% Increase (10.10%)	\$ (1,767,442)

B. California Public Employees Retirement System (CalPERS)

*Plan Description.* The County Office 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 [www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf](http://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf).

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*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 County Office 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, 2023, and 2022 were 25.37% and 22.91%, respectively. The County Office's employer contributions to CalPERS for the fiscal years ending June 30, 2023 and 2022 were \$1,742,227 and \$1,206,392, respectively, and equal 100% of the required contributions for each year. The employer contribution rates for 2020-2021 and 2021-2022 were reduced by 1.98% and 2.16% from the 22.68% and 25.07% previously adopted due to amendments to Government Code Section 2085.2(a).

*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, 2023, the County Office reported a liability of \$11,802,641 for its proportionate share of the net pension liability for the PERF B. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021.

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 local educational agencies and the state, actuarially determined. At June 30, 2022, the County Office's proportion of contributions was 0.0343%, an increase of 0.00033% from its proportion measured as of June 30, 2021.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).* For the year ended June 30, 2023, the County Office recognized pension expense of \$1,754,016. At June 30, 2022, the County Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	\$ 53,341	\$ 293,665
Changes in assumptions	873,092	
Net difference between projected and actual earnings on pension plan investments	1,393,571	
Changes in proportion and differences between County Office contributions and proportionate share of contributions	433,634	
County Office contributions subsequent to measurement date of June 30, 2022	<u>1,742,227</u>	
Totals	<u>\$ 4,495,865</u>	<u>\$ 293,665</u>

The \$1,742,227 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERF B pensions will be recognized as increases or decreases respectively in pension expense as follows:

	<u>Outflows</u>	<u>Inflows</u>
June 30, 2024	\$ 812,283	\$ 102,965
June 30, 2025	693,867	102,965
June 30, 2026	397,738	87,735
June 30, 2027	<u>849,750</u>	
Total	<u>\$ 2,753,638</u>	<u>\$ 293,665</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).* Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is four years as of the June 30, 2022 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, 2022, the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 2000, through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
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, 2.30% thereafter

The PERF B uses a mortality table based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries.

*Discount Rate.* The discount rate used to measure the total pension liability as of June 30, 2022, was 6.90%, which differs from the discount rate used as of June 30, 2021, of 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the Plan as of June 30, 2022, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

*Discount Rate (Concluded).*

<u>Discount Rate</u>	<u>Plan's Net Pension Liability</u>
1% Decrease (5.90%)	\$ 17,049,513
Current Discount Rate (6.90%)	\$ 11,802,641
1% Increase (7.90%)	\$ 7,466,294

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

<u>Asset Class <sup>1</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 <sup>1,2</sup></u>
Global Equity, cap-weighted	30.00%	4.45%
Global Equity, non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

<sup>1</sup> An expected inflation of 2.30% was used for this period.

<sup>2</sup> Figures are based on the 2021-2022 Asset Liability Management study.

*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.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

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, 2023.

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 local educational agencies in Placer and Nevada counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member agencies. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County Office pays premiums commensurate with the levels of coverage requested.

The relationship between the County Office and the JPA is such that this authority is not a component unit of the County Office for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units, and its financial statements are not presented in these financial statements, however fund transaction between the JPA and the County Office are included in these financial statements. The audited financial statements are generally available from the JPA directly.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

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, 2023, the County Office contracted with Schools Insurance Group, JPA (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 2022-2023, 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 agencies is calculated as one experience and a common premium rate is applied to all agencies 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 agencies that can meet the SIG selection criteria.

NOTE 11 - RESTATEMENT OF BEGINNING BALANCES ON THE STATEMENT OF NET POSITION

During fiscal year 2022-2023 the County Office determined too much accumulated depreciation had been removed from the fixed asset schedule in a prior year when the charter schools previously included in the County Office financial statements were removed to their own individual financial statements. Therefore, accumulated depreciation was understated and net position overstated by \$314,404 at June 30, 2022.

