

AGENDA
MERCED COUNTY BOARD OF EDUCATION
April 18, 2022

REGULAR BOARD MEETING

Merced County Office of Education - 632 West 13th Street, Merced CA 95341 – Board Room
The meeting begins immediately following the Virginia Smith Trust meeting but not before 3:00 p.m.

[These proceedings are being recorded.]

Merced County Office of Education (MCOE) will be conducting the Merced County Board of Education meeting at the regular time and in-person. The public is welcome to attend the meeting in-person or remotely. To join the meeting via Zoom visit this link: <https://mcoe-org.zoom.us/j/91529804402?pwd=ZjVYN0VvRFpFejlvQVNuQmtOVkVTdz09> or by phone at: 1-669-900-6833 Meeting ID: 915 2980 4402 Passcode: 583539

I. Open

A. Call to Order at _____ PM by Chairperson _____

B. Roll Call: Geneva Brett, Chairperson _____
Frank Fagundes, Vice Chairperson _____
Fred Honoré, Member _____
Dennis Hanks, Member _____
Chris Chavez, Member _____

C. Others Present: _____

II. Flag Salute - Pledge Allegiance to the Flag

III. Consent Agenda: Items listed under Consent Agenda are considered to be routine administrative functions and will be acted on by the Board in one motion and one vote. Any items under the Consent Agenda may be discussed; however, if the item needs further clarification and discussion, it may be removed from the Consent Agenda at the request of the Board or the Superintendent, and considered separately. Information concerning Consent Agenda items will be provided to each Board member for study prior to the meeting. It is understood that the Superintendent recommends approval of all consent items, unless otherwise noted. (*Board Bylaw 9322*)

A. Minutes of Regular Meeting on March 21, 2022

B. Retirement Resolution(s):

1. **Resolution No. 2022-07** Honoring Doug Huggins
2. **Resolution No. 2022-08** Honoring Lidia P. Mora

Motioned by _____ Seconded by _____ Vote _____

IV. Written Communications

- A. Correspondence Received By Chairperson
- B. Correspondence Received By Board Members
- C. Correspondence Received By Superintendent

V. Call for Public Comments on Agenda & Non-Agenda Items

During this portion of the agenda, the public is invited to address the Board on any item of interest that is within the Board's jurisdiction (*Education Code 35145.5; Government Code 54954.3*). The Board shall conduct no discussion, deliberation, or action on any item not appearing on the posted agenda, except as authorized by law raised (*Education Code 35145.5, Government Code 54954.2*). Members of the public are limited to five minutes on each topic or agenda item and public participation cannot exceed 20 minutes total for each topic or agenda item (*Government Code 54954.3; Board Bylaw 9322 & 9323*).

VI. Future Agenda Items

VII. Superintendent's and Board Member's Report (Information/Discussion Only)

- A. Report of Independence Auditor's Report for Fiscal Year Ended June 30, 2021, by EideBailly Mark Dieu
- B. Public Comment on MCOE and Merced County Office of Teachers Association (MCOTA) Joint Initial Proposal Eva L. Chavez
Deputy Superintendent
- C. Public Comment on MCOE and California School Employees Association (CSEA) Chapter #541 Joint Initial Proposal Eva L. Chavez
Deputy Superintendent
- D. Salary Increases for Represented Employees Eva L. Chavez
Policy 4151/4251/4351 and Education Code section 1302 require that
"The county superintendent of schools shall not increase by ten thousand dollars (\$10,000) or more
The salary or bonus of any employee of the county office of education unless the matter is brought
To the attention of the county board of education for its discussion at a regularly scheduled public
Meeting of the county board of education." The Superintendent presents for the Board's discussion,
if any, proposed increase of \$10,000 or more in salary for the positions in the attached document.
Deputy Superintendent
- E. Report on Attendance of MCSBA Spring Dinner County Superintendent/Board Members
- F. Board Member's Report (if any) Board Members
- G. Superintendent's Report Steve M. Tietjen

VIII. Business Items for Action

- A. Merced County School Board Association (MCSBA) Fall Conference Steve M. Tietjen
County Superintendent
It is recommended that the Board of Education authorize Board Members attendance at the Annual MCSBA Fall Conference, October 14-16, 2022, Hyatt Regency Monterey
Motioned by _____ Seconded by _____ Vote _____
- B. MCOE Employee Recognition Resolutions Steve M. Tietjen
County Superintendent
It is recommended that the Board of Education approve MCOE Employee Recognition Resolutions as submitted
1. **Resolution No. 2022-09** in Recognition of California Day of the Teacher, May 11, 2022, **Merced County Office Teachers Association (MCOTA)**
 2. **Resolution No. 2022-10** in Recognition of California Day of the Teacher, May 11, 2022, **CSEA Chapter 856, Unit B – Head Start**
 3. **Resolution No. 2022-11** in Recognition of Classified School Employee's Recognition Week – May 15-21, 2022, **CSEA Chapter 541**
 4. **Resolution No. 2022-12** in Recognition of Classified School Employee's Recognition Week – May 15-21, 2022, **CSEA Chapter 856, Unit A – Head Start**
- Motioned by _____ Seconded by _____ Vote _____

IX. Adjournment: _____ PM

Motioned by _____ Seconded by _____ Vote _____

Americans With Disabilities Act Assistance: Auxiliary aids and services include a wide range of services and devices that promote effective communication for individuals with disabilities. If you require such assistance, please notify the Office of the Superintendent at (209) 381-6601 as soon as possible. Every effort will be made to give primary consideration to expressed preferences or provide equally effective means of communications to ensure equal access to the meetings of the Merced County Board of Education.
(Government Code 54954.2) (Board Bylaw 9320 & 9322)

Availability of Documents for Public Inspection: Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Merced County Office of Education to all or a majority of the members of the Merced County Board of Education less than 72 hours prior to that meeting are available for public inspection in the Superintendent's Office at the Merced County Office of Education, 632 West 13th Street, Merced, CA 95341, during normal business hours. The agenda is made available on our website: www.mcoe.org (Government Code 54957.5) (Board Bylaw 9320 & 9322)

Merced County Board of Education

Consent Agenda



Steve M. Tietjen, Ed.D. | County Superintendent of Schools

**MINUTES
MERCED COUNTY BOARD OF EDUCATION
March 21, 2022**

REGULAR BOARD MEETING

Merced County Office of Education (MCOE) will be conducting the Merced County Board of Education meeting at the regular time and in-person. The public is welcome to attend the meeting in-person or remotely. To join the meeting via Zoom visit this link: <https://mcoe-org.zoom.us/j/93471012201?pwd=a2o4SIBvZXJMYTF6cGIDZVNDNGdDUT09> or by phone at: 1-669-900-6833 Meeting ID: 934 7101 2201 Passcode: 361603

I. Opening

- A. Board Chairperson, Geneva Brett, called the regular meeting of the Merced County Board of Education to order at 3:21 PM.
- B. Members present were Geneva Brett, Frank Fagundes, Fred Honoré, Dennis Hanks, and Christ Chavez.
- C. Others Present: Rebecca Johnson, Selene Fuentes, Patricia Sobrevilla, Andrienne Nau, Matt Edwards, Michelle Symes, Cecilia Casillas, Angelica Lerma, Francisco Romo, Laura Andrews, Craig Nelson, Paula Heupel, Mark Pintor, Gigi Bettis, Jennifer Scheidt, Darin Dupont, Ken Robbins, John Magneson, Eva Chavez, Janet Riley, Yolanda Campos-Senior Executive Assistant to the Superintendent, Steve M. Tietjen-County Superintendent.

I. Call for Public Comments Identified Closed Session Agenda Items

During this portion of the agenda, the public is invited to address the Board on identified items prior to adjournment into Closed Session.

No public comments.

The Board will proceed into Closed Session.

II. Closed Session

- Conference with real property negotiator, property management, Kenneth Robbins, Negotiator of Real Property/Land Development issues, pursuant to Government Code Section 54956.8.

The Board will proceed into Open Session.

III. Open Session – Report following Closed Session

The Board discussed issues relating to real property and provided direction to staff.

IV. Flag Salute – Pledge Allegiance to the Flag

V. Presentation

A. Presentation of Plaques to MCOE Outstanding Classified, Certificated, and Management Employees for the Quarter ending March 2022

1. Classified Employee: Rebecca Johnson, Special Education
2. Classified Employee: Selene Fuentes, Special Education
3. Certificated Employee: Patricia Sobreville, Special Education
4. Management Employees: Adrienne Nau & Matt Edwards, Educational Services

Outstanding Employee Awards were presented to Rebecca Johnson, Outstanding Classified Employee, Special Education; Outstanding Classified Employee, Selene Fuentes, Special Education; Certificated Employee Patricia Sobreville with Special Education; and Outstanding Management Employee Laura Andrews, Educational Services.

VI. Consent Agenda Items listed under Consent Agenda are considered to be routine administrative functions and will be acted on by the Board in one motion and one vote. Any items under the Consent Agenda may be discussed; however, if the item needs further clarification and discussion, it may be removed from the Consent Agenda at the request of the Board or the Superintendent, and considered separately. Information concerning Consent Agenda items will be provided to each Board member for study prior to the meeting. It is understood that the Superintendent recommends approval of all consent items, unless otherwise noted. (*Board Bylaw 9322*)

- A. Minutes of Regular Meeting on February 22, 2022
- B. **Resolution No. 2022-06** Recognizing April 9-15, 2022 as Week of the Young Child

Frank Fagundes moved and **Dennis Hanks** seconded the motion to approve the Consent Agenda as submitted. The motion carried with a vote of 5-0.

VII. Written Communications

- A. Correspondence Received By Chairperson: None.
- B. Correspondence Received By Board Members: None.
- C. Correspondence Received By Superintendent: None.

VIII. Call for Public Comments on Agenda & Non-Agenda Items

The public was invited to address agenda items, submit items within the subject matter jurisdiction of the Board for future consideration, or speak to issues related to the function and operation of the County Board of Education.

No public comments.

IX. Future Agenda Items

X. Superintendent's and Board Members' Report (Information/Discussion Only)

- A. Board Member's Report (*if any*): Fred Honore reported that Hilmar Middle School raised funds to attend Camp Green Meadows, which allowed his granddaughter to attend.
- B. Superintendent's Report: Steve Tietjen reported on the following:
 1. Report on Our Schools
 2. MCSBA Spring Dinner – March 23, 2022 at Gustine Middle School
 3. COVID-19 Update – case rate down
 4. Hilmar Cheese donated \$10,000 for renovations at Camp Green Meadows

XI. Business Items for Action

A. Merced Scholars Charter School Petition for Material Revision [Resolution No. 2022-05]

The Board of Education will consider and take action to approve or deny the charter petition of the Merced Scholars Charter School

1. MCOE Charter School Petition Review Team recommendation report of the Merced Scholars Charter School
2. Open Public Hearing: Geneva Brett open the public hearing.
3. Close Public Hearing: There were no comments made. Geneva Brett closed the public hearing.
4. Approve **Resolution No. 2022-06** Approving Material Revision Petition Filed by Merced Scholars Charter School by the Governing Board of Merced County Board of Education

Fred Honoré moved and **Dennis Hanks** seconded a motion to approve Resolution No. 2022-06 Approving Material Revision Petition Filed by Merced Scholars Charter School by the Governing Board of Merced County Board of Education. The motion carried with a vote of 5-0.

Vote (by roll call)	Brett	<u>Yes</u>
	Chavez	<u>Yes</u>
	Fagundes	<u>Yes</u>
	Hanks	<u>Yes</u>
	Honoré	<u>Yes</u>

B. A-G Completion Improvement Grant Plan

It is recommended that the Board of Education approve the A-G Completion Improvement Grant Plan as presented

Frank Fagundes moved and **Chris Chavez** seconded a motion to approve the A-G Completion Improvement Grant Plan as presented. The motion carried with a vote of 5-0.

C. Holiday Schedule for 2022-2023

It is recommended that the Board of Education approve the 2022-2023 Holiday Schedule

Dennis Hanks moved and **Fred Honoré** seconded a motion to approve the 2022-2023 Holiday Schedule. The motion carried with a vote of 5-0.

D. Board Bylaws

It is recommended that the Board of Education approve the following Board Bylaws:

9150 – Student Body Members *[non-applicable]*
9320 – Meetings and Notices

Dennis Hanks moved and **Chris Chavez** seconded a motion to approve the Board Bylaws listed as submitted. The motion carried with a vote of 5-0.

E. 2021-2022 Second Interim Report

It is recommended that the Board of Education approve the Second Interim Report and the Criteria and Standards Review – Second Interim Report

1. Approve and Authorize Superintendent to Sign Notice of Review
2. Approve Notice of Criteria and Standards Review – Second Interim Report

Craig Nelson provided the report.

Chris Chavez moved and **Dennis Hanks** seconded a motion to approve the Second Interim Report and the Criteria and Standards Review – Second Interim Report. The motion carried with a vote of 5-0.

XIII. Adjournment

Dennis Hanks moved and **Frank Fagundes** seconded the motion to adjourn the regular meeting of the Merced County Board of Education at 4:34PM. The motion carried with a vote of 5-0.

Respectfully submitted,

Steve M. Tietjen, Ed.D.
County Superintendent of Schools
Secretary to the Board of Education

SMT/yc

Merced County Board of Education

Superintendent's and Board Members Report



Steve M. Tietjen, Ed.D. | County Superintendent of Schools



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June 30, 2021

Merced County Office of Education

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Independent Auditor's Report

To the Governing Board
Merced County Office of Education
Merced, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merced County Office of Education (MCOE) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise MCOE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Merced County Office of Education, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Merced County Office of Education has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in MCOE's net OPEB liability and related ratios, schedule of MCOE's proportionate share of the net OPEB liability – MPP program, schedule of MCOE's proportionate share of the net pension liability, and the schedule of MCOE contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Merced County Office of Education's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 1, 2022 on our consideration of Merced County Office of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Merced 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 Merced County Office of Education's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 1, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Merced County Office of Education's (MCOE) annual financial report presents our discussion and analysis of MCOE's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with MCOE's financial statements immediately following this section. Comparative information will be presented between the fiscal years ending June 30, 2020 and June 30, 2021.

