

SANTA CLARA COUNTY OFFICE OF EDUCATION

AUDIT REPORT

JUNE 30, 2025

**SANTA CLARA COUNTY OFFICE OF EDUCATION
TABLE OF CONTENTS
JUNE 30, 2025**

FINANCIAL SECTION

Report on the Audit of the Financial Statements 1
 Management’s Discussion and Analysis..... 4
 Basic Financial Statements
 Government-wide Financial Statements
 Statement of Net Position..... 11
 Statement of Activities 12
 Fund Financial Statements
 Governmental Funds – Balance Sheet 13
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... 14
 Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances 16
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 17
 Proprietary Funds – Statement of Net Position 19
 Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position 20
 Proprietary Funds – Statement of Cash Flows 21
 Fiduciary Funds – Statement of Net Position 22
 Fiduciary Funds – Statement of Changes in Net Position..... 23
 Notes to Financial Statements 24

REQUIRED SUPPLEMENTARY INFORMATION

County School Service Fund – Budgetary Comparison Schedule 59
 Schedule of Changes in Net OPEB Asset and Related Ratios 60
 Schedule of the County Office of Education’s Proportionate Share of the Net Pension Liability - CalSTRS 61
 Schedule of the County Office of Education’s Proportionate Share of the Net Pension Liability - CalPERS 62
 Schedule of County Office of Education Contributions - CalSTRS 63
 Schedule of County Office of Education Contributions - CalPERS..... 64
 Notes to Required Supplementary Information 65

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards..... 67
 Schedule of Average Daily Attendance (ADA) 68
 Schedule of Instructional Time 69
 Schedule of Financial Trends and Analysis 70
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 71
 Schedule of Charter Schools 72
 Combining Statements – Non-Major Governmental Funds
 Combining Balance Sheet 73
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 74
 Notes to Supplementary Information 75

OTHER INFORMATION

Local Education Agency Organization Structure 76

**SANTA CLARA COUNTY OFFICE OF EDUCATION
TABLE OF CONTENTS
JUNE 30, 2025**

OTHER INDEPENDENT AUDITORS' REPORTS

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*.....77
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over
Compliance Required by the Uniform Guidance79
Report on State Compliance and on Internal Control over Compliance for State Programs.....82

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results.....86
Financial Statement Findings87
Federal Award Findings and Questioned Costs88
State Award Findings and Questioned Costs89
Summary Schedule of Prior Audit Findings90

FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Santa Clara County Board of Education
San Jose, California

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Santa Clara County Office of Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Santa Clara County Office of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Santa Clara County Office of Education, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Santa Clara County Office of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Santa Clara County Office of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the Santa Clara County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Santa Clara County Office of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Clara County Office of Education's internal control over financial reporting and compliance.



San Diego, California
January 28, 2026

SANTA CLARA COUNTY OFFICE OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

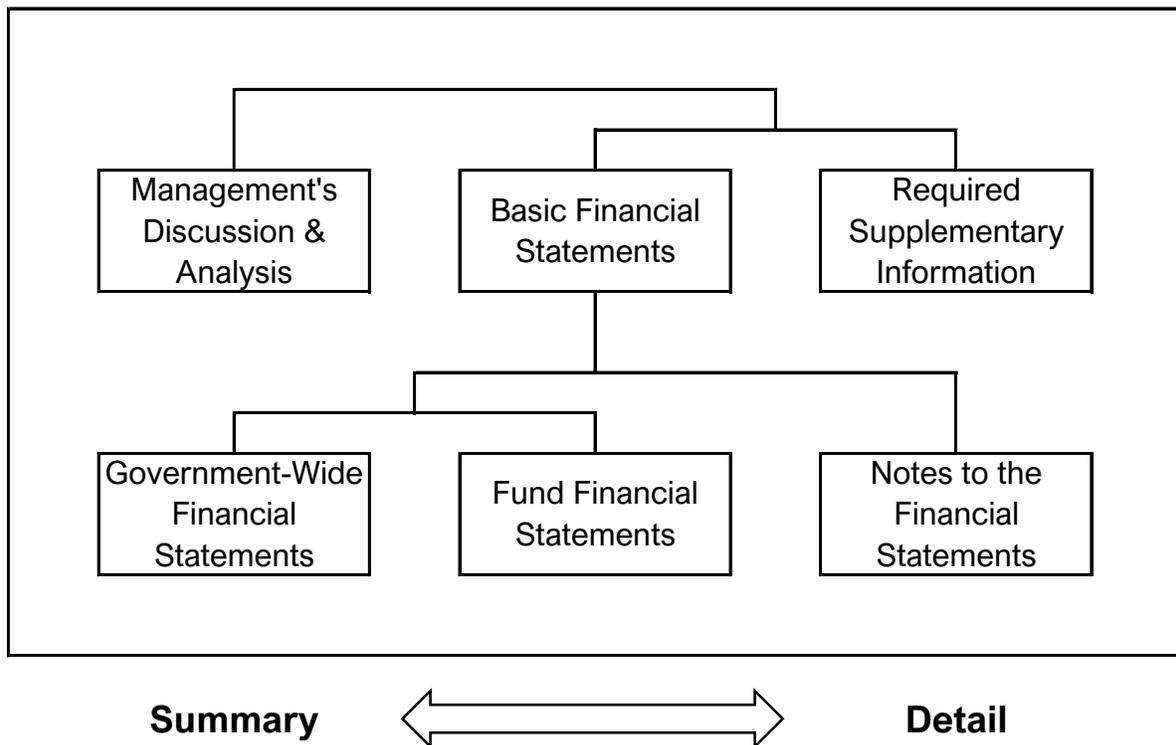
Our discussion and analysis of Santa Clara County Office of Education's (County Office of Education) financial performance provides an overview of the County Office of Education's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the County Office of Education's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The County Office of Education's net position was \$42,492,936 at June 30, 2025. This was an increase of \$9,636,979 from the prior year.
- ▶ Overall revenues were \$446,348,227 which exceeded expenses of \$436,711,248.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

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

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

Government-Wide Statements

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

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

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The County Office of Education's net position was \$42,492,936 at June 30, 2025, as reflected in the table below. Of this amount, \$(133,205,134) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 285,916,456	\$ 266,503,522	\$ 19,412,934
Capital assets	86,498,383	80,979,759	5,518,624
Total Assets	372,414,839	347,483,281	24,931,558
DEFERRED OUTFLOWS OF RESOURCES	81,724,314	83,364,070	(1,639,756)
LIABILITIES			
Current liabilities	136,403,919	111,016,011	25,387,908
Long-term liabilities	257,771,987	267,203,711	(9,431,724)
Total Liabilities	394,175,906	378,219,722	15,956,184
DEFERRED INFLOWS OF RESOURCES	17,470,311	19,771,672	(2,301,361)
NET POSITION			
Net investment in capital assets	73,931,702	68,028,071	5,903,631
Restricted	101,766,368	73,866,870	27,899,498
Unrestricted	(133,205,134)	(109,038,984)	(24,166,150)
Total Net Position	\$ 42,492,936	\$ 32,855,957	\$ 9,636,979

**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 35,155,009	\$ 26,595,835	\$ 8,559,174
Operating grants and contributions	166,883,737	174,837,461	(7,953,724)
General revenues			
Property taxes	207,268,500	189,671,043	17,597,457
Unrestricted federal and state aid	13,769,552	13,553,308	216,244
Other	23,271,429	22,125,276	1,146,153
Total Revenues	446,348,227	426,782,923	19,565,304
EXPENSES			
Instruction	121,829,331	121,667,720	161,611
Instruction-related services	63,866,278	63,559,228	307,050
Pupil services	60,649,247	60,112,026	537,221
General administration	69,351,475	64,328,746	5,022,729
Plant services	12,705,603	10,620,537	2,085,066
Ancillary and community services	4,895,707	12,543,363	(7,647,656)
Debt service	344,369	27,271	317,098
Other outgo	103,061,175	89,203,389	13,857,786
Enterprise activities	8,063	-	8,063
Total Expenses	436,711,248	422,062,280	14,648,968
Change in net position	9,636,979	4,720,643	4,916,336
Net Position - Beginning	32,855,957	28,135,314	4,720,643
Net Position - Ending	\$ 42,492,936	\$ 32,855,957	\$ 9,636,979

The cost of all our governmental activities this year was \$436,711,248 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$207,268,500, and the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2025	2024
Instruction	\$ 68,407,035	\$ 70,658,027
Instruction-related services	16,359,743	19,684,204
Pupil services	25,766,109	22,059,363
General administration	52,227,264	50,070,523
Plant services	9,722,082	2,978,489
Ancillary and community services	195,758	525,151
Debt service	344,369	27,271
Transfers to other agencies	61,644,537	54,625,956
Enterprise activities	5,605	-
Total	\$ 234,672,502	\$ 220,628,984