The County Office also determined the contributions reported to CalPERS include the contributions attributable to Bitney Prep High, Forest Charter, Twin Ridges Home Study Charter, and Yuba River Charter. This has resulted in the overstatement of the County Office's proportionate share of the unfunded CalPERS pension liability since 2020-2021, the first year the charter schools were no longer included in the County Office's financial statements. Therefore, deferred outflows of resources, net pension liability and deferred inflows of resources were overstated as shown below, a net increase to net position of \$843,210 at June 30, 2022.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RESTATEMENT OF BEGINNING BALANCES ON THE STATEMENT OF NET POSITION (CONCLUDED)

The effect of correcting these errors is shown in the table below:

	<u>Statement of Net Position</u>
Net Position, June 30, 2022 as originally reported	<u>\$ 1,618,793</u>
Error Corrections:	
Understated Accumulated Depreciation	(314,404)
Overstated Deferred Outflows of Resources-Pensions	(1,753,419)
Overstated Net Pension Liability	1,873,297
Overstated Deferred Inflows of Resources-Pensions	<u>723,332</u>
Net Adjustments	<u>528,806</u>
Net Position, June 30, 2022 as restated	<u>\$ 2,147,599</u>

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2023, 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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 4,531,391	\$ 4,602,319	\$ 4,509,536	\$ (92,783)
Local Sources	<u>1,185,765</u>	<u>1,234,779</u>	<u>1,349,572</u>	<u>114,793</u>
Total Local Control Funding Formula Sources	5,717,156	5,837,098	5,859,108	22,010
Federal Revenue	1,595,893	1,794,262	2,244,233	449,971
Other State Revenue	2,856,818	3,094,590	3,135,965	41,375
Other Local Revenue	<u>9,462,235</u>	<u>10,360,476</u>	<u>11,543,864</u>	<u>1,183,388</u>
Total Revenues	<u>19,632,102</u>	<u>21,086,426</u>	<u>22,783,170</u>	<u>1,696,744</u>
<b>EXPENDITURES</b>				
Certificated Salaries	3,371,112	3,851,851	4,032,692	(180,841)
Classified Salaries	5,562,293	6,309,424	6,507,863	(198,439)
Employee Benefits	4,124,195	4,433,611	4,250,533	183,078
Books and Supplies	517,579	589,364	591,333	(1,969)
Services and Other				
Operating Expenditures	3,977,884	4,413,113	4,440,988	(27,875)
Capital Outlay	81,500	183,318	55,227	128,091
Debt Service:				
Principal Retirement	74,516	74,516	79,264	(4,748)
Interest and Fiscal Charges	20,418	20,418	15,528	4,890
Other Outgo	<u>140,697</u>	<u>688,360</u>	<u>1,404,189</u>	<u>(715,829)</u>
Total Expenditures	<u>17,870,194</u>	<u>20,563,975</u>	<u>21,377,617</u>	<u>(813,642)</u>
Excess of Revenues Over Expenditures	1,761,908	522,451	1,405,553	883,102
Other Financing Sources (Uses):				
Operating Transfers Out	<u>0</u>	<u>(13,345)</u>	<u>0</u>	<u>13,345</u>
Excess of Revenues Over Expenditures and Other Uses	1,761,908	509,106	1,405,553	896,447
Fund Balances - July 01, 2022	<u>10,157,035</u>	<u>10,062,144</u>	<u>10,062,144</u>	<u>0</u>
Fund Balances - June 30, 2023	<u>\$ 11,918,943</u>	<u>\$ 10,571,250</u>	<u>\$ 11,467,697</u>	<u>\$ 896,447</u>

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Control Funding				
Formula Sources:				
Local Sources	\$ 0	\$ 842,732	\$ 899,093	\$ 56,361
Federal Revenue	2,389,534	2,389,534	2,429,897	40,363
Other State Revenue	8,454,175	8,535,020	7,988,814	(546,206)
Other Local Revenue	8,000	8,000	157,698	149,698
Total Revenues	<u>10,851,709</u>	<u>11,775,286</u>	<u>11,475,502</u>	<u>(299,784)</u>
<b>EXPENDITURES</b>				
Other Outgo	<u>10,597,779</u>	<u>11,515,279</u>	<u>11,758,052</u>	<u>(242,773)</u>
Excess of Revenues Over (Under) Expenditures	253,930	260,007	(282,550)	(542,557)
Fund Balances - July 01, 2022	<u>230,312</u>	<u>394,594</u>	<u>394,594</u>	<u>0</u>
Fund Balances - June 30, 2023	<u>\$ 484,242</u>	<u>\$ 654,601</u>	<u>\$ 112,044</u>	<u>\$ (542,557)</u>