MCOE provides services to twenty school districts with a total K-12 enrollment of approximately fifty-eight thousand students. MCOE operates education programs for special populations of students, and manages many programs with education related objectives.

Services provided to districts include administrative, fiscal, personnel related, technology, educational technology, educational television, curriculum, professional development, leadership training, Teacher Induction Program (TIP), Education Specialist Intern Program for current Special Education teachers and Multiple Subject Clear Administration Services Credential (ESI/MSI), Clear Administrative Services Credential (CASC), Special Education services, Foster Youth Coordinating services, and governmental relations.

Educational programs operated for special populations of students are three-county regional Migrant (Merced, Stanislaus, and Madera), Special Education, Regional Occupational Program, Valley Community School, Juvenile Court School, Workforce Investment Act Youth Programs, Merced Scholars Charter School, Come Back Charter School and Head Start/Early Head Start.

Programs with educational related objectives include child care subsidy programs (for CalWORKS recipients and other financially eligible families), a multitude of child care and workforce support services, a six-county regional California Preschool Instructional Network and Foster Youth Services Coordinating Program (FYSCO). Other education-related grant programs supporting business-education partnerships, the work of the Family Resource Council, California student opportunity and access program (CALSOAP), outdoor school, and an after school program.

MCOE has a main administrative complex, which house the Superintendent, Human Resources, and other various administrative offices as well as an educational technology center and a print shop. The MCOE operates over 130 sites housing students and staff. The MCOE has two ancillary administrative facilities, one which houses Information Technology, Maintenance, Operations and Transportation, warehouse, as well as Special Education program staff and one which houses staff offices for Communications, Continuous Improvement, District Services and Leadership and Systems as well as professional development space.

The Superintendent provides general administrative and executive functions for the organization and employs over 1,400 staff. MCOE has a \$144.5 million annual operating expenditure budget. This includes a General Fund budget of \$101.1 million, a Child Development Fund budget of \$39.2 million, a Charter School Fund budget of \$3.1 million, and an Adult Education Fund budget of \$1.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Merced County Office of Education using the integrated approach prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of MCOE from the economic resources measurement focus using the accrual basis of accounting. MCOE statements present only governmental activities, as MCOE has no business-type activities. These statements include all assets and deferred outflows of MCOE (including infrastructure) as well as all liabilities and deferred inflows (including long-term liabilities). Additionally, certain eliminations have been made as prescribed by the GASB Statement for interfund activity for payables and receivables.

The *Fund Financial Statements* include statements for each of the two types of activities: governmental and fiduciary. MCOE has no business-type funds.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are custodial funds. Custodial funds focus reporting on net position and changes in net position.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The primary unit of government is the Merced County Office of Education.

REPORTING MCOE AS A WHOLE

The Statement of Net Position and the Statement of Activities and Changes in Net Position

The *Statement of Net Position and the Statement of Activities and Changes in Net Position* report financial information about MCOE as a whole and about its activities. These statements include *all* assets including fixed assets, deferred outflows, liabilities, and deferred inflows of MCOE using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report MCOE's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure MCOE's financial health, or financial position. Over time, increases or decreases in MCOE's net position will serve as a useful indicator of whether the financial position of MCOE is improving or deteriorating. Other factors to consider are changes in MCOE's property tax base and the condition of MCOE's facilities.

The difference between revenue and expense is MCOE's *operating result*. MCOE's responsibility is to provide services to our students, Merced county school districts and other populations, and not to generate profit as commercial entities do. Hence one must consider other factors when evaluating the *overall health* of MCOE. The quality of the education and services we provide and the safety and condition of our schools would likely be an important component in this evaluation.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position, we display MCOE activities as follows:

Governmental Activities - MCOE reports all of its services in this category. This includes the education of students with special needs or at risk youth in kindergarten through grade twelve. Services include the education of adult students, Migrant education activities, Head Start and Early Head Start programs and alternate payment programs for child care providers. MCOE also provides a variety of business and instructional services to Merced County School Districts and funds an on-going effort to improve and maintain MCOE buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants finance these activities.

REPORTING MCOE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not MCOE as a whole. Some funds are required by State law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - MCOE's basic services are reported in governmental funds. The governmental statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of MCOE's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance MCOE's programs. The differences in results in the governmental fund financial statements compared to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

MCOE AS TRUSTEE

Reporting MCOE'S Fiduciary Responsibilities

MCOE is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for the payroll clearing activities. MCOE's fiduciary activities are reported in the *Statements of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position*. We exclude these activities from MCOE's other financial statements because MCOE cannot use these assets to finance its operations. MCOE is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

MCOE's stated financial worth has decreased over last fiscal year. Total net position at the end of fiscal year 2021 is \$32.9 million. This is a decrease of \$36.3 million from the year ending June 30, 2020. The ending balance of the General Fund decreased by \$3.4 million from last year.

FINANCIAL ANALYSIS OF MCOE AS A WHOLE

Net Position

MCOE's net position was \$32.9 million for the fiscal year ended June 30, 2021, and \$36.3 million for the fiscal year ended June 30, 2020. This is a decrease of \$3.4 million. Of this amount, \$21.6 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit MCOE's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of MCOE's governmental activities for the past two fiscal years.

Table 1

	Governmental Activities	
	2021	2020 as Restated
Assets		
Current and other assets	\$ 85,540,268	\$ 70,220,675
Capital assets	84,748,857	80,636,268
Total assets	170,289,125	150,856,943
Deferred outflows of resources	26,766,961	26,263,871
Liabilities		
Current liabilities	37,669,011	24,138,338
Long-term liabilities	123,859,208	111,510,353
Total liabilities	161,528,219	135,648,691
Deferred inflows of resources	2,644,399	5,198,302
Net Position		
Net investment in capital assets	76,608,515	72,099,262
Restricted	21,595,546	23,417,435
Unrestricted (deficit)	(65,320,593)	(59,242,876)
Total net position	\$ 32,883,468	\$ 36,273,821

The \$32.9 million in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$6.1 million.

Changes in Net Position

The results of the past two year's operations for MCOE as a whole are reported in the Statement of Activities. Table 2 takes the information from this Statement, and rearranges it slightly so you can see our total revenues and expenses on a functional basis for the past two years.

Table 2

		Governmental Activities	
		2021	2020*
Revenues			
Program revenues			
Charges for services		\$ 10,475,925	\$ 10,800,669
Operating grants and contributions		117,315,705	104,043,594
Capital grants and contributions		42,766	87,303
General revenues			
Federal and State aid not restricted		12,425,135	12,485,041
Property taxes		14,723,026	14,045,478
Other general revenues		13,176,909	14,362,793
Total revenues		<u>168,159,466</u>	<u>155,824,878</u>
Expenses			
Instruction-related		79,482,876	75,644,935
Pupil services		22,003,094	21,334,814
Administration		12,354,446	12,219,931
Plant services		8,553,494	7,639,540
All other services		49,155,909	42,264,669
Total expenses		<u>171,549,819</u>	<u>159,103,889</u>
Change in net position		<u>\$ (3,390,353)</u>	<u>\$ (3,279,011)</u>

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was approximately \$171.5 million as compared to \$159.1 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$14.7 million because the cost was paid by those who benefited from the programs totaling \$10.5 million or by government and other organizations who subsidized certain programs with grants and contributions of \$117.3 million. We paid for the remaining "public benefit" portion of our governmental activities with \$12.4 million in State and Federal unrestricted funds, and with other revenues like interest and general entitlements of \$13.2 million.

In Table 3, we have presented the cost and net cost (total cost less revenues generated by the activities) of each of MCOE's largest functions. As discussed above, net cost shows the amount that local taxpayers are required to pay for each of these functions

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 79,482,876	\$ 75,644,935	\$ (22,476,355)	\$ (23,426,028)
Pupil services	22,003,094	21,334,814	(9,761,957)	(9,242,197)
Administration	12,354,446	12,219,931	(5,799,774)	(6,106,806)
Plant services	8,553,494	7,639,540	(3,114,278)	(2,934,131)
All other services	49,155,909	42,264,669	(2,563,059)	(2,463,161)
Total	<u>\$ 171,549,819</u>	<u>\$ 159,103,889</u>	<u>\$ (43,715,423)</u>	<u>\$ (44,172,323)</u>

* The total cost of services and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

FINANCIAL ANALYSIS OF MCOE'S FUNDS

The financial performance of MCOE as a whole is reflected in its governmental funds. As MCOE completed this fiscal year, our governmental funds reported an overall balance of \$47.9 million while the prior year reported a balance of \$46.1 million. This was an increase of \$1.8 million over the fiscal year 2019-2020 ending fund balances.

Our General Fund is our principal operating fund. The fund balance in the General Fund increased by \$2.4 million to approximately \$42.9 million in 2020-21.

Our special revenue fund balances decreased by approximately \$0.1 million. The funds include a separate fund for the operation of our student activities, charter schools, a fund for pass-through of special education funds, an Adult Education Fund, and a Child Development Fund.

Our County School Facilities Fund showed a decrease in the current year of \$0.5 million.

General Fund Budgetary Highlights

Over the course of the year MCOE revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing MCOE's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

Revenue and Expenditure revisions were made to the 2020-2021 budget over the course of the year. MCOE had budgeted a decrease in the General Fund of approximately \$2.9 million. However, revenues and other sources were \$1.7 million less than expected, while expenditures ended the year \$7.0 million less than what was budgeted, resulting in an actual increase to the fund of \$2.4 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, MCOE had \$84.7 million (net of depreciation) in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2020, net capital assets totaled \$80.6 million. This amount represents a net increase (including additions, deductions and depreciation) of \$4.1 million from the prior year. Table 4 displays our capital assets.

Table 4

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 7,869,605	\$ 7,495,215
Buildings and improvements	74,259,445	70,554,297
Equipment	2,619,807	2,586,756
Total	<u>\$ 84,748,857</u>	<u>\$ 80,636,268</u>

This year's major additions include continuing costs related to the Shelby Head Start and Los Banos Head Start projects.

We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of fiscal year 2020-2021, MCOE had \$123.9 million in long-term liabilities. Table 5 displays our long-term liabilities.

Table 5

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
Qualified Zone Academy Bonds	\$ 422,900	\$ 528,040
Certificates of participation	7,420,000	7,695,000
Unamortized premiums	297,442	313,966
Compensated absences	682,542	700,564
Net OPEB liability	9,953,701	9,965,362
Aggregate net pension liability	105,082,623	92,307,421
Total	<u>\$ 123,859,208</u>	<u>\$ 111,510,353</u>

MCOE's S&P rating at the time of its last issuance was "AA".

At year-end, MCOE has a net pension liability of \$105.1 million versus \$92.3 million last year, an increase of \$12.8 million, or 13.8 percent. MCOE also reported deferred outflows of resources from pension activities of \$26.3 million, and deferred inflows of resources from pension activities of \$2.6 million. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

On January 10, 2022, Governor Gavin Newsom submitted his 2022-2023 Budget Proposal. The proposal addressed several areas referred to in his message as "the greatest challenges our state – for the year ahead and future generations," will face. His proposal fully funds the state's rainy-day fund and pays down future obligations, as well as makes investments in behavioral health reform, crime-fighting strategies and housing for people exiting homelessness. Record investments in our public schools include launching universal transitional kindergarten, expanding afterschool and summer programs, and providing universal no-cost school meals. It also included streamlining pathways from K-12 to higher education to connect degrees to careers.

Below are some major funding and policy components of the Governor's 2022-23 Proposed State Budget:

Improving Long Term Fiscal Stability

The Budget reflects \$34.6 billion in budgetary reserves. These reserves include: \$20.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies; \$9.7 billion in the Public School System Stabilization Account; \$900 million in the Safety Net Reserve; and \$3.1 billion in the state's operating reserve.

The Budget accelerates the paydown of state retirement liabilities as required by Proposition 2, with \$3.9 billion in additional payments in 2022-23 and nearly \$8.4 billion projected to be paid over the next three years.

The Budget projects the State Appropriations Limit or "Gann Limit" will likely be exceeded in the 2020-21 and 2021-22 fiscal years. Any funds above this limit are constitutionally required to be allocated evenly between schools and a tax refund. An updated calculation of this limit, and proposals to address it, will be included in the May Revision.

Proposition 98 (Prop. 98): Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges (collectively referred to as K-14 schools). The upward revision of General Fund revenues has resulted in significant increases in the Guarantee. Proposition 98 funding for K-12 schools and community colleges for 2022-23 is \$102 billion—an increased investment of \$8.2 billion in schools and community colleges above the level funded in the 2021 Budget Act, and the highest level of state funding for K-14 schools.

Cost of Living Adjustment (COLA): The proposal includes a 5.33% cost of living adjustment (COLA) to the Local Control Funding Formula (LCFF), as well as a 5.33% COLA to special education and all other programs outside the LCFF.

Local Control Funding Formula (LCFF): The Budget Proposal estimates the LCFF COLA to provide \$3.3 billion to LCFF funding, but this will be offset by \$2.1 billion reduction, due to statewide estimated 2021-22 to 2022-23 attendance declines of 2.19%. The net effect is \$2.1 billion ongoing LCFF funding. The projected 2023-24 COLA is 3.11%

Special Education: The 2022-23 budget proposals significantly build on special education funding augmentations and other changes provided over the past three years. The Special Education Base Rate is first increased by the estimated COLA of 5.33%, and then augmented by \$500 million, resulting in a 2022-23 base rate of \$820 (currently \$715) per ADA. SELPAs with a Base Rate greater than \$820 per ADA in 2021-22 will continue to be funded at their current rate. Educationally Related Mental Health Services funding will be allocated directly to LEAs based upon current year second principal apportionment ADA for state funds. Finally, a special education addendum to the LCAP will be developed and implemented in 2024-25 to promote program cohesion by linking special education and general education planning and to provide parents of students with disabilities a defined role in the LCAP development process.