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

The financial performance of the County Office of Education as a whole is reflected in its governmental funds as well. As the County Office of Education completed this year, its governmental funds reported a combined fund balance of \$115,503,281, which is less than last year’s ending fund balance of \$119,875,016. The County Office of Education’s County School Service Fund had \$5,648,418 less in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the County Office of Education had invested \$86,498,383 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 5,533,399	\$ 5,533,399	\$ -
Construction in progress	15,418,402	18,537,389	(3,118,987)
Buildings & improvements	108,041,240	95,897,963	12,143,277
Furniture & equipment	24,921,772	23,099,204	1,822,568
Less: Accumulated depreciation	(67,971,970)	(63,011,450)	(4,960,520)
Lease assets - buildings & improvements	1,817,201	1,817,201	-
Less: Accumulated amortization (lease assets)	(1,261,661)	(893,947)	(367,714)
Total	\$ 86,498,383	\$ 80,979,759	\$ 5,518,624

Long-Term Liabilities

At year-end, the County Office of Education had \$257,771,987 in long-term liabilities, a decrease of 3.53% from last year – as shown in the table below. More detailed information about the County Office of Education’s long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Financed purchases	\$ 12,345,000	\$ 12,345,000	\$ -
Leases	221,681	606,688	(385,007)
Compensated absences	10,688,930	11,286,575	(597,645)
Net pension liability	227,613,269	231,595,155	(3,981,886)
Claims liability	11,886,781	11,755,300	131,481
Less: current portion of long-term liabilities	(4,983,674)	(385,007)	(4,598,667)
Total	\$ 257,771,987	\$ 267,203,711	\$ (9,431,724)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Several economic and fiscal factors could influence the County Office of Education’s financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California’s K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET (continued)

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst’s Office urges local education agencies (LEA) to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for LEAs. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While LEAs are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring LEAs to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The County Office of Education participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. LEAs must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California’s economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State’s tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that LEAs maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The County Office of Education’s 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE COUNTY OFFICE OF EDUCATION’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the County Office of Education’s finances and to show the County Office of Education’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, 1290 Ridder Park Drive, San Jose, CA 95131 or (408) 453-6522.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and investments	\$ 238,338,174
Accounts receivable	46,406,397
Net OPEB asset	816,903
Prepaid expenses	354,982
Capital assets:	
Capital assets, not depreciated	20,951,801
Capital assets, net of accumulated depreciation	64,991,042
Lease assets, net of accumulated amortization	555,540
Total Assets	<u>372,414,839</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	80,348,756
Deferred outflows related to OPEB	1,375,558
Total Deferred Outflows of Resources	<u>81,724,314</u>
LIABILITIES	
Accrued liabilities	93,494,969
Unearned revenue	37,925,276
Long-term liabilities, current portion	4,983,674
Long-term liabilities, non-current portion	257,771,987
Total Liabilities	<u>394,175,906</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	10,652,073
Deferred inflows related to OPEB	6,818,238
Total Deferred Inflows of Resources	<u>17,470,311</u>
NET POSITION	
Net investment in capital assets	73,931,702
Restricted:	
Educational programs	75,477,122
Self insurance	26,289,246
Unrestricted	(133,205,134)
Total Net Position	<u>\$ 42,492,936</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 121,829,331	\$ 6,603,337	\$ 46,818,959	\$ (68,407,035)
Instruction-related services				
Instructional supervision and administration	48,236,685	10,106,192	31,876,775	(6,253,718)
Instructional library, media, and technology	167,418	1,319	464	(165,635)
School site administration	15,462,175	346,710	5,175,075	(9,940,390)
Pupil services				
Home-to-school transportation	2,068,421	-	6	(2,068,415)
Food services	2,243,051	133,771	1,719,580	(389,700)
All other pupil services	56,337,775	6,092,408	26,937,373	(23,307,994)
General administration				
Centralized data processing	16,497,414	-	-	(16,497,414)
All other general administration	52,854,061	3,948,761	13,175,450	(35,729,850)
Plant services	12,705,603	140,826	2,842,695	(9,722,082)
Ancillary services	4,625,882	3,262,582	1,185,670	(177,630)
Community services	269,825	186,140	65,557	(18,128)
Enterprise activities	8,063	1,818	640	(5,605)
Interest on long-term debt	344,369	-	-	(344,369)
Other outgo	103,061,175	4,331,145	37,085,493	(61,644,537)
Total Governmental Activities	\$ 436,711,248	\$ 35,155,009	\$ 166,883,737	(234,672,502)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				200,975,889
Property taxes, levied for other specific purposes				6,292,611
Federal and state aid not restricted for specific purposes				13,769,552
Interest and investment earnings				8,133,691
Interagency revenues				5,606,812
Miscellaneous				9,530,926
Subtotal, General Revenue				244,309,481
CHANGE IN NET POSITION				9,636,979
Net Position - Beginning				32,855,957
Net Position - Ending				\$ 42,492,936

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 187,882,034	\$ 13,135,640	\$ 201,017,674
Accounts receivable	42,543,880	3,522,451	46,066,331
Due from other funds	550,463	1,234,962	1,785,425
Total Assets	\$ 230,976,377	\$ 17,893,053	\$ 248,869,430
LIABILITIES			
Accrued liabilities	\$ 88,935,145	\$ 4,559,824	\$ 93,494,969
Due to other funds	1,399,639	546,265	1,945,904
Unearned revenue	31,405,234	6,520,042	37,925,276
Total Liabilities	121,740,018	11,626,131	133,366,149
FUND BALANCES			
Nonspendable	25,000	-	25,000
Restricted	69,209,893	6,267,229	75,477,122
Assigned	22,286,709	-	22,286,709
Unassigned	17,714,757	(307)	17,714,450
Total Fund Balances	109,236,359	6,266,922	115,503,281
Total Liabilities and Fund Balances	\$ 230,976,377	\$ 17,893,053	\$ 248,869,430

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Funds \$ 115,503,281

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

Capital assets:

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

Capital assets	\$ 153,914,813	
Lease assets	1,817,201	
Accumulated depreciation	(67,971,970)	
Accumulated amortization (lease assets)	<u>(1,261,661)</u>	86,498,383

Net OPEB asset

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including and asset for other post employment benefits:

816,903

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	\$ 12,345,000	
Leases	221,681	
Compensated absences	10,688,930	
Net pension liability	<u>227,613,269</u>	(250,868,880)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 80,348,756	
Deferred inflows of resources related to pensions	<u>(10,652,073)</u>	69,696,683

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 1,375,558	
Deferred inflows of resources related to OPEB	<u>(6,818,238)</u>	(5,442,680)

(continued on the following page)

**SANTA CLARA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2025**

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

	26,289,246
Total Net Position - Governmental Activities	<u>\$ 42,492,936</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	\$ 214,014,127	\$ 6,157,549	\$ 220,171,676
Federal sources	53,637,772	34,481,824	88,119,596
Other state sources	33,544,725	15,257,108	48,801,833
Other local sources	97,147,319	870,126	98,017,445
Total Revenues	398,343,943	56,766,607	455,110,550
EXPENDITURES			
Current			
Instruction	120,476,497	5,123,644	125,600,141
Instruction-related services			
Instructional supervision and administration	47,552,786	3,309,768	50,862,554
Instructional library, media, and technology	155,206	-	155,206
School site administration	14,559,627	1,440,749	16,000,376
Pupil services			
Home-to-school transportation	2,027,164	-	2,027,164
Food services	1,052,968	1,172,318	2,225,286
All other pupil services	55,306,985	3,403,207	58,710,192
General administration			
Centralized data processing	16,392,635	-	16,392,635
All other general administration	55,720,450	7,556,869	63,277,319
Plant services	11,507,887	922,922	12,430,809
Facilities acquisition and construction	9,507,720	14,805	9,522,525
Ancillary services	4,601,719	-	4,601,719
Community services	260,221	-	260,221
Enterprise activities	2,541	-	2,541
Transfers to other agencies	64,138,579	32,545,642	96,684,221
Debt service			
Principal	385,007	-	385,007
Interest and other	344,369	-	344,369
Total Expenditures	403,992,361	55,489,924	459,482,285
Excess (Deficiency) of Revenues Over Expenditures	(5,648,418)	1,276,683	(4,371,735)
Other Financing Sources (Uses)			
Transfers in	157,159	-	157,159
Transfers out	-	(157,159)	(157,159)
Net Financing Sources (Uses)	157,159	(157,159)	-
NET CHANGE IN FUND BALANCE	(5,491,259)	1,119,524	(4,371,735)
Fund Balance - Beginning	114,727,618	5,147,398	119,875,016
Fund Balance - Ending	\$ 109,236,359	\$ 6,266,922	\$ 115,503,281