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2023

**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
2023	0.0054%	\$ 3,728,936	\$ 1,867,462	\$ 5,596,398	\$ 3,091,478	121%	81%
2022	0.0090%	\$ 4,122,052	\$ 2,074,099	\$ 6,196,151	\$ 5,408,989	76%	87%
2021	0.0060%	\$ 5,436,984	\$ 2,802,744	\$ 8,239,728	\$ 7,867,953	69%	72%
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
2023	0.0343%	\$ 11,802,641	\$ 5,265,788	224%	70%
2022	0.0340%	\$ 6,907,710	\$ 4,403,562	157%	70%
2021	0.0320%	\$ 9,723,970	\$ 6,081,127	160%	70%
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%

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
SCHEDULES OF THE COUNTY OFFICE'S CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**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
2023	\$ 753,083	\$ (753,083)	\$ 0	\$ 3,942,843	19.10%
2022	\$ 523,078	\$ (523,078)	\$ 0	\$ 3,091,478	16.92%
2021	\$ 501,255	\$ (501,255)	\$ 0	\$ 3,103,746	16.15%
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
2023	\$ 1,742,227	\$ (1,742,227)	\$ 0	\$ 6,867,272	25.37%
2022	\$ 1,206,392	\$ (1,206,392)	\$ 0	\$ 5,265,788	22.91%
2021	\$ 986,689	\$ (986,689)	\$ 0	\$ 4,766,614	20.70%
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%

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

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 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, 2023 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Governmental Funds:	
County School Service Fund	
Certificated Salaries	\$ 180,841
Classified Salaries	\$ 198,439
Books and Supplies	\$ 1,969
Contract Services	\$ 27,875
Debt Service-Principal Retirement	\$ 4,748
Other Outgo	\$ 715,829
Special Education Pass-Through Fund	
Other Outgo	\$ 242,773
Non-Major Governmental Funds:	
Child Development Fund	
Certificated Salaries	\$ 47,622
Classified Salaries	\$ 13,572
Employee Benefits	\$ 1,369
Food and Supplies	\$ 15,582
Contract Services	\$ 97,685
Other Outgo	\$ 15,940

The County Office incurred unanticipated expenditures for which the final budgets for the County School Service Fund, Special Education Fund, and Child Development Fund were not revised.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - PURPOSE OF SCHEDULES (CONTINUED)

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.

*Changes in benefit terms (CalSTRS).* For the measurement dates ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, there were no changes to the benefit terms for CalSTRS.

*Changes in benefit terms (CalPERS).* For the measurement dates ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, there were no changes to the benefit terms for CalPERS.

*Changes in assumptions (CalSTRS).* For the measurement dates ended June 30, 2022, 2021, 2019, 2018, 2016, 2015, and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation rate changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10%, and wage growth changed from 3.75% to 3.50%. For the measurement date ended June 30, 2020, termination rates were lowered to reflect the trend of teachers staying in service longer than previously assumed, and service retirement rates were changed to better reflect the anticipated effect of years of service on retirements.

*Changes in assumptions (CalPERS).* For the measurement dates ended June 30, 2021, 2020, 2019, 2016, and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2015, the discount rate was changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement date ended June 30, 2017, the discount rate was changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions were changed, and the inflation rate was changed from 2.75% to 2.50%. For the measurement date ended June 30, 2022, the demographic assumptions were changed, consumer price inflation rate was changed from 2.50% to 2.30%, and the investment rate of return was changed from 7.15% to 6.90%.

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, 2023

---

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, Child Development, and Community School programs countywide.

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Heino Nicolai	President	December, 2026
Susan Clarabut	Vice President	December, 2026
Julie Baker	Member	December 2024
Louise Benicoff-Johnson	Member	December, 2026
Timothy May	Member	December, 2024

ADMINISTRATION

Scott W. Lay  
County Superintendent

Teena Corker/Christine McCormick  
Associate Superintendent  
Educational Services