Early Childhood Education: The Governor's 2022-23 budget proposal includes additional investments in early childhood. Guided by the Master Plan for Early Learning and Care, the governor proposes a 5.33% COLA and Universal Transitional Kindergarten (UTK).

Facilities Funding: The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51), approved by voters in November 2016, authorized \$7 billion in state General Obligation bonds to support K-12 school facilities construction. These funds support new construction, modernization, retrofitting, career technical education, and charter school facility projects. The Budget allocates the remaining Proposition 51 bond funds—approximately \$1.4 billion—to support school construction projects.

Additionally, because Proposition 51 bond authority is expected to be exhausted in 2022-23, the Budget proposes approximately \$1.3 billion one-time General Fund in 2022-23 and \$925 million one-time General Fund in 2023-24 to support new construction and modernization projects through the School Facility Program.

Federal Revenue: The outlook of on-going federal funding levels for 2021-22 is known but future years are still uncertain. We are planning flat funding in subsequent budget years.

MCOE is committed to ensuring every student a success. We are using one-time funds on the best one-time purchases to support our programs and students. We have a balanced budget and the day-to-day operations of our organization are serving the needs of today's students.

CONTACTING MCOE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of MCOE's finances and to show MCOE's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Janet Riley, Assistant Superintendent, Business Services, at Merced County Office of Education, 632 W. 13th Street, Merced California, 95341, or e-mail at: jriley@mcoe.org.

Merced County Office of Education
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 33,574,194
Receivables	51,768,654
Prepaid expense	53,660
Stores inventories	143,760
Capital assets not depreciated	7,869,605
Capital assets, net of accumulated depreciation	<u>76,879,252</u>
Total assets	<u>170,289,125</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	464,269
Deferred outflows of resources related to pensions	<u>26,302,692</u>
Total deferred outflows of resources	<u>26,766,961</u>
Liabilities	
Accounts payable	36,082,171
Unearned revenue	1,586,840
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	390,140
Long-term liabilities other than OPEB and pensions due in more than one year	8,432,744
Net other postemployment benefits liability (OPEB)	9,953,701
Aggregate net pension liabilities	<u>105,082,623</u>
Total liabilities	<u>161,528,219</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	86,446
Deferred inflows of resources related to pensions	<u>2,557,953</u>
Total deferred inflows of resources	<u>2,644,399</u>
Net Position	
Net investment in capital assets	76,608,515
Restricted for	
Capital projects	3,461,509
Educational programs	18,076,283
Student activities	57,754
Unrestricted (deficit)	<u>(65,320,593)</u>
Total net position	<u>\$ 32,883,468</u>

Merced County Office of Education
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 54,991,256	\$ 3,216,265	\$ 38,495,271	\$ 42,766	\$ (13,236,954)
Instruction-related activities					
Supervision of instruction	14,611,691	480,224	9,273,438	-	(4,858,029)
Instructional library, media, and technology	990,337	62,051	242,639	-	(685,647)
School site administration	8,889,592	260,155	4,933,712	-	(3,695,725)
Pupil services					
Home-to-school transportation	5,901,670	137	508	-	(5,901,025)
Food services	1,159,970	5,580	1,071,512	-	(82,878)
All other pupil services	14,941,454	1,190,190	9,973,210	-	(3,778,054)
Administration					
Data processing	3,980,911	-	23,658	-	(3,957,253)
All other administration	8,373,535	512,685	6,018,329	-	(1,842,521)
Plant services	8,553,494	495,642	4,943,574	-	(3,114,278)
Ancillary services	10,554	-	-	-	(10,554)
Community services	19,876,155	990,050	17,065,020	-	(1,821,085)
Enterprise services	414,435	30,076	120,023	-	(264,336)
Interest on long-term liabilities	302,263	-	-	-	(302,263)
Other outgo	28,552,502	3,232,870	25,154,811	-	(164,821)
Total governmental activities	<u>\$ 171,549,819</u>	<u>\$ 10,475,925</u>	<u>\$ 117,315,705</u>	<u>\$ 42,766</u>	<u>(43,715,423)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					14,398,622
Taxes levied for other specific purposes					324,404
Federal and State aid not restricted to specific purposes					12,425,135
Interest and investment earnings					367,182
Interagency revenues					1,039,553
Miscellaneous					11,770,174
Subtotal, general revenues					<u>40,325,070</u>
Change in Net Position					(3,390,353)
Net Position - Beginning, as Restated					<u>36,273,821</u>
Net Position - Ending					<u>\$ 32,883,468</u>

Merced County Office of Education

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 27,796,997	\$ -	\$ 827,488	\$ 4,949,709	\$ 33,574,194
Receivables	23,120,725	22,220,768	5,572,891	854,270	51,768,654
Due from other funds	4,624,691	-	7,331	142,394	4,774,416
Prepaid expenditures	52,862	-	-	798	53,660
Stores inventories	143,760	-	-	-	143,760
Total assets	\$ 55,739,035	\$ 22,220,768	\$ 6,407,710	\$ 5,947,171	\$ 90,314,684
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 11,068,991	\$ 22,220,768	\$ 2,013,199	\$ 779,213	\$ 36,082,171
Due to other funds	149,725	-	3,970,186	654,505	4,774,416
Unearned revenue	1,582,672	-	2,302	1,866	1,586,840
Total liabilities	12,801,388	22,220,768	5,985,687	1,435,584	42,443,427
Fund Balances					
Nonspendable	222,562	-	-	-	222,562
Restricted	16,661,936	-	422,023	4,511,587	21,595,546
Assigned	10,703,822	-	-	-	10,703,822
Unassigned	15,349,327	-	-	-	15,349,327
Total fund balances	42,937,647	-	422,023	4,511,587	47,871,257
Total liabilities and fund balances	\$ 55,739,035	\$ 22,220,768	\$ 6,407,710	\$ 5,947,171	\$ 90,314,684

Merced County Office of Education
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds		\$ 47,871,257
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 134,598,983	
Accumulated depreciation is	<u>(49,850,126)</u>	
Net capital assets		84,748,857
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	464,269	
Net pension liability	<u>26,302,692</u>	
Total deferred outflows of resources		26,766,961
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(86,446)	
Net pension liability	<u>(2,557,953)</u>	
Total deferred inflows of resources		(2,644,399)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(105,082,623)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(9,953,701)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(422,900)	
Certificates of participation including unamortized premium	(7,717,442)	
Compensated absences (vacations)	<u>(682,542)</u>	
Total long-term liabilities		<u>(8,822,884)</u>
Total net position - governmental activities		<u><u>\$ 32,883,468</u></u>

Merced County Office of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	\$ 23,396,666	\$ -	\$ -	\$ 2,476,533	\$ 25,873,199
Federal sources	16,855,102	9,220,628	30,107,017	149,725	56,332,472
Other State sources	30,690,996	18,296,035	7,602,304	783,596	57,372,931
Other local sources	21,993,106	-	5,358,145	655,588	28,006,839
Total revenues	92,935,870	27,516,663	43,067,466	4,065,442	167,585,441
Expenditures					
Current					
Instruction	37,325,714	-	8,377,547	2,558,847	48,262,108
Instruction-related activities					
Supervision of instruction	11,772,834	-	1,160,191	107,216	13,040,241
Instructional library, media, and technology	830,844	-	-	-	830,844
School site administration	4,901,508	-	2,419,114	593,038	7,913,660
Pupil services					
Home-to-school transportation	5,189,085	-	-	1,222	5,190,307
Food services	41,741	-	1,043,013	-	1,084,754
All other pupil services	10,181,027	-	3,198,028	184,175	13,563,230
Administration					
Data processing	3,547,930	-	-	-	3,547,930
All other administration	4,583,302	-	2,751,595	248,252	7,583,149
Plant services	5,932,979	-	1,644,595	297,643	7,875,217
Ancillary services	-	-	-	10,554	10,554
Community services	653,723	-	18,869,110	-	19,522,833
Other outgo	479,827	27,516,663	-	-	27,996,490
Enterprise services	372,061	-	-	-	372,061
Facility acquisition and construction	4,090,703	-	3,674,025	-	7,764,728
Debt service					
Principal	380,140	-	-	-	380,140
Interest and other	302,263	-	-	-	302,263
Total expenditures	90,585,681	27,516,663	43,137,218	4,000,947	165,240,509

Merced County Office of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	2,350,189	-	(69,752)	64,495	2,344,932
Other Financing Uses					
Other uses	-	-	-	(556,012)	(556,012)
Net Change in Fund Balances	2,350,189	-	(69,752)	(491,517)	1,788,920
Fund Balance - Beginning, as Restated	40,587,458	-	491,775	5,003,104	46,082,337
Fund Balance - Ending	<u>\$ 42,937,647</u>	<u>\$ -</u>	<u>\$ 422,023</u>	<u>\$ 4,511,587</u>	<u>\$ 47,871,257</u>

Merced County Office of Education

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 1,788,920
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Depreciation expense	\$ (3,877,317)
Capital outlays	<u>8,126,088</u>

Net expense adjustment	4,248,771
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(136,182)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.	18,022
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(9,324,405)
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In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(382,143)
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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	16,524

Merced County Office of Education
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Qualified Zone Academy bonds	105,140
Certificates of participation	<u>275,000</u>
Change in net position of governmental activities	<u><u>\$ (3,390,353)</u></u>

Merced County Office of Education
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 11,077,442</u>
Liabilities	
Other current liabilities - payroll revolving	<u>\$ 11,077,442</u>

Merced County Office of Education
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions	
Employer contributions	\$ 534,908,538
Deductions	
Payroll related payments	<u>534,908,538</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ -</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Merced County Office of Education (MCOE) provides service to districts within Merced County and operates education programs for special populations of students. Services provided to districts include administrative, fiscal, personnel, data processing, media, curriculum, staff training, psychological, occupational training, and governmental relations.

Educational programs operated for special populations of students are three-county regional Migrant (Merced, Stanislaus, and Madera), Special Education, Regional Occupational Program, Title VII Bilingual/Bicultural, Community School, Juvenile Court School, Job Training Partnership Act, and Outdoor School.

The Merced County Office of Education maintains an administrative office complex, library/media center, teachers' center, print shop, and warehouse/stores and has 200 school sites that are employee workstations.

Charter Schools MCOE has approved charters for Merced Scholars Charter School and Come Back Charter School pursuant to *Education Code* Section 47605. The Merced Scholars Charter School and Come Back Charter School are operated by MCOE, and their financial activities are presented in the Charter Schools Fund. MCOE receives revenue on behalf of the Merced Scholars Charter School and Come Back Charter School and their activity is accounted for in the Charter Schools Special Revenue Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. MCOE's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are MCOE's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all local education agencies. It is used to account for the ordinary operations of MCOE. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Fund and Fund 20, Special Reserve Postemployment Benefits Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$16,829,852.

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

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Charter Schools Fund** The Charter Schools Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing county office of education's General Fund.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction,

modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside MCOE and are not available to support MCOE's own programs. Fiduciary funds are custodial funds.

Custodial funds are used to account for resources, not in a trust, that are held by MCOE for other parties outside MCOE's reporting entity. MCOE's custodial funds are for payroll clearing for Districts within the County.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of MCOE and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. MCOE does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. 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 the 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 is self-financing or draws from the general revenues of MCOE.

Net position should be reported as restricted when constraints placed on net position 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 result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about MCOE. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of MCOE.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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. MCOE considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which MCOE receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by MCOE before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when MCOE has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

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.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of MCOE. MCOE maintains a capitalization threshold of \$10,000 for equipment and \$25,000 for facilities improvements. MCOE does not possess any infrastructure. 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.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in MCOE's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Liabilities

Accounts payable and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as liabilities of the funds.

Debt Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the governmental activities statement of net position. Debt premiums are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums are recognized in the period the debt is issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. MCOE reports deferred outflows of resources for pension and OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The deferred amounts related to pension and OPEB relate to differences between expected and actual return on plan assets, changes of assumptions and other related actuarial differences.

The deferred amounts related to pension and OPEB relate to differences between expected and actual return on plan assets, changes of assumptions and other related actuarial differences.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, where applicable, and OPEB expense, information about the fiduciary net position of the County Office of Education Plan and the CalSTRS Medicare Premium payment (MPP) Program and additions to/deductions from the County Office of Education's Plan and MPP's fiduciary net position have been determined on the same basis as they are reported by the County Office of Education Plan and MPP. For this purpose, the County Office of Education Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the County Superintendent of Schools. The County Superintendent of Schools is the highest level of decision-making authority for MCOE. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the County Superintendent of Schools. The County Office of Education has no committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under MCOE's adopted policy, only the assistant superintendent of business services (CBO) may assign amounts for specific purposes.

Unassigned - all other spendable amounts. This category also provides the resources necessary to meet the California Department of Education's established minimum reserves for economic uncertainty.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MCOE considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, MCOE considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County Superintendent of Schools has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the local educational agency against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 14 percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by MCOE or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. MCOE first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$21,595,546 of restricted net position.

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.

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 of Merced bills and collects the taxes on behalf of MCOE. Local property tax revenues are recorded when received.

Change in Accounting Principles**Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 33,574,194
Fiduciary funds	<u>11,077,442</u>
Total deposits and investments	<u><u>\$ 44,651,636</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 78,552
Cash in revolving	25,940
Investments	<u>44,547,144</u>
Total deposits and investments	<u><u>\$ 44,651,636</u></u>

Policies and Practices

MCOE 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; and collateralized mortgage obligations.

Investment in County Treasury - MCOE is considered to be an involuntary participant in an external investment pool as MCOE is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of MCOE's investment in the pool is reported in the accounting financial statements at amounts based upon MCOE'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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

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 District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$43,667,871 in the Merced County Treasury Investment Pool that has an average weighted maturity of 658 days.