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ (4,371,735)

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

Capital outlay:

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

Expenditures for capital outlay:	\$	10,909,719	
Depreciation expense:		(5,000,904)	
Amortization expense (lease assets):		(367,714)	5,541,101

Debt service:

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

385,007

Gain or loss from the disposal of capital assets:

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

(22,477)

Compensated absences:

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

597,645

Postemployment benefits other than pensions (OPEB):

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

54,726

(continued on the following page)

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
 FOR THE YEAR ENDED JUNE 30, 2025**

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 3,695,001

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 3,757,711

Change in Net Position of Governmental Activities	\$	9,636,979
--	----	-----------

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 37,320,500
Accounts receivable	340,066
Due from other funds	167,630
Prepaid expenses	354,982
Total current assets	<u>38,183,178</u>
Total Assets	<u>38,183,178</u>
 LIABILITIES	
Current liabilities	
Due to other funds	7,151
Total current liabilities	<u>7,151</u>
Non-current liabilities	
Claims liability	11,886,781
Total non-current liabilities	<u>11,886,781</u>
Total Liabilities	<u>11,893,932</u>
 NET POSITION	
Unrestricted	26,289,246
Total Net Position	<u>\$ 26,289,246</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 10,085,405
Other local revenues	175,062
Total operating revenues	<u>10,260,467</u>
OPERATING EXPENSES	
Salaries and benefits	579,697
Supplies and materials	326
Professional services	7,652,327
Total operating expenses	<u>8,232,350</u>
Operating income/(loss)	<u>2,028,117</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	1,729,594
Total non-operating revenues/(expenses)	<u>1,729,594</u>
CHANGE IN NET POSITION	3,757,711
Net Position - Beginning	<u>22,531,535</u>
Net Position - Ending	<u>\$ 26,289,246</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities
	Internal Service Fund
	Fund
Cash flows from operating activities	
Cash received from user charges	\$ 10,085,405
Cash received (paid) from assessments made to (from) other funds	67,526
Cash payments for payroll, insurance, and operating costs	(8,118,871)
Net cash provided by (used for) operating activities	<u>2,034,060</u>
Cash flows from investing activities	
Interest received	1,729,594
Net cash provided by (used for) investing activities	<u>1,729,594</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,763,654</u>
 CASH AND CASH EQUIVALENTS	
Beginning of year	33,556,846
End of year	<u>\$ 37,320,500</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 2,028,117
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	17,026
(Increase) decrease in due from other funds	(124,562)
Increase (decrease) in accrued liabilities	131,481
Increase (decrease) in due to other funds	(18,002)
Net cash provided by (used for) operating activities	<u>\$ 2,034,060</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	<u>Custodial Fund</u> <u>Warrant/Pass-</u> <u>through Fund</u>
ASSETS	
Cash and investments	\$ 256,648,243
Total Assets	<u>256,648,243</u>
LIABILITIES	
Warrants payable	89,133,493
Salaries and benefits payable	<u>167,514,750</u>
Total Liabilities	<u>256,648,243</u>
NET POSITION	
Unrestricted	-
Total Net Position	<u>\$ -</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Custodial Fund</u> <u>Warrant/Pass-</u> <u>through Fund</u>
ADDITIONS	
Deposits from districts	\$ 4,876,056,852
Total Additions	<u>4,876,056,852</u>
DEDUCTIONS	
Payments on behalf of districts	<u>4,876,056,852</u>
Total Deductions	<u>4,876,056,852</u>
CHANGE IN NET POSITION	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ -</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

Component units are legally separate organizations for which the County Office of Education is financially accountable. Component units may also include organizations that are fiscally dependent on the County Office of Education in that the County Office of Education approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the County Office of Education is not financially accountable but the nature and significance of the organization’s relationship with the County Office of Education is such that exclusion would cause the County Office of Education’s financial statements to be misleading or incomplete. The County Office and Santa Clara County Board of Education Finance Corporation (the “Corporation”) have a financial and operational relationship that meets the reporting entity definition criteria of the generally accepted accounting principles, for inclusion of the Corporation as a blended component unit of the County Office. Accordingly, the financial activity of the Corporation has been included in the basic financial statements of the County Office in the Debt Service Fund. The Corporation was created for the sole purpose of financially assisting the County Office.

The following are those aspects of the relationship between the County Office and the Corporation:

Manifestations of Oversight

1. The Corporation's Board of Directors were appointed by the County Office's Board of Education.
2. The Corporation has no employees. The County Office's Superintendent functions as an agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.
3. The County Office exercises significant influence over operations of the Corporation as it is anticipated that the County Office will be the sole lessee of all facilities owned by the Corporation.

Accountability for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the County Office.
2. Any deficits incurred by the Corporation will be reflected in the lease payment of the County Office. Any surpluses of the Corporation revert to the County Office at the end of the lease period.
3. It is anticipated that the County Office's lease payments will be the sole revenue source of the Corporation.
4. The County Office has assumed a “Moral Obligation”, and potentially a legal obligation, for any debt incurred by the Corporation.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

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

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

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the County Office of Education, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

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

Major Governmental Fund

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

SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

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

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

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the County Office of Education on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the County Office of Education. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

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

Warrant/Pass-Through Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

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

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives: Capital assets are depreciated using the straight-line method over 4-30 years depending on asset types.

Interfund Balances

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

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The County Office of Education's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

Accrued Liabilities and Long-Term Obligations

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

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

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

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

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

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The County Office of Education has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The County Office of Education has implemented this Statement as of June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The County Office of Education has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The County Office of Education has not yet determined the impact on the financial statements.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities	Fiduciary Funds
Investment in county treasury	\$ 195,348,678	\$ 37,396,492	\$ 232,745,170	\$ 256,648,243
Fair value adjustment	(397,005)	(75,992)	(472,997)	-
Cash with fiscal agent	6,041,001	-	6,041,001	-
Cash in revolving fund	25,000	-	25,000	-
Total	\$ 201,017,674	\$ 37,320,500	\$ 238,338,174	\$ 256,648,243

B. Policies and Practices

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

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

Cash with Fiscal Agent – Cash with fiscal agent consists of funds for a solar project held at Wilmington Trust. The cash with fiscal agent is held in highly liquid cash accounts with original maturities less than ninety days.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County Office of Education manages its exposure to interest rate risk by investing in the County Treasury. The County Office of Education maintains a pooled investment for governmental activities with the County Treasury with a fair value of approximately \$232,272,173 in governmental funds and \$256,648,243 in fiduciary funds. The average weighted maturity for this pool is 415 days.

E. Credit Risk

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the County Office of Education's deposits may not be returned to it. The County Office of Education does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the County Office of Education's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The County Office of Education's fair value measurements at June 30, 2025 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 488,920,416
Total	<u>\$ 488,920,416</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of the following:

	County School Service Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government				
Categorical aid	\$ 10,835,007	\$ 731,427	\$ -	\$ 11,566,434
State Government				
Categorical aid	17,779,524	2,608,898	-	20,388,422
Lottery	89,963	-	-	89,963
Local Government				
Other local sources	13,839,386	182,126	340,066	14,361,578
Total	\$ 42,543,880	\$ 3,522,451	\$ 340,066	\$ 46,406,397

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,533,399	\$ -	\$ -	\$ 5,533,399
Construction in progress	18,537,389	8,367,582	11,486,569	15,418,402
Total capital assets not being depreciated	24,070,788	8,367,582	11,486,569	20,951,801
Capital assets being depreciated				
Buildings & improvements	95,897,963	12,143,277	-	108,041,240
Furniture & equipment	23,099,204	1,885,429	62,861	24,921,772
Total capital assets being depreciated	118,997,167	14,028,706	62,861	132,963,012
Less: Accumulated depreciation				
Buildings & improvements	47,581,191	3,724,559	-	51,305,750
Furniture & equipment	15,430,259	1,276,345	40,384	16,666,220
Total accumulated depreciation	63,011,450	5,000,904	40,384	67,971,970
Total capital assets being depreciated, net	55,985,717	9,027,802	22,477	64,991,042
Lease assets being amortized				
Buildings & improvements	1,817,201	-	-	1,817,201
Total lease assets being amortized	1,817,201	-	-	1,817,201
Less: Accumulated amortization for lease assets				
Buildings & improvements	893,947	367,714	-	1,261,661
Total accumulated amortization for lease assets	893,947	367,714	-	1,261,661
Total lease assets being amortized, net	923,254	(367,714)	-	555,540
Governmental Activities				
Capital Assets, net	\$ 80,979,759	\$ 17,027,670	\$ 11,509,046	\$ 86,498,383