Eli Gallup  
Associate Superintendent  
SELPA and Special Education

Darlene Waddle  
Associate Superintendent  
Operational Services

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Second Period Report		Annual Report
	<u>C8FC2F40</u>		<u>5E6E4D6C</u>
<u>COUNTY-OPERATED PROGRAMS</u>			
Elementary:			
Probation Referred, on Probation or Parole, or Mandatory Expelled	1.14		1.39
Secondary:			
Probation Referred, on Probation or Parole, or Mandatory Expelled	<u>5.37</u>		<u>6.12</u>
Total County-Operated Programs	<u><u>6.51</u></u>		<u><u>7.51</u></u>
	Second Period Report		Annual Report
	<u>Original</u>	<u>Audited</u>	<u>Original</u>
	<u>814FBC3F</u>		<u>BBC37B75</u>
<u>DISTRICT FUNDED COUNTY PROGRAMS</u>			
Special Education - Special Day Class			
Transitional Kindergarten through Third	24.69	25.21	26.43
Fourth through Sixth	20.22	21.44	20.86
Seventh and Eighth	4.44	4.61	4.83
Special Education - Nonpublic, Nonsectarian Schools			
Ninth through Twelfth	0.96	0.96	0.93
Extended Year Special Education - Special Education, Nonpublic, Nonsectarian Schools			
Transitional Kindergarten through Third	1.88	1.88	1.88
Fourth through Sixth	0.80	0.80	0.80
Seventh and Eighth	0.40	0.40	0.40
Ninth through Twelfth	<u>0.10</u>	<u>0.10</u>	<u>0.10</u>
Total District Funded County Programs	<u><u>53.49</u></u>	<u><u>55.40</u></u>	<u><u>56.23</u></u>

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

<u>Charter Schools Chartered by County Office</u>	<u>Charter Number</u>	<u>Included in County Office Financial Statements, or Separate Report</u>
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	Separate Report
Forest Charter	1427	Separate Report
Twin Ridges Home Study Charter	1428	Separate Report
Yuba River Charter	0870	Separate Report

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Assistance Listing 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	\$ 130,084	\$ 153,040
Passed through the California				
Department of Education ("CDE"):				
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393		43,730
CCFP Cash in Lieu of Commodities	10.558	13534		1,980
Subtotal Child and Adult Care Food Program Cluster				<u>45,710</u>
Total U.S. Department of Agriculture			<u>130,084</u>	<u>198,750</u>
U.S. Department of Defense:				
Passed through CDE:				
Flood Control	12.112	0400191M	0	2,009
U.S. Department of Housing and Urban Development:				
Passed through the Homeless Resource Council of the Sierras:				
COVID-19: Emergency Solutions Grants: Street Outreach	14.231	None	0	13,797
National Science Foundation:				
Division of Research on Learning K-12				
Passed through the Sierra Streams Institute:				
Collaborative Research: Designing for Science in Learning	47.076	1908670	0	60,168
U.S. Department of Education:				
Indian Education	84.060	14346		63,381
Passed through CDE:				
Education Stabilization Fund:				
COVID-19: Elementary and Secondary School Emergency Relief ("ESSER") II Fund	84.425D*	15547		449,984
COVID-19: ESSER II: Expanded Learning Opportunities ("ELO") Grant: State Reserve	84.425D*	15618		28,402
COVID-19: ESSER III Fund	84.425U*	15559		545,028
COVID-19: ELO Grant: Governor's Emergency Education Relief ("GEER") II Fund	84.425C*	15619		8,891
COVID-19: ESSER III Fund: Learning Loss	84.425U*	10155		178,294
COVID-19: American Rescue Plan Act ("ARPA") Homeless Children and Youth ("HCY") I	84.425W*	15564		15,141
COVID-19: ARPA HCY: Statewide Activities	84.425W*	15636		3,728
Subtotal Education Stabilization Fund				<u>1,229,468</u>