Segmented Time Distribution

Information about the sensitivity of the fair values of MCOE's investments to market interest rate fluctuations outside of the Merced County Treasury Investment Pool is provided by the following schedule that shows the distribution of MCOE's investments by maturity:

Investment Type	Reported Amount	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Investment Contract	\$ 879,273	\$ -	\$ 879,273	\$ -	\$ -

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, MCOE will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in the investment contract of \$2,476,951 of which \$879,273 is reflected in these financials statements as the remaining balance in being held in trust to defease the related debt, MCOE has a custodial credit risk exposure of \$2,226,951 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. MCOE does not have a policy limiting the amount of securities that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, MCOE's deposits may not be returned to it. MCOE 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 (unless so waived by the governmental unit). 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 agency. 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, 2021, none of MCOE's bank balances was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of MCOE.

Note 3 - Fair Value Measurements

MCOE categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that MCOE has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- 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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include MCOE's own data. MCOE should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to MCOE are not available to other market participants.

MCOE's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Investment Contract	\$ 879,273	\$ -	\$ 879,273	\$ -	\$ -
County Pool	43,667,871	-	-	-	43,667,871
Total	<u>\$ 44,547,144</u>	<u>\$ -</u>	<u>\$ 879,273</u>	<u>\$ -</u>	<u>\$ 43,667,871</u>

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

Receivables at June 30, 2021, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	\$ 6,181,124	\$ 15,201,130	\$ 3,915,826	\$ 1,153	\$ 25,299,233
State Government					
LCFF apportionment	2,960,598	-	-	611,178	3,571,776
Other State	9,123,100	7,019,638	748,021	197,211	17,087,970
Local Sources	4,855,903	-	909,044	44,728	5,809,675
Total	<u>\$ 23,120,725</u>	<u>\$ 22,220,768</u>	<u>\$ 5,572,891</u>	<u>\$ 854,270</u>	<u>\$ 51,768,654</u>

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,964,703	\$ 1,205,554	\$ -	\$ 6,170,257
Construction in progress	2,530,512	1,243,096	(2,074,260)	1,699,348
Total capital assets not being depreciated	7,495,215	2,448,650	(2,074,260)	7,869,605
Capital assets being depreciated				
Land improvements	6,208,665	719,075	-	6,927,740
Buildings and improvements	98,576,640	6,396,235	(238,565)	104,734,310
Furniture and equipment	15,081,620	636,388	(650,680)	15,067,328
Total capital assets being depreciated	119,866,925	7,751,698	(889,245)	126,729,378
Total capital assets	127,362,140	10,200,348	(2,963,505)	134,598,983
Accumulated depreciation				
Land improvements	(3,324,297)	(226,542)	-	(3,550,839)
Buildings and improvements	(30,906,711)	(3,047,439)	102,384	(33,851,766)
Furniture and equipment	(12,494,864)	(603,336)	650,679	(12,447,521)
Total accumulated depreciation	(46,725,872)	(3,877,317)	753,063	(49,850,126)
Governmental activities capital assets, net	\$ 80,636,268	\$ 6,323,031	\$ (2,210,442)	\$ 84,748,857

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 2,065,835
Supervision of instruction	22,876
Instructional library, media, and technology	93,831
School site administration	288,860
Home-to-school transportation	668,449
Food services	18,611
All other pupil services	68,629
Community services	11,632
Data processing	96,933
All other administration	171,765
Plant services	369,896
	<u> </u>
Total depreciation expenses governmental activities	<u><u>\$ 3,877,317</u></u>

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

<u>Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds		
General	\$ 4,624,691	\$ 149,725
Child Development	7,331	3,970,186
Non-Major Governmental Funds		
Charter Schools	137,220	541,190
Adult Education	5,174	113,315
	<u> </u>	<u> </u>
Total	<u><u>\$ 4,774,416</u></u>	<u><u>\$ 4,774,416</u></u>

Merced County Office of Education

Notes to Financial Statements

June 30, 2021

The General Fund owes the Charter School Non-Major Governmental Fund for shared resource costs.	\$ 137,220
The General Fund owes the Adult Education Non-Major Governmental Fund for AB602 maintenance costs.	4,738
The General Fund owes the Adult Education Non-Major Governmental Fund for operating costs.	436
The General Fund owes the Child Development Fund for operating costs.	7,331
The Child Development Fund owes the General Fund for a cash flow loan.	2,000,000
The Child Development Fund owes the General Fund for indirect costs.	652,334
The Child Development Fund owes the General Fund for a maintenance allocation.	1,296,671
The Child Development Fund owes the General Fund for operating costs.	16,742
The Child Development Fund owes the General Fund for interest earned.	4,439
The Charter School Non-Major Governmental Fund owes the General Fund for indirect costs.	20,692
The Charter School Non-Major Governmental Fund owes the General Fund for operating costs.	140,049
The Charter School Non-Major Governmental Fund owes the General Fund for a maintenance allocation.	125,613
The Charter School Non-Major Governmental Fund owes the General Fund for oversight fees.	254,836
The Adult Education Non-Major Governmental Fund owes the General Fund for indirect costs.	22,227
The Adult Education Non-Major Governmental Fund owes the General Fund for a maintenance allocation.	88
The Adult Education Non-Major Governmental Fund owes the General Fund for repayment of a cash loan.	91,000
Total	<u>\$ 4,774,416</u>

Note 7 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2021, consist of the following:

	General Fund	Non-Major Governmental Funds	Total
Educational services and conferences	<u>\$ 52,862</u>	<u>\$ 798</u>	<u>\$ 53,660</u>

Note 8 - Accounts Payable

Accounts payable at June 30, 2021, consist of the following:

	General Fund	Special Education Pass-Through Fund	Child Development Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 4,180,644	\$ 22,220,768	\$ 1,784,962	\$ 561,357	\$ 28,747,731
LCFF apportionment	328,539	-	-	163,954	492,493
Salaries and benefits	4,790,386	-	228,237	53,902	5,072,525
Payroll clearing account	1,276,800	-	-	-	1,276,800
Deferred summer pay	492,622	-	-	-	492,622
Total	<u>\$ 11,068,991</u>	<u>\$ 22,220,768</u>	<u>\$ 2,013,199</u>	<u>\$ 779,213</u>	<u>\$ 36,082,171</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 318,748	\$ -	\$ -	\$ 318,748
State categorical aid	1,263,924	-	-	1,263,924
Other local	-	2,302	1,866	4,168
Total	<u>\$ 1,582,672</u>	<u>\$ 2,302</u>	<u>\$ 1,866</u>	<u>\$ 1,586,840</u>

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in MCOE's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities				
Qualified zone academy bonds	\$ 528,040	\$ (105,140)	\$ 422,900	\$ 105,140
Certificates of participation	7,695,000	(275,000)	7,420,000	285,000
Unamortized premium	313,966	(16,524)	297,442	-
Compensated absences	700,564	(18,022)	682,542	-
Total	<u>\$ 9,237,570</u>	<u>\$ (414,686)</u>	<u>\$ 8,822,884</u>	<u>\$ 390,140</u>

The Qualified Zone Academy Bonds and certificates of participation are paid by the General Fund. The premiums will be amortized over the life of the related debt. The compensated absences will be paid by the fund for which the employee works.

Qualified Zone Academy Bonds

MCOE issued \$2,000,000 in Qualified Zone Academy Bonds on September 23, 2005. Interest is not payable on the Bonds. In lieu of receiving periodic interest payments, eligible holder of the Bonds are allowed an annual federal income tax credit equal to the credit rate times the face amount of the Bonds. The liability at June 30, 2021, is \$422,900. The required payments will total \$1,873,785, which along with interest earnings will be sufficient to fund the total maturity of \$2,000,000 due September 2021.

The required payments through September 23, 2021, are as follows:

<u>Fiscal Year</u>	<u>Required Payments</u>
2022	<u>\$ 105,140</u>
Cumulative payments made by County Office of Education	1,577,100
Projected cumulative interest earnings	<u>317,760</u>
Total obligation	<u>\$ 2,000,000</u>
Remaining obligation to be funded with required payments and interest earnings	<u>\$ 422,900</u>

Certificates of Participation

On October 9, 2018, MCOE issued certificates of participation in the amount of \$7,935,000 with fixed interest rates between 3.0 - 5.0 percent. The certificates were issued at a premium in the amount of \$347,014 and is being amortized over the life of the certificates at \$16,524 per year. As of June 30, 2021, the principal balance outstanding was \$7,420,000.

The certificates mature through 2039 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 285,000	\$ 290,437	\$ 575,437
2023	295,000	277,362	572,362
2024	310,000	263,789	573,789
2025	325,000	251,087	576,087
2026	335,000	241,028	576,028
2027-2031	1,885,000	960,970	2,845,970
2032-2036	2,365,000	495,984	2,860,984
2037-2039	1,620,000	89,213	1,709,213
Total	<u>\$ 7,420,000</u>	<u>\$ 2,869,870</u>	<u>\$ 10,289,870</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for MCOE at June 30, 2021, amounted to \$682,542.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, County Office of Education reported a net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 9,647,586	\$ 464,269	\$ 86,446	\$ 1,124,846
Medicare Premium Payment (MPP) Program	306,115	-	-	49,704
Total	<u>\$ 9,953,701</u>	<u>\$ 464,269</u>	<u>\$ 86,446</u>	<u>\$ 1,174,550</u>

The details of each plan are as follows:

County Office of Education Plan

Plan Administration

Self Insured Schools of California (SISC) administers the Postemployment Benefits Plan (the Plan). The Plan is an agent multiple employee benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

The plans assets are maintained in the Self Insured Schools of California (SISC) postemployment benefits trust and financial information can be found on their website at www.sisc.kern.org.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	52
Active employees	<u>272</u>
Total	<u><u>324</u></u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The County Office of Education's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the County Office of Education are established and may be amended by the County Office of Education, the Merced County Office Teachers Association (MCOTA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the County Office of Education, MCOTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2020, MCOE contributed \$792,407 to the Plan of which \$643,648 was used to fund retiree premiums.

Net OPEB Liability of the County Office of Education

The County Office of Education's net OPEB liability of \$9,647,586 as measured as of June 30, 2020, by applying certain roll-forward procedures to an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the County Office of Education were as follows:

Total OPEB liability	\$ 10,047,460
Plan fiduciary net position	<u>(399,874)</u>
Net OPEB liability	<u>\$ 9,647,586</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>3.98%</u>

Actuarial Assumptions

The net OPEB liability in the June 30, 2020 actuarial measurement was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	6.5 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.0 percent for 2020

The expected investment rate of return (6.5 percent) was determined using the "Building Block Method" further explained within the actuarial study. The assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

Merced County Office of Education

Notes to Financial Statements

June 30, 2021

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	\$ 9,948,892	\$ 239,941	\$ 9,708,951
Service cost	191,543	-	191,543
Interest	629,425	11,318	618,107
Experience gains	(78,752)		(78,752)
Benefit payments	(643,648)	(643,648)	-
Employer contributions	-	792,407	(792,407)
Administrative expense	-	(144)	144
Net change in total OPEB liability	98,568	159,933	(61,365)
Balance, June 30, 2020	\$ 10,047,460	\$ 399,874	\$ 9,647,586

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - There were no changes in the actuarial assumptions since the previous study.

Sensitivity of the Net OPEB Liability to Changes in the Expected Rate of Return

The following presents the net OPEB liability of the County Office of Education, as well as what the County Office of Education's net OPEB liability would be if it were calculated using an expected rate of return that is one percent lower or higher than the current rate:

Investment Rate of Return	Net OPEB Liability
1% decrease (5.5%)	\$ 10,427,252
Current expected rate of return (6.5%)	9,647,586
1% increase (7.5%)	8,952,707

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the County Office of Education, as well as what the County Office of Education's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.0%)	\$ 8,732,387
Current healthcare cost trend rate (4.0%)	9,647,586
1% increase (5.0%)	10,701,804

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the County Office of Education recognized OPEB expense of \$789,422. At June 30, 2021, the County Office of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 456,983	\$ -
Differences between expected and actual experience	-	72,451
Net difference between projected and actual earnings on OPEB plan investments	7,286	13,995
Total	<u>\$ 464,269</u>	<u>\$ 86,446</u>

The deferred outflows of resources related to OPEB resulting from MCOE contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB trust investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (4,963)
2022	(4,962)
2023	1,396
2024	1,820
Total	<u>\$ (6,709)</u>

The deferred inflows of resources related to the difference between the expected and actual experience will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized as OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ (6,301)
2022	(6,301)
2023	(6,301)
2024	(6,301)
2025	(6,301)
Thereafter	(40,946)
Total	<u>\$ (72,451)</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly MCOE benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the County Office of Education reported a liability of \$306,115 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The County Office of Education's proportion of the net OPEB liability was based on a projection of the County Office of Education's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The County Office of Education's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0722 percent and 0.0689 percent, resulting in a net increase in the proportionate share of 0.0033 percent.

For the year ended June 30, 2021, the County Office of Education recognized OPEB expense of \$49,704.

Actuarial Methods and Assumptions

The June 30, 2020, total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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

The following presents the County Office of Education's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 338,495
Current discount rate (2.21%)	306,115
1% increase (3.21%)	278,562

Sensitivity of the County Office of Education's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the County Office of Education's proportionate share of the net OPEB liability calculated using the Medicare cost trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 277,565
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	306,115
1% increase (5.50% Part A and 6.40% Part B)	338,982

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 25,940	\$ -	\$ -	\$ 25,940
Stores inventories	143,760	-	-	143,760
Prepaid expenditures	52,862	-	-	52,862
Total nonspendable	222,562	-	-	222,562
Restricted				
Legally restricted programs	16,661,936	422,023	1,050,078	18,134,037
Capital projects	-	-	3,461,509	3,461,509
Total restricted	16,661,936	422,023	4,511,587	21,595,546
Assigned				
Complex facilities	200,000	-	-	200,000
Safety	446,999	-	-	446,999
LCFF ADA fluctuation	150,865	-	-	150,865
Differentiated assistance	339,943	-	-	339,943
Charter oversight	101,484	-	-	101,484
District support services	593,848	-	-	593,848
Special educational services	1,527,607	-	-	1,527,607
ROP/Career tech	1,465,458	-	-	1,465,458
Community school and juvenile hall	1,116,133	-	-	1,116,133
Custodial vans	162,000	-	-	162,000
Alternative education expenses	827,960	-	-	827,960
Other postemployment benefits	3,771,525	-	-	3,771,525
Total assigned	10,703,822	-	-	10,703,822
Unassigned				
Reserve for economic uncertainties	15,349,327	-	-	15,349,327
Total	\$ 42,937,647	\$ 422,023	\$ 4,511,587	\$ 47,871,257

Note 13 - Risk Management

MCOE is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

MCOE's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the Self-Insured Schools of California (SISC III) public entity risk pool (JPA). MCOE participates in the Merced County Schools Insurance Group public entity risk pool (JPA) for the workers' compensation program. Refer to Note 15 for additional information regarding the JPAs. The Property and Liability Program, for which MCOE retains risk of loss, is administered by the General Fund through the purchase of insurance from the Self-Insured Schools of California (SISC II) public entity risk pool (JPA). Excess property and liability coverage is obtained by the JPA through AIG, CHUBB, and the National Union Fire Insurance Company.