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation and amortization expenses were charged to governmental activities as follows:

Governmental Activities	
Instruction	\$ 2,455,279
Instructional supervision and administration	469,082
Instructional library, media, and technology	10,837
School site administration	194,667
Home-to-school transportation	24,194
Food services	15,336
All other pupil services	680,815
Centralized data processing	237,799
All other general administration	1,054,874
Plant services	165,988
Ancillary services	50,836
Community services	8,911
Total	<u>\$ 5,368,618</u>

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2025 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			<u>Total</u>
	<u>County School Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	
County School Service Fund	\$ -	\$ 1,234,767	\$ 164,872	\$ 1,399,639
Non-Major Governmental Funds	543,507	-	-	543,507
Internal Service Fund	6,956	195	-	7,151
Total	<u>\$ 550,463</u>	<u>\$ 1,234,962</u>	<u>\$ 167,630</u>	<u>\$ 1,953,055</u>

Due from the County School Service Fund to the Special Education Pass-Through Fund for excess tax.	\$ 892,671
Due from the County School Service Fund to the Child Development Fund for QRIS.	342,096
Due from the County School Service Fund to the Internal Service Fund for final benefit adjustment.	164,872
Due from the Child Development Fund to the County School Service Fund for indirect CSPP & ARPA costs.	543,507
Due from the Child Development Fund to the Internal Service Fund for final benefit adjustment.	2,758
Due from the Internal Service Fund to the County School Service Fund for final benefit adjustment.	6,956
Due from the Internal Service Fund to the Child Development Fund for final benefit adjustment.	195
Total	<u>\$ 1,953,055</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of a transfer from the Child Development Fund to the County School Service Fund in the amount of \$157,159 for interest earned.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities	Fiduciary Funds
Payroll	\$ 919,454	\$ 27,420	\$ 946,874	\$ 167,514,750
Vendors payable	34,038,678	4,076,658	38,115,336	89,133,493
Due to grantor government	53,977,013	455,746	54,432,759	-
Total	\$ 88,935,145	\$ 4,559,824	\$ 93,494,969	\$ 256,648,243

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of the following:

	County School Service Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 529,070	\$ 16,943	\$ 546,013
State categorical sources	17,356,788	6,503,099	23,859,887
Local sources	13,519,376	-	13,519,376
Total	\$ 31,405,234	\$ 6,520,042	\$ 37,925,276

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
Financed purchases	\$ 12,345,000	\$ -	\$ -	\$ 12,345,000	\$ 651,321
Leases	606,688	-	385,007	221,681	172,036
Compensated absences	11,286,575	-	597,645	10,688,930	4,160,317
Net pension liability	231,595,155	-	3,981,886	227,613,269	-
Claims liability	11,755,300	131,481	-	11,886,781	-
Total	\$ 267,588,718	\$ 131,481	\$ 4,964,538	\$ 262,755,661	\$ 4,983,674

- Payments for finance purchases are made in the County School Service Fund.
- Payments for leases are made in the County School Service Fund.
- Payments for claims liability are made from the Self-Insurance Fund.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Financed Purchase

The County Office of Education financed the purchase of an energy saving solar project of \$12,345,000. Future minimum payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 651,321	\$ 576,378	\$ 1,227,699
2027	989,376	502,545	1,491,921
2028	184,893	485,418	670,311
2029	227,152	476,100	703,252
2030	272,905	464,780	737,685
2031 - 2035	2,190,184	2,071,847	4,262,031
2036 - 2040	3,965,383	1,380,375	5,345,758
2041 - 2045	3,863,786	853,488	4,717,274
Total	\$ 12,345,000	\$ 6,810,931	\$ 19,155,931

B. Leases

The County Office entered into eight lease agreements for classrooms and land space. As of June 30, 2025, the value of the lease liabilities were \$221,681. The County Office is required to make principal and interest payments through July 2027. The lease liability was valued using discount rates between 1.74% and 2.59%. The County Office determined the rate by utilizing a factor of 1.5% added to the State and Local Government Series (SLGS) rates over the same time periods. For future years, the County Office is required to make monthly principal and interest payments between \$3,880 and \$14,635. The total amount of the right to use leased assets, and the related accumulated amortization on the right to use leased assets were \$1,817,201 and \$1,261,166, as of June 30, 2025, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 172,036	\$ 3,549	\$ 175,585
2027	45,775	745	46,520
2028	3,870	8	3,878
Total	\$ 221,681	\$ 4,302	\$ 225,983

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2025 amounted to \$10,688,930. This amount is included as part of long-term liabilities in the government-wide financial statements.

D. Net Pension Liability

The County Office of Education’s beginning net pension liability was \$231,595,155 and decreased by \$3,981,886 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$227,613,269. See Note 12 for additional information regarding the net pension liability.

NOTE 9 – WORKERS' COMPENSATION UNPAID CLAIMS LIABILITIES

The County Office accounts for the self-insured activities in the Self-Insurance Internal Service Fund. The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the County Office of Education:

	Workers' Compensation
Liability Balance, July 01, 2024	\$ 11,755,300
Claims & changes in estimates	7,783,808
Claims payments	<u>(7,652,327)</u>
Liability Balance, June 30, 2025	<u>\$ 11,886,781</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable			
Revolving cash	\$ 25,000	\$ -	\$ 25,000
Total nonspendable	25,000	-	25,000
Restricted			
Educational programs	69,209,893	6,267,229	75,477,122
Total restricted	69,209,893	6,267,229	75,477,122
Assigned			
Deferred maintenance	339,634	-	339,634
Facilities	3,000,000	-	3,000,000
Technology and data services	8,922,559	-	8,922,559
Reserve for vacation and sick leave	3,398,744	-	3,398,744
Carryover of unspent funds	6,625,772	-	6,625,772
Total assigned	22,286,709	-	22,286,709
Unassigned	17,714,757	(307)	17,714,450
Total	\$ 109,236,359	\$ 6,266,922	\$ 115,503,281

The County Office of Education is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The minimum recommended reserve for the County Office of Education’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 2 percent of County School Service Fund expenditures and other financing uses. The Santa Clara County Office of Education’s policy is to maintain the reserve at 4 percent.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Santa Clara County Office of Education’s defined benefit OPEB plan, Santa Clara County Office of Education Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the County Office of Education. The County Office of Education is a participant in the California Employer’s Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit post-employment healthcare plan administered by CalPERS.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the County Office of Education.

C. Benefits Provided

The Plan provides health benefits to eligible retirees and their dependents until age 65. Benefits are provided through a third-party insurer. Eligibility requirements are as follows:

- SEIU employees who retire on or after age 55 with at least 10 years of service.
- ACE/CTA employees and psychologists who retire on or after age 55 with at least 10 years of service.
- Management employees hired on or before November 1, 2008, who retire on or after age 55 with at least one year of service.
- Management employees and Superintendent hired after November 1, 2008, who retire on or after age 55 with at least ten years of service.
- Superintendents appointed after November 1, 2008 retiring on or after age 55 with at least ten years of service.

The same medical coverage as provided to active employees is provided to eligible retired employees. The percentage of the monthly premium paid by the County Office varies. Retirees pay all amounts in excess of:

- For SEIU retirees, the percentage is 50% after 10 years of employment, 75% after 15 years, and 100% after 20 years.
- For ACE/CTA/psychologists, the percentage is 50% after 10 years of employment, 75% after 15 years, and 100% after 20 years.
- For management and Superintendent, 3.3% for each year of service (100% after 30 years).

D. Contributions

For the measurement period, the County Office of Education contributed \$1,033,560 to the Plan, all of which was used for current premiums. The SCCOE established an OPEB trust account but does not have a formal OPEB funding policy. Trust contributions are made on an ad-hoc basis.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	1,336
Inactive employees entitled to but not receiving benefits	210
Participating active employees	<u>51</u>
Total number of participants*	<u>1,597</u>

F. Net OPEB Asset

The components of the net OPEB asset of the County Office of Education at June 30, 2025, were as follows:

Total OPEB liability	\$ 25,428,353
Plan fiduciary net position	<u>(26,245,256)</u>
County Office of Education's net OPEB liability/(asset)	<u>\$ (816,903)</u>

Plan fiduciary net position as a percentage of total OPEB liability	103.2%
---	--------

G. Investments

Investment Policy

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

Concentrations

The Plan held the following investments which represent 5 percent or more of the Plan's fiduciary net position:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual Fund - Fixed Income		
Global Equity	34.00%	4.50%
Fixed Income	41.00%	1.40%
Treasury Inflation Protection Securities	5.00%	5.00%
Real Estate Investment Trusts	17.00%	0.50%
Commodities	3.00%	1.10%

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Investments (continued)

Rate of Return

For the year ended, June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 5.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Actuarial Assumptions and Other Inputs

The net OPEB asset as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.50%
Salary increases	3.00%
Discount rate	5.75%
Healthcare cost trend rate	7.60%

Non-economic assumptions:

Retirement & Mortality:

Certificated	January 2024 CalSTRS Experience Study
Classified	2021 CalPERS Experience Study

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 202 to June 30, 2023.