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Program Expenditures
Special Education Cluster:				
IDEA: Basic Local Assistance, Part B, Section 611	84.027	13379	\$ 2,229,647	\$ 2,229,647
IDEA: Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	124,530	124,530
IDEA: Preschool Grants, Part B, Section 619	84.173	13430	75,720	75,720
IDEA: Alternate Dispute Resolution, Part B, Section 611	84.173A	13007		77
Subtotal Special Education Cluster			<u>2,429,897</u>	<u>2,429,974</u>
Title I:				
ESEA (ESSA): Title I, Part A, Basic Grants Low Income and Neglected	84.010*	14329		415,738
ESEA (ESSA): School Improvement (CSI) Funding for COEs	84.010*	15439		27,350
Subtotal Title I				<u>443,088</u>
IDEA: Early Intervention Grants, Part C	84.181	23761		45,669
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction	84.367	14341		30,610
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		24,484
ESEA (ESSA): Title X, McKinney-Vento Homeless Assistance	84.196	14332		75,314
Total U.S. Department of Education			<u>2,429,897</u>	<u>4,341,988</u>
U.S. Department of Health and Human Services:				
Passed through California Department of Public Health:				
Public Health Emergency Response: Cooperative Agreement for Emergency response: Public Health Crisis Response	93.354	None		207,650
Child Care and Development Fund ("CCDF") Cluster:				
CCDF: COVID-19, ARPA: AB 179 Stipend	93.575	10163		23,072
CCDF: COVID-19, ARPA: California State Preschool	93.575	15641		5,772
CCDF: Quality Improvement Activities	93.575	14130		59,942
CCDF: Quality Improvement Activities: Quality Counts California Block Grant	93.575	24130+24092		36,550
CCDF: Federal Local Planning Councils (CLPC)	93.575	13946		53,117
CCDF: Federal General Child Care Center (CCTR)	93.596	13609		73,297
Subtotal CCDF Cluster				<u>251,750</u>
Passed through Nevada County Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	D5ZKF5M3Q9M5		10,000
Community-Based Child Abuse Prevention Grant	93.590	D5ZKF5M3Q9M5		5,954
Total U.S. Department of Health and Human Services			<u>0</u>	<u>475,354</u>
Total Federal Programs			<u>\$ 2,559,981</u>	<u>\$ 5,092,066</u>

\* Considered a major program.

SEE ACCOMPANYING 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, 2023

---

Auditor's Comments

The audited financial statements of all funds were in agreement with the Unaudited Actual Financial Report for the year ended June 30, 2023.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			
	2023-2024	2022-2023	2021-2022	2020-2021
<u>County School Service Fund</u>				
Revenues and Other Financial Sources	\$ 21,796,879	\$ 22,783,170	\$ 17,520,701	\$ 14,740,491
Expenditures (Total Outgo)	19,891,064	21,377,617	15,876,394	13,353,113
Change in Fund Balance	1,905,815	1,405,553	1,644,307	1,387,378
Ending Fund Balance	<u>\$ 12,710,482</u>	<u>\$ 11,467,697</u>	<u>\$ 10,295,561</u>	<u>\$ 8,651,254</u>
Available Reserves	<u>\$ 10,408,323</u>	<u>\$ 8,793,240</u>	<u>\$ 6,358,759</u>	<u>\$ 6,036,647</u>
Reserve for Economic Uncertainties	<u>\$ 795,643</u>	<u>\$ 853,411</u>	<u>\$ 635,056</u>	<u>\$ 534,125</u>
Unassigned Fund Balance	<u>\$ 9,612,680</u>	<u>\$ 7,939,829</u>	<u>\$ 5,723,703</u>	<u>\$ 5,502,522</u>
Available Reserves as a Percentage of Total Outgo	52.3%	41.1%	40.1%	45.2%
Total Long-Term Debt	\$ 16,376,318	\$ 16,457,232	\$ 11,990,160	\$ 16,159,618
Average Daily Attendance at P-2	47	60	49	77

The County School Service Fund balance has increased by \$4,437,238 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).

Net pension liability increased \$4,501,815 in 2022-2023 primarily due to a reduction in the PERS projected investment rate of return from 7.15% to 6.90% in 2021-2022.

Average Daily Attendance (ADA) has decreased by 17 during the past two years. Due to the COVID-19 pandemic ADA was not reported in 2020-2021. Funding was based on ADA as reported in 2019-2020 and is what is shown as ADA in 2020-2021 above. The ADA listed for 2022-2023 represents the amount reported by the County Office has not been increased by the effects of finding 2023-002.