Note 14 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2021, MCOE reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 40,173,657	\$ 12,564,469	\$ 2,557,953	\$ 5,385,477
CalPERS	64,908,966	13,738,223	-	14,100,810
Total	<u>\$ 105,082,623</u>	<u>\$ 26,302,692</u>	<u>\$ 2,557,953</u>	<u>\$ 19,486,287</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

MCOE contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

MCOE contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, County and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and MCOE's total contributions were \$3,782,093.

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

At June 30, 2021, MCOE reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to MCOE. The amount recognized by MCOE 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 MCOE were as follows:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 40,173,657
State's proportionate share of the net pension liability	<u>20,709,525</u>
Total	<u><u>\$ 60,883,182</u></u>

The net pension liability was measured as of June 30, 2020. MCOE's proportion of the net pension liability was based on a projection of MCOE's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. MCOE's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0415 percent and 0.0389 percent, resulting in a net increase in the proportionate share of 0.0026 percent.

For the year ended June 30, 2021, MCOE recognized pension expense of \$5,385,477. In addition, MCOE recognized pension expense and revenue of \$2,901,201 for support provided by the State. At June 30, 2021, MCOE 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>
Pension contributions subsequent to measurement date	\$ 3,782,093	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,839,694	1,424,987
Differences between projected and actual earnings on pension plan investments	954,294	-
Differences between expected and actual experience in the measurement of the total pension liability	70,888	1,132,966
Changes of assumptions	<u>3,917,500</u>	<u>-</u>
Total	<u><u>\$ 12,564,469</u></u>	<u><u>\$ 2,557,953</u></u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (582,306)
2023	325,146
2024	648,702
2025	562,752
Total	<u>\$ 954,294</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and MCOE's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,017,644
2023	1,280,165
2024	1,596,648
2025	639,354
2026	441,947
Thereafter	294,371
Total	<u>\$ 5,270,129</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

The following presents MCOE's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 60,696,799
Current discount rate (7.10%)	40,173,657
1% increase (8.10%)	23,228,912

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible

survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. MCOE is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total County contributions were \$6,379,789.

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

As of June 30, 2021, MCOE reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$64,908,966. The net pension liability was measured as of June 30, 2020. MCOE's proportion of the net pension liability was based on a projection of MCOE's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. MCOE's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.2115 percent and 0.1961 percent, resulting in a net increase in the proportionate share of 0.0154 percent.

Merced County Office of Education

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, MCOE recognized pension expense of \$14,100,810. At June 30, 2021, MCOE reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 6,379,789
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,549,926
Differences between projected and actual earnings on pension plan investments	1,351,198
Differences between expected and actual experience in the measurement of the total pension liability	3,219,286
Changes of assumptions	238,024
Total	<u>\$ 13,738,223</u>

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (505,647)
2023	451,019
2024	783,946
2025	621,880
Total	<u>\$ 1,351,198</u>

The deferred outflows of resources related to the change in proportion and differences between contributions made and MCOE's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 3,262,219
2023	1,810,265
2024	859,378
2025	75,374
Total	<u>\$ 6,007,236</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents MCOE's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 93,318,476
Current discount rate (7.15%)	64,908,966
1% increase (8.15%)	41,330,499

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of MCOE. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,343,700 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements but have not been included in the calculation of the available reserves percentage.

Note 15 - Commitments and Contingencies**Grants**

MCOE 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 General 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 MCOE at June 30, 2021.

Litigation

MCOE 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 MCOE at June 30, 2021.

Construction Commitments

As of June 30, 2021, the MCOE had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Camp Green Meadows - Nurses Station	<u>\$ 1,378,772</u>	November 2021

Note 16 - Participation in Public Entity Risk Pools and Joint Power Authorities

MCOE is a member of the Self-Insured Schools of California Health and Welfare Program (SISC III), Self-Insured Schools of California Property and Liability Program (SISC II), and the Merced County Schools Insurance Group (MCSIG) public entity risk pools. MCOE pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between MCOE and pools are such that they are not component units of MCOE for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and MCOE are included in these statements. Audited financial statements are available from the respective entities.

MCOE has appointed one member to the governing board of SISC III.

During the year ended June 30, 2021, MCOE made payment of \$11,220,380 to SISC III for medical, dental, and vision insurance.

MCOE has appointed one member to the governing board of SISC II.

During the year ended June 30, 2021, MCOE made payment of \$275,292 to SISC II for property and liability insurance.

MCOE has appointed one member to the governing board of MCSIG.

During the year ended June 30, 2021, MCOE made payment of \$2,465,694 to MCSIG for workers' compensation.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Merced County Office of Education adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, MCOE has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning fund balance previously reported at June 30, 2020	\$ 4,935,160	\$ 46,014,393
Reclassification of student activity funds from agency funds to a special revenue fund	67,944	67,944
Fund Balance - Beginning as Restated July 1, 2020	<u>\$ 5,003,104</u>	<u>\$ 46,082,337</u>
Governmental Activities Financial Statements		
Beginning Governmental Activities Net Position previously reported at June 30, 2020		\$ 36,205,877
Reclassification of student activity funds from agency		67,944
Net Position - Beginning as Restated July 1, 2020		<u>\$ 36,273,821</u>



Required Supplementary Information
June 30, 2021

Merced County Office of Education

Merced County Office of Education
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local control funding formula	\$ 22,224,704	\$ 23,570,528	\$ 23,396,666	\$ (173,862)
Federal sources	16,385,596	19,591,223	16,855,102	(2,736,121)
Other State sources	27,908,047	29,356,726	30,690,996	1,334,270
Other local sources	23,858,900	22,140,439	21,993,106	(147,333)
Total revenues ¹	90,377,247	94,658,916	92,935,870	(1,723,046)
Expenditures				
Current				
Certificated salaries	20,824,142	20,514,805	19,669,050	845,755
Classified salaries	29,031,080	28,033,257	25,818,913	2,214,344
Employee benefits	23,772,204	22,695,559	23,295,035	(599,476)
Books and supplies	4,431,452	8,745,303	6,270,929	2,474,374
Services and operating expenditures	15,336,790	16,836,477	13,018,377	3,818,100
Other outgo	(2,364,592)	(2,976,889)	(2,551,447)	(425,442)
Capital outlay	978,728	2,995,384	4,382,421	(1,387,037)
Debt service				
Debt service - principal	380,140	380,140	380,140	-
Debt service - interest and other	300,263	300,263	302,263	(2,000)
Total expenditures ¹	92,690,207	97,524,299	90,585,681	6,938,618
Excess (Deficiency) of Revenues Over Expenditures	(2,312,960)	(2,865,383)	2,350,189	5,215,572
Other Financing Sources				
Transfers in	365,366	-	-	-
Net Change in Fund Balances	(1,947,594)	(2,865,383)	2,350,189	5,215,572
Fund Balance - Beginning	40,587,458	40,587,458	40,587,458	-
Fund Balance - Ending	\$ 38,639,864	\$ 37,722,075	\$ 42,937,647	\$ 5,215,572

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

Merced County Office of Education
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 9,051,229	\$ 9,061,871	\$ 9,220,628	\$ 158,757
Other State sources	14,738,610	18,327,387	18,296,035	(31,352)
Total revenues	<u>23,789,839</u>	<u>27,389,258</u>	<u>27,516,663</u>	<u>127,405</u>
Expenditures				
Current				
Other outgo	<u>23,789,839</u>	<u>27,389,258</u>	<u>27,516,663</u>	<u>(127,405)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Merced County Office of Education
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 27,116,635	\$ 32,168,735	\$ 30,107,017	\$ (2,061,718)
Other State sources	7,608,947	7,840,938	7,602,304	(238,634)
Other local sources	4,653,882	5,855,927	5,358,145	(497,782)
Total revenues	39,379,464	45,865,600	43,067,466	(2,798,134)
Expenditures				
Current				
Certificated salaries	5,927,059	5,876,297	5,430,881	445,416
Classified salaries	6,135,542	6,193,462	5,635,607	557,855
Employee benefits	5,857,531	5,904,332	5,488,602	415,730
Books and supplies	1,395,154	2,926,595	1,892,736	1,033,859
Services and operating expenditures	12,674,117	17,087,310	18,244,573	(1,157,263)
Other outgo	2,440,026	2,907,811	2,751,597	156,214
Capital Outlay	4,941,325	4,668,217	3,693,222	974,995
Total expenditures	39,370,754	45,564,024	43,137,218	2,426,806
Net Change in Fund Balances	8,710	301,576	(69,752)	(371,328)
Fund Balance - Beginning	491,775	491,775	491,775	491,775
Fund Balance - Ending	<u>\$ 500,485</u>	<u>\$ 793,351</u>	<u>\$ 422,023</u>	<u>\$ (371,328)</u>

Merced County Office of Education
Schedule of Changes in the County Office of Education's Net OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 191,543	\$ 20,469	\$ 19,921	\$ 19,388
Interest	629,425	457,113	476,369	497,485
Changes of benefit terms	-	2,769,719	-	-
Experience gains	(78,752)	(316,720)	-	-
Expected minus actual benefit payments	-	(52,610)	-	-
Changes of assumptions	-	375,364	-	-
Benefit payments	(643,648)	(706,046)	(826,964)	(857,553)
Net change in total OPEB liability	98,568	2,547,289	(330,674)	(340,680)
Total OPEB Liability - Beginning	9,948,892	7,401,603	7,732,277	8,072,957
Total OPEB Liability - Ending (a)	<u>\$ 10,047,460</u>	<u>\$ 9,948,892</u>	<u>\$ 7,401,603</u>	<u>\$ 7,732,277</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 792,407	\$ 930,000	\$ 678,106	\$ 189,106
Net investment income	11,318	7,686	34,786	51,436
Investment gains	-	2,138	-	-
Benefit payments	(643,648)	(706,046)	(826,964)	(857,553)
Administrative expense	(144)	(223)	(313)	(575)
Net change in plan fiduciary net position	159,933	233,555	(114,385)	(617,586)
Plan Fiduciary Net Position - Beginning	239,941	6,386	120,771	738,357
Plan Fiduciary Net Position - Ending (b)	<u>\$ 399,874</u>	<u>\$ 239,941</u>	<u>\$ 6,386</u>	<u>\$ 120,771</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 9,647,586</u>	<u>\$ 9,708,951</u>	<u>\$ 7,395,217</u>	<u>\$ 7,611,506</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.98%	2.41%	0.09%	1.56%
Covered Payroll	\$ 54,467,723	\$ 53,780,404	\$ 48,528,575	\$ 50,045,779
Net OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Merced County Office of Education

Schedule of the County Office of Education's Proportionate Share of the Net OPEB Liability – MPP Program

Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0722%	0.0689%	0.0661%	0.0634%
Proportionate share of the net OPEB liability	\$ 306,115	\$ 256,411	\$ 252,968	\$ 266,754
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71)%	(0.81)%	(0.40)%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Merced County Office of Education
Schedule of the County Office of Education's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.0415%	0.0389%	0.0368%	0.0350%
Proportionate share of the net pension liability	\$ 40,173,657	\$ 35,153,218	\$ 33,840,589	\$ 32,388,952
State's proportionate share of the net pension liability	20,709,525	19,178,427	19,375,320	19,161,030
Total	<u>\$ 60,883,182</u>	<u>\$ 54,331,645</u>	<u>\$ 53,215,909</u>	<u>\$ 51,549,982</u>
Covered payroll	<u>\$ 23,078,082</u>	<u>\$ 21,353,213</u>	<u>\$ 19,378,559</u>	<u>\$ 18,668,967</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	174.08%	164.63%	174.63%	173.49%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.2115%	0.1961%	0.1899%	0.1850%
Proportionate share of the net pension liability	\$ 64,908,966	\$ 57,154,203	\$ 50,630,196	\$ 44,154,452
Covered payroll	<u>\$ 30,702,317</u>	<u>\$ 27,175,363</u>	<u>\$ 25,148,458</u>	<u>\$ 23,602,520</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	211.41%	210.32%	201.33%	187.08%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

Merced County Office of Education
Schedule of the County Office of Education's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0373%	0.0396%	0.0414%
Proportionate share of the net pension liability	\$ 30,180,918	\$ 26,684,856	\$ 24,194,489
State's proportionate share of the net pension liability	17,181,458	14,113,347	14,609,677
Total	\$ 47,362,376	\$ 40,798,203	\$ 38,804,166
Covered payroll	\$ 18,507,241	\$ 18,462,973	\$ 18,557,976
Proportionate share of the net pension liability as a percentage of its covered payroll	163.08%	144.53%	130.37%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.1898%	0.2054%	0.2175%
Proportionate share of the net pension liability	\$ 37,492,124	\$ 30,269,214	\$ 24,694,067
Covered payroll	\$ 22,775,985	\$ 22,729,131	\$ 22,842,169
Proportionate share of the net pension liability as a percentage of its covered payroll	164.61%	133.17%	108.11%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

Merced County Office of Education
Schedule of the County Office of Education Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	\$ 3,782,093	\$ 3,946,352	\$ 3,476,303	\$ 2,796,326
Less contributions in relation to the contractually required contribution	<u>3,782,093</u>	<u>3,946,352</u>	<u>3,476,303</u>	<u>2,796,326</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,418,533</u>	<u>\$ 23,078,082</u>	<u>\$ 21,353,213</u>	<u>\$ 19,378,559</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CalPERS				
Contractually required contribution	\$ 6,379,789	\$ 6,054,804	\$ 4,908,414	\$ 3,905,807
Less contributions in relation to the contractually required contribution	<u>6,379,789</u>	<u>6,054,804</u>	<u>4,908,414</u>	<u>3,905,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 30,820,237</u>	<u>\$ 30,702,317</u>	<u>\$ 27,175,363</u>	<u>\$ 25,148,458</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Merced County Office of Education
Schedule of the County Office of Education Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Contractually required contribution	\$ 2,348,556	\$ 1,985,827	\$ 1,639,512
Less contributions in relation to the contractually required contribution	<u>2,348,556</u>	<u>1,985,827</u>	<u>1,639,512</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 18,668,967</u>	<u>\$ 18,507,241</u>	<u>\$ 18,462,973</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS			
Contractually required contribution	\$ 3,277,918	\$ 2,698,271	\$ 2,675,446
Less contributions in relation to the contractually required contribution	<u>3,277,918</u>	<u>2,698,271</u>	<u>2,675,446</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,602,520</u>	<u>\$ 22,775,985</u>	<u>\$ 22,729,131</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

MCOE employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2021, the Special Education Pass Through Fund exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
Special Education Pass-Through Fund	\$ 27,389,258	\$ 27,516,663	\$ 127,405

Schedule of Changes in County Office of Education's Net OPEB Liability and Related Ratios

This schedule presents information on MCOE's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - There were no changes in the actuarial assumptions since the previous study.