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Changes in Net OPEB Asset

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 1,646,569
Interest on total OPEB liability	1,417,278
Difference between expected and actual experience	(120,452)
Benefits payments	<u>(1,033,560)</u>
Net change in total OPEB liability	1,909,835
Total OPEB liability - beginning	<u>23,518,518</u>
Total OPEB liability - ending (a)	<u>\$ 25,428,353</u>
 Plan fiduciary net position	
Net investment income	\$ 2,057,780
Benefit payments	(1,033,560)
Administrative expenses	<u>(8,149)</u>
Net change in plan fiduciary net position	1,016,071
Plan fiduciary net position - beginning	<u>25,229,185</u>
Plan fiduciary net position - ending (b)	<u>\$ 26,245,256</u>
 County Office of Education's net OPEB liability/(asset) - ending (a) - (b)	<u>\$ (816,903)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	103.21%
 Covered-employee payroll	\$ 159,750,676
 County Office of Education's net OPEB liability/(asset) as a percentage of covered-employee payroll	-0.51%

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

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

	<u>1% Decrease</u>	<u>Valuation Discount Rate</u>	<u>1% Increase</u>
	<u>(4.75%)</u>	<u>(5.75%)</u>	<u>(3.75%)</u>
Net OPEB liability/(asset)	\$ 904,097	\$ (816,903)	\$ (2,439,097)

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(6.60%)	(7.60%)	(5.60%)
Net OPEB liability/(asset)	\$ (3,408,233)	\$ (816,903)	\$ 2,190,950

L. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Santa Clara County Office of Education recognized OPEB expense of \$(50,669). At June 30, 2025, the Santa Clara County Office of Education reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 1,095,548	\$ -
Differences between expected and actual experience	1,890	5,780,482
Changes in assumptions	274,063	1,037,756
County Office of Education contributions subsequent to the measurement date	4,057	-
Total	\$ 1,375,558	\$ 6,818,238

The \$4,057 reported as deferred outflows of resources related to OPEB resulting from the County of Education contributions subsequent to the measurement date will be recognized as a reduction of the net/total OPEB liability in the year ended June 30, 2025.

Year Ended June 30,	Deferred (Inflows) Outflows of Resources
2026	\$ (1,810,647)
2027	(461,379)
2028	(784,950)
2029	(802,851)
2030	(552,142)
Thereafter	(1,034,768)
Total	\$ (5,446,737)

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS

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

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
CalSTRS Pension	\$ 64,202,962	\$ 27,269,979	\$ 8,623,489	\$ 7,295,376
CalPERS Pension	163,410,307	53,078,777	2,028,584	28,439,888
Total	<u>\$ 227,613,269</u>	<u>\$ 80,348,756</u>	<u>\$ 10,652,073</u>	<u>\$ 35,735,264</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The County Office of Education contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the County Office of Education were \$12,926,297 for the year ended June 30, 2025.

On-Behalf Payments

The County Office of Education was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$5,947,894 to CalSTRS.

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

At June 30, 2025, the County Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office of Education. The amount recognized by the County Office of Education as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County Office of Education were as follows:

County Office of Education's proportionate share of the net pension liability share of	\$ 64,202,962
State's proportionate share of the net pension liability associated with the County Office of Education	<u>29,456,993</u>
Total	<u>\$ 93,659,955</u>

The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. The County Office of Education’s proportion of the net pension liability was based on a projection of the County Office of Education’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school County Office of Educations, actuarially determined. At June 30, 2024, the County Office of Education’s proportion was 0.096 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2023.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the County Office of Education recognized pension expense of \$7,295,376. In addition, the County Office of Education recognized pension expense and revenue of \$(2,814,429) for support provided by the State. At June 30, 2025, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 259,056
Differences between expected and actual experience	7,262,182	2,807,559
Changes in assumptions	281,043	4,384,840
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	6,800,457	1,172,034
County Office of Education contributions subsequent to the measurement date	12,926,297	-
Total	<u>\$ 27,269,979</u>	<u>\$ 8,623,489</u>

The \$12,926,297 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 3,180,464	\$ 6,670,793
2027	3,180,462	(3,332,838)
2028	2,288,014	2,148,182
2029	2,288,015	1,673,829
2030	2,178,937	730,328
2031	1,227,790	733,195
Total	<u>\$ 14,343,682</u>	<u>\$ 8,623,489</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
County Office of Education's proportionate share of the net pension liability	\$ 114,196,062	\$ 64,202,962	\$ 22,456,650

Pension Plan Fiduciary Net Position

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

NOTE 12 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The County Office of Education is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the County Office of Education were \$26,503,968 for the year ended June 30, 2025.

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

At June 30, 2025, the County Office of Education reported a liability of \$163,410,307 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. The County Office of Education's proportion of the net pension liability was based on a projection of the County Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating school County Office of Educations, actuarially determined. At June 30, 2024, the County Office of Education's proportion was 0.457 percent, which was an increase of 0.012 percent from its proportion measured as of June 30, 2023.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the County Office of Education recognized pension expense of \$28,439,888. At June 30, 2025, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 6,347,547	\$ -
Differences between expected and actual experience	13,699,565	1,169,522
Changes in assumptions	3,611,920	-
Changes in proportion and differences between County Office of Education contributions and proportionate share of contributions	2,915,777	859,062
County Office of Education contributions subsequent to the measurement date	26,503,968	-
Total	<u>\$ 53,078,777</u>	<u>\$ 2,028,584</u>

The \$26,503,968 reported as deferred outflows of resources related to pensions resulting from County Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 10,098,031	\$ 2,028,584
2027	15,981,992	-
2028	2,503,246	-
2029	(2,008,460)	-
Total	<u>\$ 26,574,809</u>	<u>\$ 2,028,584</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 12 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the County Office of Education’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the County Office of Education’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County Office of Education's proportionate share of the net pension liability	\$ 242,747,376	\$ 163,410,307	\$ 97,871,574

Pension Plan Fiduciary Net Position

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Grants

The County Office of Education received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the County School Service Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2025.

B. Litigation

The County Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the County Office of Education at June 30, 2025.

C. Construction Commitments

As of June 30, 2025, the County Office of Education had \$5,232,199 in commitments with respect to unfinished capital projects.

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The County Office of Education participates in one joint ventures under joint powers authorities (JPAs), the South Bay Area Schools Insurance Authority (SBASIA). The relationships between the County Office of Education and the JPAs are such that the JPAs are not component units of the County Office of Education for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the County Office of Education are included in these statements. The audited financial statements are generally available from the respective entities.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County Office of Education recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2025, total deferred outflows related to pensions was \$80,348,756 and total deferred inflows related to pensions was \$10,652,073.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County Office of Education recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the County Office of Education-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$1,375,558 and total deferred inflows related to other postemployment benefits was \$6,818,238.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA CLARA COUNTY OFFICE OF EDUCATION
COUNTY SCHOOL SERVICE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 210,466,336	\$ 210,721,105	\$ 214,014,127	\$ 3,293,022
Federal sources	57,981,023	67,432,426	53,637,772	(13,794,654)
Other state sources	30,302,667	47,019,078	33,544,725	(13,474,353)
Other local sources	70,760,944	106,480,280	97,147,319	(9,332,961)
Total Revenues	369,510,970	431,652,889	398,343,943	(33,308,946)
EXPENDITURES				
Certificated salaries	74,374,556	76,638,276	74,105,264	2,533,012
Classified salaries	95,462,302	98,107,286	98,153,983	(46,697)
Employee benefits	92,772,749	94,536,116	90,830,006	3,706,110
Books and supplies	7,711,423	14,490,663	4,746,929	9,743,734
Services and other operating expenditures	63,539,655	119,698,162	61,967,731	57,730,431
Capital outlay	5,019,246	14,807,778	10,884,734	3,923,044
Other outgo				
Excluding transfers of indirect costs	56,564,193	65,817,559	64,483,629	1,333,930
Transfers of indirect costs	(1,251,076)	(1,653,105)	(1,179,915)	(473,190)
Total Expenditures	394,193,048	482,442,735	403,992,361	78,450,374
Excess (Deficiency) of Revenues Over Expenditures	(24,682,078)	(50,789,846)	(5,648,418)	45,141,428
Other Financing Sources (Uses)				
Transfers in	-	-	157,159	157,159
Net Financing Sources (Uses)	-	-	157,159	157,159
NET CHANGE IN FUND BALANCE	(24,682,078)	(50,789,846)	(5,491,259)	45,298,587
Fund Balance - Beginning	114,727,618	114,727,618	114,727,618	-
Fund Balance - Ending	\$ 90,045,540	\$ 63,937,772	\$ 109,236,359	\$ 45,298,587