The amounts presented as Budget 2023-2024 are listed to provide additional analysis and have not been audited.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	<u>Child Development Fund</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>		
Cash	\$ 159,224	\$ 159,224
Accounts Receivable	608,996	608,996
Due From Other Funds	<u>17,511</u>	<u>17,511</u>
Total Assets	<u>\$ 785,731</u>	<u>\$ 785,731</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 141,045	\$ 141,045
Unearned Revenue	50,042	50,042
Due to Other Funds	<u>101,792</u>	<u>101,792</u>
Total Liabilities	<u>292,879</u>	<u>292,879</u>
Fund Balances:		
Restricted	<u>492,852</u>	<u>492,852</u>
Total Fund Balances	<u>492,852</u>	<u>492,852</u>
Total Liabilities and Fund Balances	<u>\$ 785,731</u>	<u>\$ 785,731</u>

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION



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, 2023

	Child Development Fund	Forest Reserve Fund	Total Other Governmental Funds
<b>REVENUES</b>			
Federal Revenue	\$ 330,201	\$ 130,084	\$ 460,285
Other State Revenue	1,330,553		1,330,553
Other Local Revenue	860,192		860,192
 Total Revenues	 <u>2,520,946</u>	 <u>130,084</u>	 <u>2,651,030</u>
<b>EXPENDITURES</b>			
Certificated Salaries	632,530		632,530
Classified Salaries	472,712		472,712
Employee Benefits	470,564		470,564
Books and Supplies	84,625		84,625
Services and Other Operating Expenditures	454,381		454,381
Other Outgo	156,672	130,084	286,756
 Total Expenditures	 <u>2,271,484</u>	 <u>130,084</u>	 <u>2,401,568</u>
 Excess of Revenues Over Expenditures	 249,462	 0	 249,462
 Fund Balances - July 01, 2022	 <u>243,390</u>	 <u>0</u>	 <u>243,390</u>
 Fund Balances - June 30, 2023	 <u>\$ 492,852</u>	 <u>\$ 0</u>	 <u>\$ 492,852</u>

SEE ACCOMPANYING NOTES TO SUPPLEMENTARY INFORMATION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Local Education Agency Organization Structure

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

B. 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 local educational agencies. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

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 \$42,349 more than the Federal expenditures on the SEFA due to a change in position by the Federal Communications Commission, now excluding assistance listing number 32.004 from coverage under 2 CFR 200, Subpart F - Audit Requirements with the difference shown below.

	<u>Assistance Listing Number</u>	<u>Amount</u>
Total Federal revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 5,134,415
Universal Service Fund: Schools/Libraries Erate	32.004	<u>(42,349)</u>
Total Federal expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 5,092,066</u>

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

D. Schedule of Expenditures of Federal Awards (Concluded)

The County Office has not used the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The County Office did not receive any donations of personal protective equipment (PPE), including medical supplies, during 2022-2023. This information has not been audited.

E. Reconciliation of Unaudited Actuals 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 Actuals 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 - Non-Major Governmental Funds

Combining statements and individual fund schedules are presented for the purpose 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

200 Gateway Drive, #370  
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevada County Superintendent of Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nevada County Superintendent of Schools' basic financial statements, and have issued my report thereon dated December 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Nevada County Superintendent of Schools' internal control over financial reporting (internal control) 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 Schools' internal control. Accordingly, I do not express an opinion on the effectiveness of Nevada County Superintendent of Schools' internal control.

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

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 or significant deficiencies may exist that were not identified. I identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that I consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nevada County Superintendent of Schools' financial statements are free from 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 Schools' Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the Nevada County Superintendent of Schools' response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. Nevada County Superintendent of Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

### **Purpose of This Report**

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



MICHELLE M. HANSON  
Certified Public Accountant

December 13, 2023



Certified Public Accountant

200 Gateway Drive, #370  
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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**

*Opinion on Each Major Federal Program*

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

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, 2023.

*Basis for Opinion on Each Major Federal Program*

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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Nevada County Superintendent of Schools and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Nevada County Superintendent of Schools' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

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

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

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



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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



MICHELLE M. HANSON  
Certified Public Accountant

December 13, 2023



Certified Public Accountant

200 Gateway Drive, #370  
Lincoln, CA 95648

☎ : (916) 434-1425

✉ : michelle@mhansoncpa.com

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

### **Report on State Compliance**

#### *Opinion*

I have audited Nevada County Superintendent of Schools' compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810, applicable to the Nevada County Superintendent of Schools' compliance requirements for the fiscal year ended June 30, 2023, as identified in the Procedures Performed section of my report.

In my opinion, Nevada County Superintendent of Schools complied, in all material respects, with the laws and regulations of the state programs (compliance requirements) noted in the Procedures Performed section of my report for the year ended June 30, 2023.