Schedule of MCOE's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the MCOE's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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

This schedule presents information on MCOE's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with MCOE. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of County Office of Education Contributions

This schedule presents information on MCOE's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

Merced County Office of Education

Merced County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through California Department of Education (CDE)				
Special Education Cluster				
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 11,077,846	\$ 8,813,361
Special Education Mental Health Allocation Plan	84.027A	15197	662,047	291,345
Subtotal (84.027)			11,739,893	9,104,706
Special Education Preschool Grants	84.173	13430	261,353	115,922
Special Education Preschool Dispute Resolution	84.173A	13007	46,651	-
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	2,030	-
Subtotal (84.173)			310,034	115,922
Total Special Education Cluster			12,049,927	9,220,628
Migrant Education State Grant Program	84.011	14326	6,704,135	-
Migrant Education State Grant Program - Even Start	84.011	14768	342,093	-
Subtotal (84.011)			7,046,228	-
Title I Grants to Local Educational Agencies	84.010	14329	661,592	-
Title I Local Delinquent Program	84.010	14357	193,161	-
ESSA School Improvement for LEAs	84.010	15438	179,200	-
ESSA School Improvement for COEs	84.010	15439	136,291	-
Subtotal (84.010)			1,170,244	-

Merced County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through California Department of Education (CDE)				
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	474,358	-
COVID-19 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	274,507	-
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	268,400	-
Subtotal (84.425)			1,017,265	-
Twenty-First Century Community Learning Centers	84.287	14350	115,626	-
Twenty-First Century Community Learning Centers	84.287	14349	67,228	-
Subtotal (84.287)			182,854	-
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	45,172	-
English Language Acquisition State Grants - LEP	84.365	14346	119,081	92,269
Student Support and Academic Enrichment Program	84.424	15396	45,796	-
Special Education-Grants for Infants and Families	84.181	23761	89,865	-
Education for Homeless Children and Youth	84.196	14332	85,788	-
Passed Through the California Department of Developmental Services				
Family Resource Center/Network	84.181	[1]	70,496	-
Total U.S. Department of Education			21,922,716	9,312,897

[1] The pass-through entity identifying number not available.

Merced County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of the Treasury Passed Through California Department of Education COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	2,760,120	-
U.S. Department of Health and Human Services Head Start Cluster, Head Start Passed Through California Department of Health Care Services Child Care and Development Fund Cluster	93.600	10016	20,099,640	-
CARES Act Federal Alternative Payment	93.575	15511	85,427	-
Alternate Payment Stage II	93.575	13880	702,482	-
CARES Act Federal Alternative Payment, Stage II	93.575	15512	40,224	-
Alternate Payment Stage III	93.575	14985	2,436,042	-
CARES Act Federal Alternative Payment, Stage III	93.575	15513	45,683	-
Resource and Referral	93.575	13950	36,844	-
Resource and Referral Contracts	93.575	14092	571,772	-
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - Alternative Payment Programs and Migrant Day Care	93.575	15553	473,595	-
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - On-site Stipend	93.575	15555	1,085,411	-
Local Child Care Planning Council	93.575	13946	53,117	-
Subtotal, Child Care and Development Cluster (93.575)			5,530,597	-
Alternate Payment	93.596	14153	4,120,790	-
Total Child Care and Development Fund Cluster			9,651,387	-
Total U.S. Department of Health and Human Services			29,751,027	-

Merced County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Labor				
Passed Through California Department of Education				
WIOA Cluster, Workforce Investment Act-Youth Activities	17.259	10055	1,542,619	-
Total U.S. Department of Labor			1,542,619	-
U.S. Department of Agriculture				
Passed Through California Department of Education				
Child and Adult Care Food Program	10.558	13393	331,184	-
Total U.S. Department of Agriculture			331,184	-
Total Federal Financial Assistance			\$ 56,307,666	\$ 9,312,897

Organization

The Merced County Office of Education (MCOE) provides services to twenty school districts with a total K-12 enrollment of approximately fifty-eight thousand students (58,000). The mission of MCOE, as the educational leader of the Central Valley and trusted community partner, is to transform education and inspire personal, social, and academic achievement of students through collaborative partnerships, accountable leadership and innovative and high quality programs and services. MCOE operates education programs for special populations of students, and manages many programs with education related objectives.

Services provided to districts include administrative, fiscal, personnel related, technology, educational technology, educational television, curriculum, professional development, leadership training, Teacher Induction Program (TIP), Clear Administration Services Credential (ADMIN KEYS), Preliminary Administrative Services Credential (PASC), Special Education services, Foster Youth Coordinating services, and governmental relations.

Educational programs operated for special populations of students are three-county regional Migrant (Merced, Stanislaus, and Madera), Special Education, Regional Occupational Program, Valley Community School, Juvenile Court School, Workforce Investment Act Youth Programs, Merced Scholars Charter School, Come Back Charter School and Head Start/Early Head Start.

Programs with educational related objectives include child care subsidy programs (for CalWORKS recipients and other financially eligible families), a multitude of child care and workforce support services, a six-county regional California Preschool Instructional Network and Foster Youth Services Coordinating Program (FYSCO), Quality Rating and Improvement System (QRIS). Other education-related grant programs supporting business-education partnerships, the work of the Family Resource Council, California student opportunity and access program (CALSOAP), outdoor school, and an after school program.

MCOE has a main administrative complex, which houses the Superintendent, Human Resources, and other various administrative offices as well as an educational technology center and a print shop. The MCOE operates over 130 sites housing students and staff. The MCOE has an ancillary administrative complex, which houses Information Technology, Maintenance, Operations and Transpiration and a warehouse as well as Special Education program staff. MCOE recently purchased a building in historic downtown Merced which will become the new MCOE professional development center with a large training room, conference rooms and offices. This new addition adds to the addition of the Yosemite center which now houses the new Come Back Charter School, Children's Museum, as well as other student centered programs.

Governing Board

Member	Office	Term Expires
Dennis Hanks	Chairperson	2022
Chris Chaves	Vice Chairperson	2022
Geneva Brett	Member	2022
Frank Fagundes	Member	2024
Fred Honore	Member	2024

Administration

Steve M. Tietjen, Ed.D.
Janet Riley, MBA

County Superintendent of Schools
Assistant Superintendent, Business Services

Merced County Office of Education
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Merced County Office of Education
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2021 ¹	2021	2020	2019
General Fund ³				
Revenues and other financing sources	\$ 92,007,367	\$ 92,811,263	\$ 87,136,233	\$ 88,687,618
Other sources and transfers in	2,000,000	-	850,000	9,714,602
Total Revenues and Other Sources	94,007,367	92,811,263	87,986,233	98,402,220
Expenditures and other financing uses	101,062,282	90,585,681	87,731,858	94,086,656
Other uses and transfers out	-	1,339,000	1,020,119	960,614
Total Expenditures and Other Uses	101,062,282	91,924,681	88,751,977	95,047,270
Increase/(Decrease) in Fund Balance	(7,054,915)	886,582	(765,744)	3,354,950
Ending Fund Balance	\$ 19,052,880	\$ 26,107,795	\$ 25,221,213	\$ 25,986,957
Available Reserves ^{2, 4}	\$ 13,296,988	\$ 15,349,327	\$ 16,081,791	\$ 15,658,622
Available Reserves as a Percentage of Total Outgo ⁴	13.16%	16.70%	18.12%	17.01%
Long-Term Liabilities	Not Available	\$ 123,859,208	\$ 111,510,353	\$ 101,476,659
Average Daily Attendance at P-2	266	279	279	267

The General Fund balance has increased by \$120,838 over the past two years. For a county office of education this size, the State recommends available reserves of at least 2.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo). The fiscal year 2021-2022 budget projects a decrease of \$7,054,915.

MCOE has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term obligations have increased by \$22,382,549 over the past two years primarily due to the growing pension liability.

Average daily attendance has increase by 12 ADA over the past two years due primarily to the restructuring of the Community School Independent Study Program and student retention. A decrease of 13 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

³ Excludes Charter School ADA.

⁴ General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other than Capital Outlay Projects and the Retiree Benefits Special Reserve Fund, as required by GASB Statement No. 54.

Merced County Office of Education
Schedule of Charter Schools
Year Ended June 30, 2021

Name of Charter School	Charter Number	Included in Audit Report
Merced Scholars Charter School	0631	Yes
Come Back Charter	2002	Yes

Merced County Office of Education
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 57,754	\$ 787,476	\$ 91,783	\$ 4,012,696	\$ 4,949,709
Receivables	-	675,204	179,066	-	854,270
Due from other funds	-	137,220	5,174	-	142,394
Prepaid expenditures	-	798	-	-	798
	<u>57,754</u>	<u>1,600,698</u>	<u>276,023</u>	<u>4,012,696</u>	<u>5,947,171</u>
Total assets	<u>\$ 57,754</u>	<u>\$ 1,600,698</u>	<u>\$ 276,023</u>	<u>\$ 4,012,696</u>	<u>\$ 5,947,171</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 227,155	\$ 871	\$ 551,187	\$ 779,213
Due to other funds	-	541,190	113,315	-	654,505
Unearned revenue	-	1,866	-	-	1,866
	<u>-</u>	<u>770,211</u>	<u>114,186</u>	<u>551,187</u>	<u>1,435,584</u>
Total liabilities	<u>-</u>	<u>770,211</u>	<u>114,186</u>	<u>551,187</u>	<u>1,435,584</u>
Fund Balances					
Restricted	<u>57,754</u>	<u>830,487</u>	<u>161,837</u>	<u>3,461,509</u>	<u>4,511,587</u>
Total liabilities and fund balances	<u>\$ 57,754</u>	<u>\$ 1,600,698</u>	<u>\$ 276,023</u>	<u>\$ 4,012,696</u>	<u>\$ 5,947,171</u>

Merced County Office of Education

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2021

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Local control funding formula	\$ -	\$ 2,476,533	\$ -	\$ -	\$ 2,476,533
Federal sources	-	149,725	-	-	149,725
Other State sources	-	375,598	407,998	-	783,596
Other local sources	364	10,796	601,662	42,766	655,588
	<u>364</u>	<u>10,796</u>	<u>601,662</u>	<u>42,766</u>	<u>655,588</u>
Total revenues	<u>364</u>	<u>3,012,652</u>	<u>1,009,660</u>	<u>42,766</u>	<u>4,065,442</u>
Expenditures					
Current					
Instruction	-	1,739,748	819,099	-	2,558,847
Instruction-related activities					
Supervision of instruction	-	21,911	85,305	-	107,216
School site administration	-	588,061	4,977	-	593,038
Pupil services					
Home-to-school transportation	-	1,222	-	-	1,222
All other pupil services	-	184,048	127	-	184,175
Administration					
All other administration	-	197,630	50,622	-	248,252
Plant services	-	164,665	132,978	-	297,643
Ancillary services	10,554	-	-	-	10,554
	<u>10,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,554</u>
Total expenditures	<u>10,554</u>	<u>2,897,285</u>	<u>1,093,108</u>	<u>-</u>	<u>4,000,947</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,190)</u>	<u>115,367</u>	<u>(83,448)</u>	<u>42,766</u>	<u>64,495</u>

Merced County Office of Education

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2021

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Other Financing Uses					
Other uses	-	(4,825)	-	(551,187)	(556,012)
Net Change in Fund Balances	(10,190)	110,542	(83,448)	(508,421)	(491,517)
Fund Balance - Beginning, as Restated	67,944	719,945	245,285	3,969,930	5,003,104
Fund Balance - Ending	<u>\$ 57,754</u>	<u>\$ 830,487</u>	<u>\$ 161,837</u>	<u>\$ 3,461,509</u>	<u>\$ 4,511,587</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Merced County Office of Education (MCOE) under programs of the federal government for the year ended June 30, 2021. The information 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). Because the schedule presents only a selected portion of the operations of MCOE, it is not intended to and does not present the net position or fund balance nor changes thereof for MCOE.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

MCOE has not elected to use the ten percent de minimis cost rate.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of the unspent portion of the Child Development: Coronavirus Response and Relief Supplemental Apportionments Act revenue received that is not required to be reflected on the Schedule of Expenditures of Federal Awards but has been recorded as revenues.