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHANGES IN NET OPEB ASSET AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability								
Service cost	\$ 1,646,569	\$ 1,217,152	\$ 1,184,576	\$ 1,259,684	\$ 1,076,963	\$ 1,809,486	\$ 2,177,330	\$ 2,054,085
Interest on total OPEB liability	1,417,278	985,084	916,560	951,942	953,202	1,413,151	1,532,235	1,381,780
Changes of benefit terms	-	5,657,130	-	-	-	-	-	-
Difference between expected and actual experience	(120,452)	(208,754)	3,150	(704,833)	(78,067)	(8,863,931)	(6,537,456)	-
Changes of assumptions	-	(336,861)	-	(1,236,969)	799,088	(1,009,024)	-	-
Benefits payments	(1,033,560)	(977,390)	(804,544)	(871,513)	(882,698)	(954,200)	(978,447)	(878,106)
Net change in total OPEB liability	1,909,835	6,336,361	1,299,742	(601,689)	1,868,488	(7,604,518)	(3,806,338)	2,557,759
Total OPEB liability - beginning	23,518,518	17,182,157	15,882,415	16,484,104	14,615,616	22,220,134	26,026,472	23,468,713
Total OPEB liability - ending (a)	<u>\$ 25,428,353</u>	<u>\$ 23,518,518</u>	<u>\$ 17,182,157</u>	<u>\$ 15,882,415</u>	<u>\$ 16,484,104</u>	<u>\$ 14,615,616</u>	<u>\$ 22,220,134</u>	<u>\$ 26,026,472</u>
Plan fiduciary net position								
Contributions - employer	\$ -	\$ -	\$ (48,532)	\$ -	\$ -	\$ 954,200	\$ 24,978,447	\$ 878,106
Net investment income	2,057,780	941,945	(3,746,891)	5,280,457	899,678	1,480,459	-	-
Benefit payments	(1,033,560)	(977,390)	(804,544)	(871,513)	(882,698)	(954,200)	(978,447)	(878,106)
Administrative expenses	(8,149)	(7,272)	(7,568)	(9,366)	(12,440)	(5,140)	-	-
Net change in plan fiduciary net position	1,016,071	(42,717)	(4,607,535)	4,399,578	4,540	1,475,319	24,000,000	-
Plan fiduciary net position - beginning	25,229,185	25,271,902	29,879,437	25,479,859	25,475,319	24,000,000	-	-
Plan fiduciary net position - ending (b)	<u>\$ 26,245,256</u>	<u>\$ 25,229,185</u>	<u>\$ 25,271,902</u>	<u>\$ 29,879,437</u>	<u>\$ 25,479,859</u>	<u>\$ 25,475,319</u>	<u>\$ 24,000,000</u>	<u>\$ -</u>
County Office of Education's net OPEB liability/(asset) - ending (a) - (b)	<u>\$ (816,903)</u>	<u>\$ (1,710,667)</u>	<u>\$ (8,089,745)</u>	<u>\$ (13,997,022)</u>	<u>\$ (8,995,755)</u>	<u>\$ (10,859,703)</u>	<u>\$ (1,779,866)</u>	<u>\$ 26,026,472</u>
Plan fiduciary net position as a percentage of the total OPEB liability	103.21%	107.27%	147.08%	188.13%	154.57%	174.30%	108.01%	0.00%
Covered-employee payroll	\$ 159,750,676	\$ 139,003,257	\$ 125,182,256	\$ 117,422,178	\$ 118,350,838	\$ 109,475,614	\$ 111,870,369	\$ 108,746,865
County Office of Education's net OPEB liability/(asset) as a percentage of covered-employee payroll	-0.51%	-1.23%	-6.46%	-11.92%	-7.60%	-9.92%	-1.59%	23.93%

See accompanying notes to required supplementary information.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
County Office of Education's proportion of the net pension liability	0.096%	0.093%	0.086%	0.095%	0.096%	0.089%	0.092%	0.095%	0.092%	0.093%
County Office of Education's proportionate share of the net pension liability	\$ 64,202,962	\$ 70,647,906	\$ 59,957,422	\$ 43,242,282	\$ 93,077,076	\$ 80,748,956	\$ 84,347,023	\$ 88,256,423	\$ 74,537,000	\$ 62,863,000
State's proportionate share of the net pension liability associated with the County Office of Education	<u>29,456,993</u>	<u>33,850,010</u>	<u>30,026,853</u>	<u>21,757,839</u>	<u>47,981,244</u>	<u>44,053,946</u>	<u>48,292,615</u>	<u>52,211,755</u>	<u>42,436,000</u>	<u>33,247,000</u>
Total	\$ 93,659,955	\$ 104,497,916	\$ 89,984,275	\$ 65,000,121	\$ 141,058,320	\$ 124,802,902	\$ 132,639,638	\$ 140,468,178	\$ 116,973,000	\$ 96,110,000
County Office of Education's covered payroll	\$ 66,964,812	\$ 58,284,141	\$ 52,048,658	\$ 52,613,226	\$ 52,885,532	\$ 49,050,504	\$ 49,659,272	\$ 54,365,191	\$ 45,928,034	\$ 43,338,874
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	95.88%	121.21%	115.19%	82.19%	176.00%	164.62%	169.85%	162.34%	162.29%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 SCHEDULE OF THE COUNTY OFFICE OF EDUCATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
County Office of Education's proportion of the net pension liability	0.457%	0.445%	0.443%	0.451%	0.442%	0.430%	0.462%	0.465%	0.441%	0.469%
County Office of Education's proportionate share of the net pension liability	\$ 163,410,307	\$ 160,947,249	\$ 162,317,135	\$ 91,639,464	\$ 135,451,322	\$ 125,363,783	\$ 123,272,428	\$ 111,033,215	\$ 84,140,000	\$ 69,188,000
County Office of Education's covered payroll	\$ 92,140,953	\$ 78,286,463	\$ 67,913,933	\$ 64,808,952	\$ 63,703,377	\$ 59,751,578	\$ 61,002,910	\$ 59,344,182	\$ 52,932,759	\$ 51,965,271
County Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	177.35%	205.59%	239.00%	141.40%	212.63%	209.81%	202.08%	187.10%	158.96%	133.14%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 12,926,297	\$ 12,359,361	\$ 11,155,710	\$ 8,806,633	\$ 8,497,036	\$ 9,043,426	\$ 7,985,422	\$ 7,165,833	\$ 6,839,141	\$ 4,928,078
Contributions in relation to the contractually required contribution*	(12,926,297)	(12,359,361)	(11,155,710)	(8,806,633)	(8,497,036)	(9,043,426)	(7,985,422)	(7,165,833)	(6,839,141)	(4,928,078)
Contribution deficiency (excess)	<u>\$ -</u>									
County Office of Education's covered payroll	\$ 67,689,491	\$ 66,964,812	\$ 58,284,141	\$ 52,048,658	\$ 52,613,226	\$ 52,885,532	\$ 49,050,504	\$ 49,659,272	\$ 54,365,191	\$ 45,928,034
Contributions as a percentage of covered payroll	19.10%	18.46%	19.14%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

*Amounts do not include on-behalf contributions

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF COUNTY OFFICE OF EDUCATION CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 26,503,968	\$ 24,144,046	\$ 19,514,124	\$ 15,559,082	\$ 13,415,453	\$ 12,562,943	\$ 10,792,330	\$ 9,474,362	\$ 8,241,720	\$ 6,270,944
Contributions in relation to the contractually required contribution*	(26,503,968)	(24,144,046)	(19,514,124)	(15,559,082)	(13,415,453)	(12,562,943)	(10,792,330)	(9,474,362)	(8,241,720)	(6,270,944)
Contribution deficiency (excess)	<u>\$ -</u>									
County Office of Education's covered payroll	\$ 99,896,508	\$ 92,140,953	\$ 78,286,463	\$ 67,913,933	\$ 64,808,952	\$ 63,703,377	\$ 59,751,578	\$ 61,002,910	\$ 59,344,182	\$ 52,932,759
Contributions as a percentage of covered payroll	26.53%	26.20%	24.93%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%

*Amounts do not include on-behalf contributions

**SANTA CLARA COUNTY OFFICE OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Net OPEB Asset and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

There were no changes in assumptions since the previous valuation.