#### *Basis for Opinion*

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 compliance requirements identified as subject to audit in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 as regulations. My responsibilities under those standards and guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Nevada County Superintendent of Schools and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the compliance with the compliance requirements referred to above. My audit does not provide a legal determination of Nevada County Superintendent of Schools' compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Nevada County Superintendent of Schools.

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

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nevada County Superintendent of Schools' compliance based on my audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nevada County Superintendent of Schools' compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nevada County Superintendent of Schools' compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Nevada County Superintendent of Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the County Office's internal controls over compliance. Accordingly, I express no such opinion.

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

***Other Matters***

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *2022-2023 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 2023-002 and 2023-003. My opinion on the compliance requirements is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Nevada County Superintendent of Schools’ responses to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Nevada County Superintendent of Schools’ responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

***Procedures Performed***

In connection with the audit referred to above, I selected and tested transactions and records to determine the Nevada County Superintendent of Schools’ compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools:</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort (MOE)	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	No (see next page)
Independent Study Certification for ADA Loss Mitigation	Yes
<b>School Districts, County Offices of Education, and Charter Schools:</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes

<u>Description</u>	<u>Procedures Performed</u>
<b>School Districts, County Offices of Education, and Charter Schools:</b>	
Expanded Learning Opportunities Grant (ELO-G)	No (see below)
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	No (see below)
<b>Charter Schools:</b>	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Non-Classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non-Classroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Procedures were not performed for Home to School Transportation Reimbursement because the Nevada County Superintendent of Schools’ transportation expenditure amount for reimbursement was less than the transportation add-on reimbursement amount.

Procedures were not performed for Expanded Learning Opportunities (ELO-G) because there were no expenditures in the current year.

Procedures were not performed for Transitional Kindergarten because the Nevada County Superintendent of Schools did not report any average daily attendance for transitional kindergarten students.

Procedures were not performed on the items marked “Not Applicable” because the Nevada County Superintendent of Schools does not operate those programs.

**Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing on the requirements of the *2022-2023 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 that reads "Michelle M. Hanson". The signature is written in a cursive style with a large, stylized initial "M".

MICHELLE M. HANSON  
Certified Public Accountant

December 13, 2023

AUDIT FINDINGS AND QUESTIONED COSTS SECTION

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_ Yes     x  No  
 Significant deficiency(ies) identified that are not considered to be material weakness?  x  Yes    \_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_ Yes     x  No

*Federal Awards*

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_ Yes     x  No  
 Significant deficiency(ies) identified that are not considered to be material weakness? \_\_\_ Yes     x  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_ Yes     x  No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee?  x  Yes    \_\_\_ No

*State Awards*

Internal control over state programs:  
 Material weakness(es) identified? \_\_\_ Yes     x  No  
 Significant deficiency(ies) identified that are not considered to be material weakness? \_\_\_ Yes     x  None reported

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



NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

---

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

*State Awards (Concluded)*

Any audit findings disclosed that are required to be reported in accordance with Audits of California K-12 Local Education Agencies?        x   Yes           No

**Section II - Financial Statements Findings**

2023-001 - JOURNAL ENTRY PROCESSING - 30000

Criteria: Proper internal accounting controls include segregation of duties requiring journal entries (and the supporting documentation for the journal entries) be reviewed by someone other than the person creating the entry, knowledgeable about accounting principles prior to entry to the general ledger.

Statement of Condition: Journal entries initiated by the Associate Superintendent of Operational Services are posted without a review by a second person.

Context: One of sixteen journal entries initially selected for audit testing was entered by the Associate Superintendent of Operational Services and was not reviewed by a second person. The audit sample was expanded to include all entries posted by the Associate Superintendent of Operational Services (eighteen total). Fifteen of the eighteen entries posted by the Associate Superintendent of Operational Services did not have evidence of a secondary review.

Cause: The control step of review by a second person, with knowledge about accounting principles was skipped when the entry was initiated by the Chief Business Official.

Effect or Potential Effect: Without a review and approval for each journal entry, there is an increased risk that an inappropriate entry may be recorded to the County Office's general ledger either by mistake or intentionally, and not be detected by a County Office employee performing their regular duties.

Questioned Costs: The condition referred to above was the result of the testing of an attribute of the control system. There were not any inappropriate entries identified in the sample and there are no questioned costs.

Repeat Finding: No, this is not a repeat finding.

Recommendation: All entries should be reviewed by a second person.