Description	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Amount</u>
Total Federal Revenues reported on the financial statements		\$ 56,332,472
Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	<u>(24,806)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 56,307,666</u>

Local Education Agency Organization Structure

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

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 Financial Trends and Analysis

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

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.

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Merced County Office of Education



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Merced County Office of Education
Merced, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merced County Office of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Merced County Office of Education's basic financial statements and have issued our report thereon dated April 1, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Merced County Office of Education has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Merced 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 Merced County Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Merced 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Merced 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 1, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Merced County Office of Education
Merced, California

Report on Compliance for Each Major Federal Program

We have audited Merced County Office of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Merced County Office of Education's major federal programs for the year ended June 30, 2021. Merced 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Merced County Office of Education's major federal programs based on our audit of the types of compliance requirements referred to above. 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Merced County Office of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Merced County Office of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Merced 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, 2021.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 1, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Merced County Office of Education
Merced, California

Report on State Compliance

We have audited Merced County Office of Education's (MCOE) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on MCOE's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about MCOE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of MCOE's compliance.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Instructional Time	No (see below)
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	No (see below)
Classroom Teacher Salaries	No (see below)
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No (see below)
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No (see below)

MCOE does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

Instructional Time does not apply to the County; therefore, we did not perform procedures related to Instructional Time.

Ratio of Administrative Employees to Teachers does not apply to the County; therefore, we did not perform procedures related to Ratio of Administrative Employees to Teachers.

Classroom Teachers Salaries does not apply to the County; therefore, we did not perform procedures related to Classroom Teacher Salaries.

MCOE did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

K-3 Grade Span Adjustment does not apply to the County; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by MCOE.

We did not perform District of Choice procedures because the program is not offered by MCOE.

MCOE does not offer an Independent Study - Course Based Program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Charter Schools Mode of Instruction because the County's charter school is entirely nonclassroom-based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

Unmodified Opinion

In our opinion, Merced County Office of Education complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 1, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Merced County Office of Education

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation Head Start Cluster	21.019 93.600
Dollar threshold used to distinguish between type A and type B programs	\$ 1,689,230
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Steve M. Tietjen, Ed.D. | County Superintendent of Schools

632 WEST 13TH STREET | MERCED, CA 95341 | (209) 381-6600 | WWW.MCOE.ORG

April 1, 2022

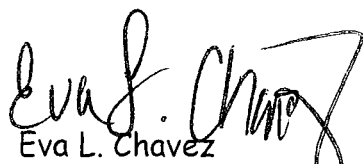
Steve Tietjen
Merced County Superintendent of Schools


Re: MCOE and MCOTA Joint Initial Proposal

The attached document is a joint initial proposal from the MCOE and MCOTA to revise contractual salary provisions effective July 1, 2022 and to agree to a memorandum of understanding regarding Special Education Preschool Programs Recommended Class Loads and Staffing Levels.

This joint initial proposal is being submitted to the Merced County Board of Education for its adoption at its April 18, 2022 meeting in order to complete the public notice ("sunshine") procedures according to MCOE Policy 4143.1

Sincerely,


Eva L. Chavez
Deputy Superintendent


Jennifer Scheidt, President
MCOTA

c: Paul Chambers, MCOTA LRR
MCOE Cabinet

ARTICLE X – SALARIES:

The parties' previous Agreement (ratified by Superintendent signature on May 17, 2021) regarding the compensation increase for the 2022-2023 school year shall be amended as follows:

L. 2021-2022 through 2023-2024 Salary Increases and Reassignment of Unit Members to Salary Schedules:

2. 2022-2023 School Year: Effective July 1, 2022, all salary schedules shall be increased by ~~three~~ **five** percent (~~3.0~~ **5.0**%).

ADDITIONAL TERMS:

1. Memorandum of Understanding (MOU): The MOU entitled "Preschool Programs Recommended Staffing Levels" dated and signed by the parties is incorporated into this agreement, but is not made a part of the collective bargaining agreement.

Other than as specifically set forth above, the parties' existing ratified Agreement remains in full force and effect.

For MCOTA:

Cristina Vara, Negotiations Chair, MCOTA

Date

For Employer:

Eva L. Chavez, Deputy Superintendent

Date

Steve Tietjen, Ed.D. Superintendent

Date

Signature of Superintendent will be obtained upon ratification of the tentative agreement by MCOTA. Superintendent's signature indicates the agreement is final.

MEMORANDUM OF UNDERSTANDING
Between
The Merced County Office of Education and the
Merced County Office of Teachers' Association/CTA/NEA
Special Education Preschool Programs Recommended Class Loads and Staffing Levels

The purpose of this Memorandum of Understanding ("MOU") between the Merced County Office of Education and the Merced County Teachers' Association is to memorialize the parties' mutually acknowledged practices related to the Special Education preschool programs effective with the 2022-2023 school year.

The parties agree that the current collective bargaining agreement Article VII - Class does not apply to the preschool programs described in this MOU. Instead, the parties agree this MOU, establishes practices for these specific classrooms and or programs now and in the future.

The class loads and staffing levels set forth below represent the parties' recommendations which may be temporarily exceeded due to unforeseen circumstances, in which case, the parties will meet to discuss the reasons for the placement. The parties acknowledge these numbers will fluctuate over the course of a school year as students enter and exit the programs and as circumstances dictate.

<u>Classroom type</u>	<u>Recommended Maximum Class Load</u>	<u>Recommended Staffing levels</u>
Instructional Readiness	12	1 Full-time Teacher 4 Full-time Inst. Support Spec. OR Instructional Support Assistants 4 Part-time Instructional Support Assistants
We Can Preschool 1	12/14*	1 Full-time teacher 3 Full-time Inst. Support Spec. OR Inst. Support Assistants
We Can Preschool 2	14	1 Full-time teacher 2 Full-time Inst. Support Spec. OR Inst. Support Assistants

*The recommended maximum class load is 12 (August through December) and 14 (January through May).

The parties agree to review this MOU not later than May 2023. The provisions of this MOU shall remain in effect until and unless the parties negotiate written provisions that provide otherwise.

Steven M. Tietjen, Ed.D, Superintendent MCOE

Cristina Vara, MCOTA-Negotiating Chair

Eva L. Chavez, Deputy Superintendent HR MCOE

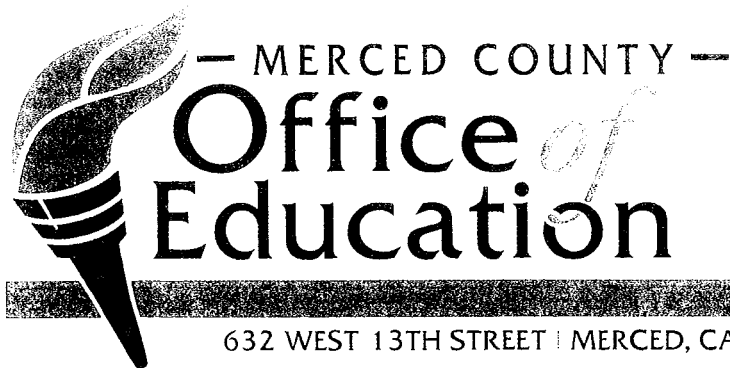
Date

3/31/2022

Date

03/31/2022

Date



Steve M. Tietjen, Ed.D. | County Superintendent of Schools

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April 5, 2022


Steve Tietjen
Merced County Superintendent of Schools

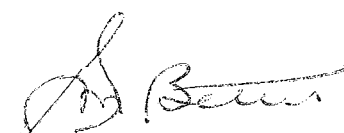
Re: MCOE and CSEA #541 Joint Initial Proposal

The attached document is a joint initial proposal from the MCOE and CSEA #541 to revise contractual salary provisions effective July 1, 2022, to restructure the salary schedule pertaining to this bargaining unit, and to agree to a memorandum of understanding regarding termination of cell phone and data device stipends.

This joint initial proposal is being submitted to the Merced County Board of Education for its adoption at its April 18, 2022 meeting in order to complete the public notice ("sunshine") procedures according to MCOE Policy 4243.1.

Sincerely,


Eva L. Chavez
Deputy Superintendent


Gigi Bettis, President
CSEA Merced COE
Chapter #541

c: Skyler Porras, CSEA LRR
MCOE Cabinet

ARTICLE 5 - COMPENSATION PLAN: PAY ALLOWANCE/HOLIDAYS

5.1 REGULAR RATE OF PAY: The regular rate of pay for each position shall be in accordance with the rates established for each class.

5.1.1 Annualized Rate of Pay: Employees who work less than twelve (12) months a year will be placed on an annual salary based on their hourly rate of pay. The annual salary calculation will be based on the employees' hourly rate of pay times the number of hours worked per day times the sum of the number of days worked per fiscal year plus accrued vacation days and holidays.

5.1.2 The annualized salary will be paid in twelve (12) equal monthly installments for staff who work on a year-round schedule, eleven (11) equal monthly installments for staff whose school year begins in August and ends in June, and ten (10) equal monthly installments for staff whose school year begins in August and ends in May, notwithstanding any PERS requirements. [Revised 8-21-03]

5.2 STEP INCREASE: **Effective through and including June 30, 2022,** ~~T~~ the salary schedule provides for nine (9) steps or service increments in each grade. Effective July 1, 2016 **through and including June 30, 2022,** each step or service increment shall be five percent (5%) more than the preceding step for steps 1 -5, three and one-half (3.5%) more than the preceding step for steps 6-7, and two and one-half (2.5%) more than the preceding step for steps 8-9. These percentages may vary slightly when accounting for rounding differences.

5.2.1 Effective July 1, 2022, the salary schedule shall be restructured to provide for five (5) steps or service increments in each grade. This salary schedule is attached to this Agreement as Appendix A.

5.2.2 The foregoing restructure shall be accomplished by eliminating steps/service increments 1 through 4 that appeared on the previous 9 step schedule, thereby making former step 5 the new step 1 on the restructured schedule, with the remaining four steps becoming steps 2, 3, 4, and 5.

5.2.3 Effective July 1, 2022, for the restructured schedule, each step or service increment shall be three and one-half percent (3.5%) more than the preceding step for steps 2-3 and two and one-half percent (2.5%) more than the preceding step for steps 4-5. These percentages may vary slightly when accounting for rounding differences.

5.2.4 Unit members who were on steps 1-4 of the previous 9 step schedule shall be placed on step 1 of the new 5 step schedule effective July 1, 2022. The parties acknowledge an impact of this change is that new unit members hired on or after July 1, 2022 will be placed on step 1 along with unit members hired before July 1, 2022 who provided one to four years of service with MCOE.

5.24 SALARY:

2. The parties previous agreement regarding the compensation increase for the 2022-2023 school year shall be amended as follows:

- a. 2022- 2023 School Year: The 2021-2022 salary schedule shall be increased by three **four** percent (3 **4**%) effective July 1, 2022.
- b. **The 2022-2023 salary schedule reflects a restructured schedule as set forth in sections 5.2 through 5.2.4 above. The cost of this restructure is equivalent to an additional 2.13% salary increase for the bargaining unit effective July 1, 2022.**

Other than as specifically set forth above, the parties' existing ratified Agreement remains in full force and effect.

Memorandum of Understanding (MOU): As part of this agreement, but not for inclusion in the collective bargaining agreement, the parties also agree to the attached MOU regarding termination of cell phone and data device stipends.

Gigi Bettis, President _____ Date _____
Merced COE Chapter #541

Skyler Porras, CSEA LRR Date

Eva L. Chavez, Deputy Superintendent Date _____
Merced County Office of Education

Steve Tietjen, Ed.D. Date
Merced County Superintendent of Schools


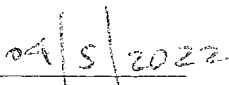
Signature of Superintendent will be obtained upon ratification of the MOU by CSEA.

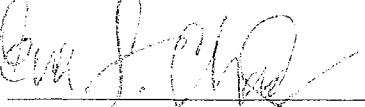
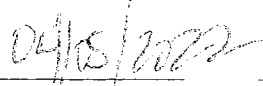
**MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN
MERCED COUNTY OFFICE OF EDUCATION AND
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, MERCED COE CHAPTER #541**

TERMINATION OF CELL PHONE/DATA DEVICE STIPENDS

The purpose of this MOU is to set forth the parties' agreement regarding termination of cell phone and data device stipends for unit members, as follows:

1. Any existing stipends related to unit members' use of cell phones and/or data devices, including those described in Regulation 3513.1, are terminated effective June 30, 2022.
2. The MCOE will offer a cell phone and/or data device to unit members in positions which the MCOE determines require the regular use of such device(s) in the normal course of performance of required duties.
3. A unit member in a position described in #2 above may, in their discretion, decline an MCOE-provided device and instead use their personal device(s) in the normal course of performance of required duties.
4. Unit members in positions excluded from those described in #2 above are not expected, and shall not be required to use their personal device(s) in the normal course of performance of required duties.
5. Notwithstanding #4 above unit members may, in their discretion, use their personal device(s) in the normal course of performance of required duties. In addition, the MCOE may on occasion contact such unit members on their personal devices in circumstances which necessitate immediate communication with the unit member(s).

 _____ Gigi Bettis, Chapter #541 President	Date	 _____ Skyler Porras, CSEA LRR	Date
---	------	---	------

 _____ Eva L. Chavez, Deputy Superintendent Merced County Office of Education	Date	 _____ Steve Tietjen, Ed.D. Merced County Superintendent of Schools	Date
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Signature of Superintendent will be obtained upon ratification of the MOU by CSEA.