Schedule of the County Office of Education Contributions for OPEB

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

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the County Office of Education's proportion (percentage) of the collective net pension liability, the County Office of Education's proportionate share (amount) of the collective net pension liability, the County Office of Education's covered payroll, the County Office of Education's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of County Office of Education Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the County Office of Education’s statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the County Office of Education’s covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the County Office of Education’s covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the County Office of Education incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	Expenditures and Other Uses		
	Budget	Actual	Excess
County School Service Fund			
Classified salaries	\$ 98,107,286	\$ 98,153,983	\$ 46,697
Other outgo			
Transfers of indirect costs	\$ (1,653,105)	\$ (1,179,915)	\$ 473,190

SUPPLEMENTARY INFORMATION

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
U. S. DEPARTMENT OF EDUCATION:				
<i>Passed through California Department of Education:</i>				
Title I, Part A				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 748,421	\$ -
Comprehensive Support and Improvement for LEAs	84.010	15438	609,241	-
Comprehensive Support and Improvement for COEs	84.010	15439	359,522	-
Title I, Part D, Local Delinquent Programs	84.010	14357	672,040	-
Subtotal Title I, Part A			<u>2,389,224</u>	<u>-</u>
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	8,133,632	-
Title III				
Title III, English Learner Student Program	84.365	14346	30,504	-
Title III, Technical Assistance	84.365	14967	165,417	-
Subtotal Title III			<u>195,921</u>	<u>-</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	70,340	-
Title IV, Part C: Public Charter Schools Grants	84.282	15385	163,341	-
Special Education Cluster				
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	34,086,375	32,010,112
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	49,088	-
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	574,707	530,079
Alternate Dispute Resolution	84.173	13007	48,421	-
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	5,619	5,451
Subtotal Special Education Cluster			<u>34,764,210</u>	<u>32,545,642</u>
IDEA Early Intervention Grants, Part C	84.181	23761	906,342	-
Education Innovation and Research	84.411A	*	770,617	-
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	402,375	-
School Based Mental Health Services	84.184H	*	1,188,637	-
Mental Health Service Professional Demonstration	84.184X	*	583,447	-
Innovative Approaches to Literacy; Full Service Community Schools; and Promise Neighborhood	84.215K	*	538,830	-
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	149,825	-
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	19,117	-
Subtotal Education Stabilization Fund Discretionary Grants			<u>168,942</u>	<u>-</u>
Total U. S. Department of Education			<u>50,275,858</u>	<u>32,545,642</u>
U. S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through California Department of Social Services:</i>				
Child and Adult Care Food Program (CACFP)				
CACFP Claims - Centers and Family Day Care	10.558	13393	635,066	-
CCFP Cash in Lieu of Commodities	10.558	13389	27,225	-
CACFP COVID-19 Emergency Operational Costs Reimbursement	10.558	15577	105,709	-
Subtotal Child and Adult Care Food Program			<u>768,000</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>768,000</u>	<u>-</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<i>Passed through California Department of Education:</i>				
Child Care and Development Block Grant				
Federal Child Care, Center-based	93.575	13609	144,634	-
Federal Quality Improvement Activities	93.575	14092	802,244	-
Local Planning Councils	93.575	13946	120,854	-
Child Care and Development Programs Administered by CA Department of Social Services	93.575	10163	205,854	-
Subtotal Child Care and Development Block Grant			<u>1,273,586</u>	<u>-</u>
Head Start	93.600	10016	33,523,446	-
Total U. S. Department of Health & Human Services			<u>34,797,032</u>	<u>-</u>
U. S. DEPARTMENT OF EDUCATION AND HUMAN RESOURCES:				
<i>Direct Award:</i>				
National Science Foundation (NSF)	47.076	*	72,673	-
Total U. S. Department of Education and Human Resources			<u>72,673</u>	<u>-</u>
NATIONAL OCEANIC ATMOSPHERIC ADMINISTRATION (NOAA) :				
<i>Passed through California Bay Watershed Education and Training :</i>				
Bay Watershed Education and Training (BWET)	11.429	*	50,187	-
Total National Oceanic Atmospheric Administration (NOAA)			<u>50,187</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 85,963,750</u>	<u>\$ 32,545,642</u>

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

Opportunity Youth Academy

	Second Period Report	Annual Report
CHARTER SCHOOL - NONCLASSROOM BASED		
Probation Referred	50.25	53.19
Ninth through Twelfth	175.19	200.11
TOTAL NONCLASSROOM BASED CHARTER SCHOOL	<u>225.44</u>	<u>253.30</u>

County Office of Education

	Second Period Report	Annual Report
DISTRICT FUNDED COUNTY PROGRAMS		
TK/K through Third		
Special Education - Special Day Class	147.86	149.14
Extended Year Special Education - Nonpublic Schools	6.32	13.66
Total TK/K through Third	<u>154.18</u>	<u>162.80</u>
Fourth through Sixth		
Special Education - Special Day Class	125.25	125.48
Extended Year Special Education - Nonpublic Schools	7.11	13.02
Total Fourth through Sixth	<u>132.36</u>	<u>138.50</u>
Seventh through Eighth		
Special Education - Special Day Class	87.23	88.00
Extended Year Special Education - Nonpublic Schools	3.57	7.79
Total Seventh through Eighth	<u>90.80</u>	<u>95.79</u>
Ninth through Twelfth		
Special Education - Special Day Class	291.44	293.83
Special Education - Nonpublic Schools	9.59	10.52
Extended Year Special Education - Nonpublic Schools	9.20	22.67
Total Ninth through Twelfth	<u>310.23</u>	<u>327.02</u>
Total District Funded County Programs	<u>687.57</u>	<u>724.11</u>

ALTERNATIVE EDUCATION GRANT PROGRAMS

JUVENILE COURT SCHOOLS

ELEMENTARY

Juvenile Halls, Homes, and Camps	2.17	3.40
Total Elementary	<u>2.17</u>	<u>3.40</u>

SECONDARY

Juvenile Halls, Homes, and Camps	60.32	67.59
Total Secondary	<u>60.32</u>	<u>67.59</u>
Total Juvenile Court Schools	<u>62.49</u>	<u>70.99</u>

COUNTY FUNDED NON-JUVENILE COURT SCHOOLS

ELEMENTARY

Probation Referred, On Probation or Parole, or Expelled	18.84	20.18
Total Elementary	<u>18.84</u>	<u>20.18</u>

SECONDARY

Probation Referred, On Probation or Parole, or Expelled	89.05	93.26
Total Secondary	<u>89.05</u>	<u>93.26</u>
Total County Funded Non-Juvenile Court Schools	<u>107.89</u>	<u>113.44</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Opportunity Youth Charter

Grade Level	Number of Days	Number of Days	Status
Grade 9	175	215	Complied
Grade 10	175	215	Complied
Grade 11	175	215	Complied
Grade 12	175	215	Complied

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2025**

	2026 (Budget)	2025	2024	2023
County School Service Fund - Budgetary Basis				
Revenues And Other Financing Sources	\$ 379,193,272	\$ 398,501,102	\$ 389,078,896	\$ 340,417,495
Expenditures And Other Financing Uses	396,145,450	403,992,361	374,198,885	335,984,549
Net change in Fund Balance	\$ (16,952,178)	\$ (5,491,259)	\$ 14,880,011	\$ 4,432,946
Ending Fund Balance	\$ 92,284,181	\$ 109,236,359	\$ 114,727,618	\$ 99,847,607
Available Reserves*	\$ 17,027,926	\$ 17,714,759	\$ 22,216,799	\$ 28,183,845
Available Reserves As A Percentage Of Outgo	4.30%	4.38%	5.94%	8.39%
Long-term Liabilities	\$ 257,771,987	\$ 262,755,661	\$ 267,588,718	\$ 237,249,010
Average Daily Attendance At P-2	167	170	169	159

The County School Service Fund ending fund balance has increased by \$9,388,752 over the past two years. However, the fiscal year 2025-26 budget projects a decrease of \$16,952,178. For a County Office of Education this size, the State recommends available reserves of at least 2% of County School Service Fund expenditures, transfers out, and other uses (total outgo). The Santa Clara County Office of Education’s policy is to maintain the reserve at 4 percent.

The County Office of Education has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by \$25,506,651 over the past two years.

Average daily attendance has increased by 11 ADA over the past two years. However, a decrease of 3 ADA is anticipated during the 2025-26 fiscal year.