View of Responsible County Office Official/Corrective Action: All journals will be reviewed and approved either by written signature or through posting in the financial system by a secondary staff member in the department who is familiar with accounting methods and procedures.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

---

**Section III - Federal Award Findings and Questioned Costs**

No matters are reported.

**Section IV - State Award Findings and Questioned Costs**

2023-002 - ATTENDANCE-SECOND PERIOD REPORTING - 10000

Criteria: Pursuant to California Education Code ("EC") Section 41601, school districts and county superintendent of schools shall report the average daily attendance ("ADA") for all full school months for several reporting periods during each year. The second period ("P2") report is for the period between July 1 and April 15. The ADA maintained by school districts or county superintendent of schools shall be determined by dividing the total number of days of attendance allowed in all full school months in each period by the number of days the schools are actually taught in all full school months in each period.

Statement of Condition: The ADA reported for the Special Day Classes under the District Funded County Programs for the P2 report was calculated using the wrong number of days the schools were actually taught in the divisor.

Context: The Special Day Classes are operated at four different locations, each a different school district with a different school calendar.

Cause: Each program school site has slightly different closed days that are not entered into the NCSOS "district" calendar in the attendance software. The common holidays and vacation days shared by each school site are entered, however any instructional days a site is closed for emergencies are only entered on the site calendar in the attendance system. The system report used to prepare the P2 report used the "district" calendar which has slightly fewer closed days than the site calendars and caused the miscalculation of average daily attendance for this period.

Effect or Potential Effect: The Special Day Class ADA on the District Funded County Programs P2 was underreported by 1.91 detailed by grade span below:

<u>Grade Span</u>	<u>Original ADA</u>	<u>Revised ADA</u>	<u>Difference</u>
K-3	24.69	25.21	0.52
4-6	20.22	21.44	1.22
7-8	4.44	4.61	0.17
Totals	<u>49.35</u>	<u>51.26</u>	<u>1.91</u>

Questioned Costs: There are no questioned costs because this finding identifies an understatement of ADA. This will result in additional LCFE revenue, calculated using each District's ADA value and the school site placement of each District's students.

Repeat Finding: No, this is not a repeat finding.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

---

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

2023-002 - ATTENDANCE-SECOND PERIOD REPORTING - 10000 (CONCLUDED)

Recommendation: Due to the complexities of operating programs at different school districts within the County and the limitations of the attendance software used, it appears the average daily attendance for the Special Day Classes will need to be calculated using either custom date ranges or manually calculated using individual attendance period reports. The manual calculation by attendance period can be a useful way to verify the system report for a custom date range is accurate. NCSOS should submit revised P2 reports to correct the misreported ADA.

View of Responsible County Office Official/Corrective Action: Beginning with the 2023-2024 school year, all Nevada County school sites are operating on the same calendar. However, there are still four different sites at which these schools operate that may have emergency closures on different days. A staff member from the business services department will review closure dates and manually calculate attendance when such days occur.

2023-003 - ATTENDANCE - 10000

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

Statement of Condition: During my audit of Attendance, I noted the classroom attendance rosters were not signed at the end of each reporting period by the classroom teacher for both the District Funded County Programs (Special Education) and County-Operated Programs. Nevada County Superintendent of Schools ("NCSOS") did not seek approval for an attendance system containing electronic certification processes.

Context: Not applicable.

Cause: NCSOS upgraded the attendance system to a web-based model and it was assumed manual teacher signatures could be replaced with digital signatures or other electronic certification processes.

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

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

---

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

2023-003 - ATTENDANCE - 10000 (CONCLUDED)

Questioned Costs: I was able to perform alternate procedures to satisfy myself the attendance was properly recorded and there are no questioned costs as a result of this finding.

Repeat Finding: No, this is not a repeat finding.

Recommendation: NCSOS should instruct site staff to print and have teachers sign weekly attendance reports. The signed attendance reports should be retained as support for reported attendance. NCSOS should obtain the approval of the California Department of Education before the use of electronic certification processes are resumed.

View of Responsible County Office Official/Corrective Action: Attendance rosters will be printed and signed by appropriate staff weekly. Approval of an online signature system will be submitted to the California Department of Education and utilized once approval is obtained.

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2023

---

There were no findings or recommendations considered reportable conditions determined as a result of the audit of Nevada County Superintendent of Schools for the fiscal year ended June 30, 2022.