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

**SANTA CLARA COUNTY OFFICE OF EDUCATION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no differences between the annual financial and budget report with audited financial statements.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025**

Charter #	Charter School	Status	Included in Audit Report
1840	Oportunity Youth Academy	Active	Yes
0972	ACE Empower Academy	Active	Separate Report
1167	Alpha: Cornerstone Academy Preparatory	Active	Separate Report
1618	Alpha: Jose Hernandez Middle School	Active	Separate Report
0615	Bullis Charter School	Active	Separate Report
0767	Discovery Charter School	Active	Separate Report
1547	Discovery Charter II	Active	Separate Report
1268	Downtown College Preparatory - Alum Rock	Active*	Separate Report
1393	Rocketship Academy Brilliant Minds	Active	Separate Report
1394	Rocketship Alma Academy	Active	Separate Report
1193	Rocketship Discovery Prep	Active	Separate Report
1687	Rocketship Fuerza Community Prep	Active	Separate Report
1127	Rocketship Loc Suenos Academy	Active	Separate Report
0850	Rocketship Mateo Sheedy Elementary	Active	Separate Report
1778	Rocketship Rising Starts	Active	Separate Report
1061	Rocketship Si Se Puede Academy	Active	Separate Report
1282	Summit Public School - Tahoma	Active	Separate Report
1290	Sunrise Middle	Active	Separate Report
0844	University Preparatory Academy Charter School	Active	Separate Report
1716	Voices College-Bound Language Academy Morgan Hill	Active	Separate Report
1743	Voices College-Bound Language Academy Mt. Pleasant	Active	Separate Report

**Charter school closed as of June 30, 2025.*

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 COMBINING BALANCE SHEET
 JUNE 30, 2025**

	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 150,867	\$ 12,984,773	\$ 13,135,640
Accounts receivable	2,359,416	1,163,035	3,522,451
Due from other funds	892,671	342,291	1,234,962
Total Assets	\$ 3,402,954	\$ 14,490,099	\$ 17,893,053
LIABILITIES			
Accrued liabilities	\$ 3,403,261	\$ 1,156,563	\$ 4,559,824
Due to other funds	-	546,265	546,265
Unearned revenue	-	6,520,042	6,520,042
Total Liabilities	3,403,261	8,222,870	11,626,131
FUND BALANCES			
Restricted	-	6,267,229	6,267,229
Unassigned	(307)	-	(307)
Total Fund Balances	(307)	6,267,229	6,266,922
Total Liabilities and Fund Balances	\$ 3,402,954	\$ 14,490,099	\$ 17,893,053

See accompanying notes to supplementary information.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds
REVENUES			
LCFF sources	\$ 6,157,549	\$ -	\$ 6,157,549
Federal sources	32,545,642	1,936,182	34,481,824
Other state sources	-	15,257,108	15,257,108
Other local sources	221,667	648,459	870,126
Total Revenues	<u>38,924,858</u>	<u>17,841,749</u>	<u>56,766,607</u>
EXPENDITURES			
Current			
Instruction	-	5,123,644	5,123,644
Instruction-related services			
Instructional supervision and administration	-	3,309,768	3,309,768
School site administration	-	1,440,749	1,440,749
Pupil services			
Food services	-	1,172,318	1,172,318
All other pupil services	-	3,403,207	3,403,207
General administration			
All other general administration	6,376,954	1,179,915	7,556,869
Plant services	-	922,922	922,922
Facilities acquisition and construction	-	14,805	14,805
Transfers to other agencies	32,545,642	-	32,545,642
Total Expenditures	<u>38,922,596</u>	<u>16,567,328</u>	<u>55,489,924</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,262</u>	<u>1,274,421</u>	<u>1,276,683</u>
Other Financing Sources (Uses)			
Transfers out	-	(157,159)	(157,159)
Net Financing Sources (Uses)	<u>-</u>	<u>(157,159)</u>	<u>(157,159)</u>
NET CHANGE IN FUND BALANCE	2,262	1,117,262	1,119,524
Fund Balance - Beginning	(2,569)	5,149,967	5,147,398
Fund Balance - Ending	<u>\$ (307)</u>	<u>\$ 6,267,229</u>	<u>\$ 6,266,922</u>

See accompanying notes to supplementary information.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County Office of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2025 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 88,119,596
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	8,750
Child Care and Development Programs Administered by CA Department of Social Services	93.575	(305)
School Based Mental Health Services	84.184H	(1,494,500)
Mental Health Service Professional Demonstration	84.184X	(775,500)
CACFP COVID-19 Emergency Operational Costs Reimbursement	10.558	<u>105,709</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 85,963,750</u>

The County Office of Education has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the County Office of Education and whether the County Office of Education complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

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

OTHER INFORMATION

**SANTA CLARA COUNTY OFFICE OF EDUCATION
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2025**

The Santa Clara County Office of Education was established in 1852 and is comprised of an area of approximately 1,300 square miles located in Santa Clara County. There were no changes in the boundaries of the County Office of Education during the current year. The County Office of Education operates 31 elementary, high school, unified, and community college districts.

GOVERNING BOARD

Member	Office	Term Expires
Maimona Afzal Berta	President	December 2026
Victoria Chon	Vice President	December 2028
Raeena Lari	Member	December 2026
Jorge Pacheco Jr.	Member	December 2028
Don Rocha	Member	December 2028
Jessica Speiser	Member	December 2028
Tara Sreekrishnan	Member	December 2026

COUNTY OFFICE OF EDUCATION ADMINISTRATORS

David M. Toston Sr., Ed.D
County Superintendent of Schools

Stephanie Gomez
Assistant Superintendent of Business Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Santa Clara County Board of Education
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Santa Clara County Office of Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Santa Clara County Office of Education's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

San Diego, California
January 28, 2026

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

Santa Clara County Board of Education
San Jose, California

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

We have audited Santa Clara County Office of Education's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Clara County Office of Education's major federal programs for the year ended June 30, 2025. Santa Clara County Office of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Clara County Office of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

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

- Exercise professional 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 Santa Clara County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Clara County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Santa Clara County Office of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

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

San Diego, California
January 28, 2026

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

Santa Clara County Board of Education
San Jose, California

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

We have audited Santa Clara County Office of Education's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Santa Clara County Office of Education's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, Santa Clara County Office of Education complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santa Clara County Office of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for 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 Santa Clara County Office of Education's compliance with the requirements of the applicable state programs as a whole.

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

- Exercise professional 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 Santa Clara County Office of Education's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Santa Clara County Office of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Santa Clara County Office of Education's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Santa Clara County Office of Education's compliance with the state laws and regulations applicable to the following items:

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

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

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	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
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2025-001. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Santa Clara County Office of Education’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Santa Clara County Office of Education’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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.

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

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

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

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

San Diego, California
January 28, 2026

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.011	Title I, Part C, Migrant Education	
84.027, 80.027A, 84.173, 84.173A	Special Education Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 2,578,913</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SANTA CLARA COUNTY OFFICE OF EDUCATION
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2025.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

FINDING #2025-001: HOME TO SCHOOL TRANSPORTATION REIMBURSEMENT (40000)

Criteria: A local education agency (LEA) that receives a Home-to-School Transportation Reimbursement is required to develop, and adopt, and/or update if applicable, a plan by the date prescribed, pursuant to Education Code section 39800.1(a), describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services for pupils in transitional kindergarten, kindergarten, and any of grades 1 to 6, inclusive, and pupils who are low income. In addition, the LEA must report Transportation Data through the California Basic Educational Data System (CBEDS) Home-to-School Transportation Reimbursement Supplemental worksheet in October.

Condition: During testing it was noted that the County Office of Education did not develop and adopt a Home-to-School Transportation Plan applicable to the 2024-25 fiscal year. Additionally, transportation data was not reported through CBEDS in October.

Cause: The County Office provides Special Education services to local school districts that elect to enroll their students in this program. This is a fee for service program and program enrollment varies annually. Initially, the Santa Clara County Office of Education projected that it would be ineligible to receive Home-to-School reimbursement for the 2024-2025 fiscal year, and eligibility was later identified at the end of the 2024-2025 and did not provide the County Office ample time to develop a Home-to-School transportation plan. The County Office will ensure to develop and maintain a Home-to-School Transportation plan going forward and also recognizes that depending upon the annual fluctuations in the Special Education enrollment potential reimbursement will vary annually.

Effect: County Office of Education was not in compliance with State requirements.

Questioned Costs: \$13,367; total Home-to-School Reimbursement funding for the year ended June 30, 2025.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the County Office of Education develop and adopt a plan by the prescribed date and submit transportation data through CBEDS in October.

Corrective Action Plan: The County Office will develop and adopt a Home-to-School Transportation Plan by April 1, 2026, to meet the Home-to-School Transportation Reimbursement eligibility requirements and will review and update annually to ensure a plan is in place in the event the County Office is eligible to receive reimbursement.

**SANTA CLARA COUNTY OFFICE OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for the year ended June 30, 2024.