2022-2023 MERCED COUNTY OFFICE OF EDUCATION Classified Support Staff Salary Schedule (Based upon 2021-2022 salary schedule plus 4%)					
Grade/Step	15	26	37	48	59
107	18.13 3,155 \$ 37,855	18.76 3,264 \$ 39,171	19.42 3,379 \$ 40,549	19.91 3,464 \$ 41,572	20.41 3,551 \$ 42,616
108	18.90 3,289 \$ 39,463	19.56 3,403 \$ 40,841	20.24 3,522 \$ 42,261	20.75 3,611 \$ 43,326	21.27 3,701 \$ 44,412
109	19.67 3,423 \$ 41,071	20.36 3,543 \$ 42,512	21.07 3,666 \$ 43,994	21.60 3,758 \$ 45,101	22.14 3,852 \$ 46,228
110	20.48 3,564 \$ 42,762	21.20 3,689 \$ 44,266	21.94 3,818 \$ 45,811	22.49 3,913 \$ 46,959	23.05 4,011 \$ 48,128
111	21.36 3,717 \$ 44,600	22.11 3,847 \$ 46,166	22.88 3,981 \$ 47,773	23.45 4,080 \$ 48,964	24.04 4,183 \$ 50,196
112	22.27 3,875 \$ 46,500	23.05 4,011 \$ 48,128	23.86 4,152 \$ 49,820	24.46 4,256 \$ 51,072	25.07 4,362 \$ 52,346
113	23.25 4,046 \$ 48,546	24.06 4,186 \$ 50,237	24.90 4,333 \$ 51,991	25.52 4,441 \$ 53,286	26.16 4,552 \$ 54,622
114	24.27 4,223 \$ 50,676	25.12 4,371 \$ 52,451	26.00 4,524 \$ 54,288	26.65 4,637 \$ 55,645	27.32 4,754 \$ 57,044
115	25.33 4,407 \$ 52,889	26.22 4,562 \$ 54,747	27.14 4,722 \$ 56,668	27.82 4,841 \$ 58,088	28.52 4,963 \$ 59,550
116	26.47 4,606 \$ 55,269	27.40 4,768 \$ 57,211	28.36 4,935 \$ 59,216	29.07 5,058 \$ 60,698	29.80 5,185 \$ 62,222
117	27.69 4,818 \$ 57,817	28.66 4,987 \$ 59,842	29.66 5,161 \$ 61,930	30.40 5,290 \$ 63,475	31.16 5,422 \$ 65,062
118	28.95 5,037 \$ 60,448	29.96 5,213 \$ 62,556	31.01 5,396 \$ 64,749	31.79 5,532 \$ 66,378	32.58 5,669 \$ 68,027
119	30.29 5,271 \$ 63,246	31.35 5,455 \$ 65,459	32.45 5,646 \$ 67,756	33.26 5,787 \$ 69,447	34.09 5,932 \$ 71,180
120	31.70 5,516 \$ 66,190	32.81 5,709 \$ 68,507	33.96 5,909 \$ 70,908	34.81 6,057 \$ 72,683	35.68 6,208 \$ 74,500
121	33.16 5,770 \$ 69,238	34.32 5,972 \$ 71,660	35.52 6,181 \$ 74,166	36.41 6,335 \$ 76,024	37.32 6,494 \$ 77,924
122	34.74 6,045 \$ 72,537	35.96 6,257 \$ 75,084	37.22 6,476 \$ 77,715	38.15 6,638 \$ 79,657	39.10 6,803 \$ 81,641

2022-2023
MERCED COUNTY OFFICE OF EDUCATION
Classified Support Staff Position Titles

Academic Counseling Assistant (ME) *	113	Instructional Support Associate - Behavior Intervention	110
Academic Tutor (ME) *	111	Instructional Support Associate - Deaf and Hard of Hearing	110
Administrative Assistant I	117	Instructional Support Associate - Health	110
Administrative Assistant II	118	Instructional Support Associate - Health/Driver	110
Administrative Clerk I	108	Instructional Support Associate - Health (VCS)	110
Administrative Clerk II	109	Instructional Support Associate - Signer	110
Administrative Secretary	115	Instructional Support Associate - Visually Impaired	110
Cafeteria Assistant (CGMOS/SE) *	107	Instructional Support Associate - Vocational	110
Campus Student Supervisor (VCS)	111	Instructional Support Specialist I	111
Career Education & College Advisor (ME)	117	Instructional Support Specialist II	112
Certified Occupational Therapy Assistant (SE)	119	Instructional Support Specialist II - ME	112
Certified Sign Language Interpreter (SE)	115	Interpreter/Translator (SE)	111
College & Career Services Technician (ROP)	116	IT Infrastructure Support Technician	118
College Transition Advisor (ES)	111	IT Services Assistant	115
Communications Media Specialist	119	IT User Support Technician	118
Cook - Senior (CGMOS)	111	Job Development & Training Technician	116
Cook (CGMOS)	109	Lead Custodian	114
Custodian	110	Lead Grounds & Landscape Specialist	115
Custodian (CGMOS)	112	Lead Social Skills Trainer (EE)	119
Data Management Assistant (ME)	110	Learning Resources Specialist	115
Data Management Specialist	115	Licensed Vocational Nurse (SE)	118
Early Learning Coach (EE)	116	Maintenance Specialist	113
Family Enrollment Specialist I (EE)	114	Maintenance Specialist – Senior (CGMOS)	116
Family Enrollment Specialist II (EE)	115	Maintenance Technician - HVAC	118
Family Provider Specialist I (EE)	114	Media Broadcasting Technician	120
Family Provider Specialist II (EE)	115	Multimedia Production Specialist	117
Family Services Specialist (ME)	111	Naturalist - Senior (CGMOS)	119
Family Services Specialist - Health (ME)	111	Naturalist (CGMOS) *	116
Fiscal Clerk	110	Network Analyst - Senior	122
Fiscal Clerk - Senior	112	Operations Specialist (CGMOS)	115
Fiscal Specialist	115	Parent Resources Specialist (EE)	115
Fiscal Technician	117	Payroll Services Analyst (BS)	119
Food Service Specialist (SE)	111	Payroll Services Technician (HR)	119
Graphics & Publishing Specialist	113	Registration & Data Specialist (VCS)	113
Graphics & Publishing Technician	115	School Administrative Secretary (VCS)	115
Grounds & Landscape Specialist	111	Social Skills Trainer I (EE)	115
HR Assistant	111	Social Skills Trainer II (EE)	116
HR Associate	113	Speech Language Pathology Associate (SE)	121
HR Associate - HRIS	113	Staff Secretary	112
HR Associate - Leaves & OHS	113	Student Transportation Driver (BS)	109
Instructional Support Assistant I	107	Transportation Services Assistant (BS)	110
Instructional Support Assistant I - Driver	107	Transportation Services Assistant (SE)	110
Instructional Support Assistant I - ROP	107	Vehicle Servicing Mechanic	113
Instructional Support Assistant II	108	Vocational Services Specialist (SE)	114
Instructional Support Assistant II - Driver	108	Warehousing & Distribution Specialist	111
Instructional Support Assistant II - ME	108	Warehousing & Purchasing Technician	114
Instructional Support Assistant II - ROP	108	Youth Engagement Specialist (VCS)	119
Instructional Support Assistant II - JH/VCS	108	Youth Outreach Specialist (ME) *	117
		Youth Services Assistant (ES)	111
		Youth Services Specialist (ES)	115

The positions indicated by an * are solely Part-Time positions

Salary Increases for Represented Employees pursuant to Ed Code 1302

JOB TITLE

ADMINISTRATIVE SECRETARY

CAREER EDUCATION & COLLEGE ADVISOR

COMMUNICATIONS MEDIA SPECIALIST

FAMILY ENROLLMENT SPECIALIST II

PAYROLL SERVICES ANALYST (2)

2022-2023
MERCED COUNTY OFFICE OF EDUCATION
Classified Support Staff Position Titles

Academic Counseling Assistant (ME) *	113	Instructional Support Associate - Behavior Intervention	110
Academic Tutor (ME) *	111	Instructional Support Associate - Deaf and Hard of Hearing	110
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College & Career Services Technician (ROP)	116	IT Infrastructure Support Technician	118
College Transition Advisor (ES)	111	IT Services Assistant	115
Communications Media Specialist	119	IT User Support Technician	118
Cook - Senior (CGMOS)	111	Job Development & Training Technician	116
Cook (CGMOS)	109	Lead Custodian	114
Custodian	110	Lead Grounds & Landscape Specialist	115
Custodian (CGMOS)	112	Lead Social Skills Trainer (EE)	119
Data Management Assistant (ME)	110	Learning Resources Specialist	115
Data Management Specialist	115	Licensed Vocational Nurse (SE)	118
Early Learning Coach (EE)	116	Maintenance Specialist	113
Family Enrollment Specialist I (EE)	114	Maintenance Specialist – Senior (CGMOS)	116
Family Enrollment Specialist II (EE)	115	Maintenance Technician - HVAC	118
Family Provider Specialist I (EE)	114	Media Broadcasting Technician	120
Family Provider Specialist II (EE)	115	Multimedia Production Specialist	117
Family Services Specialist (ME)	111	Naturalist - Senior (CGMOS)	119
Family Services Specialist - Health (ME)	111	Naturalist (CGMOS) *	116
Fiscal Clerk	110	Network Analyst - Senior	122
Fiscal Clerk - Senior	112	Operations Specialist (CGMOS)	115
Fiscal Specialist	115	Parent Resources Specialist (EE)	115
Fiscal Technician	117	Payroll Services Analyst (BS)	119
Food Service Specialist (SE)	111	Payroll Services Technician (HR)	119
Graphics & Publishing Specialist	113	Registration & Data Specialist (VCS)	113
Graphics & Publishing Technician	115	School Administrative Secretary (VCS)	115
Grounds & Landscape Specialist	111	Social Skills Trainer I (EE)	115
HR Assistant	111	Social Skills Trainer II (EE)	116
HR Associate	113	Speech Language Pathology Associate (SE)	121
HR Associate - HRIS	113	Staff Secretary	112
HR Associate - Leaves & OHS	113	Student Transportation Driver (BS)	109
Instructional Support Assistant I	107	Transportation Services Assistant (BS)	110
Instructional Support Assistant I - Driver	107	Transportation Services Assistant (SE)	110
Instructional Support Assistant I - ROP	107	Vehicle Servicing Mechanic	113
Instructional Support Assistant II	108	Vocational Services Specialist (SE)	114
Instructional Support Assistant II - Driver	108	Warehousing & Distribution Specialist	111
Instructional Support Assistant II - ME	108	Warehousing & Purchasing Technician	114
Instructional Support Assistant II - ROP	108	Youth Engagement Specialist (VCS)	119
Instructional Support Assistant II - JH/VCS	108	Youth Outreach Specialist (ME) *	117
		Youth Services Assistant (ES)	111
		Youth Services Specialist (ES)	115

The positions indicated by an * are solely Part-Time positions

2022-2023
MERCED COUNTY OFFICE OF EDUCATION
Classified Support Staff Salary Schedule

(Based upon 2021-2022 salary schedule plus 4%)

Grade/Step	<u>1</u> <u>5</u>	<u>2</u> <u>6</u>	<u>3</u> <u>7</u>	<u>4</u> <u>8</u>	<u>5</u> <u>9</u>
107	18.13	18.76	19.42	19.91	20.41
	3,155	3,264	3,379	3,464	3,551
	\$ 37,855	\$ 39,171	\$ 40,549	\$ 41,572	\$ 42,616
108	18.90	19.56	20.24	20.75	21.27
	3,289	3,403	3,522	3,611	3,701
	\$ 39,463	\$ 40,841	\$ 42,261	\$ 43,326	\$ 44,412
109	19.67	20.36	21.07	21.60	22.14
	3,423	3,543	3,666	3,758	3,852
	\$ 41,071	\$ 42,512	\$ 43,994	\$ 45,101	\$ 46,228
110	20.48	21.20	21.94	22.49	23.05
	3,564	3,689	3,818	3,913	4,011
	\$ 42,762	\$ 44,266	\$ 45,811	\$ 46,959	\$ 48,128
111	21.36	22.11	22.88	23.45	24.04
	3,717	3,847	3,981	4,080	4,183
	\$ 44,600	\$ 46,166	\$ 47,773	\$ 48,964	\$ 50,196
112	22.27	23.05	23.86	24.46	25.07
	3,875	4,011	4,152	4,256	4,362
	\$ 46,500	\$ 48,128	\$ 49,820	\$ 51,072	\$ 52,346
113	23.25	24.06	24.90	25.52	26.16
	4,046	4,186	4,333	4,441	4,552
	\$ 48,546	\$ 50,237	\$ 51,991	\$ 53,286	\$ 54,622
114	24.27	25.12	26.00	26.65	27.32
	4,223	4,371	4,524	4,637	4,754
	\$ 50,676	\$ 52,451	\$ 54,288	\$ 55,645	\$ 57,044
115	25.33	26.22	27.14	27.82	28.52
	4,407	4,562	4,722	4,841	4,963
	\$ 52,889	\$ 54,747	\$ 56,668	\$ 58,088	\$ 59,550
116	26.47	27.40	28.36	29.07	29.80
	4,606	4,768	4,935	5,058	5,185
	\$ 55,269	\$ 57,211	\$ 59,216	\$ 60,698	\$ 62,222
117	27.69	28.66	29.66	30.40	31.16
	4,818	4,987	5,161	5,290	5,422
	\$ 57,817	\$ 59,842	\$ 61,930	\$ 63,475	\$ 65,062
118	28.95	29.96	31.01	31.79	32.58
	5,037	5,213	5,396	5,532	5,669
	\$ 60,448	\$ 62,556	\$ 64,749	\$ 66,378	\$ 68,027
119	30.29	31.35	32.45	33.26	34.09
	5,271	5,455	5,646	5,787	5,932
	\$ 63,246	\$ 65,459	\$ 67,756	\$ 69,447	\$ 71,180
120	31.70	32.81	33.96	34.81	35.68
	5,516	5,709	5,909	6,057	6,208
	\$ 66,190	\$ 68,507	\$ 70,908	\$ 72,683	\$ 74,500
121	33.16	34.32	35.52	36.41	37.32
	5,770	5,972	6,181	6,335	6,494
	\$ 69,238	\$ 71,660	\$ 74,166	\$ 76,024	\$ 77,924
122	34.74	35.96	37.22	38.15	39.10
	6,045	6,257	6,476	6,638	6,803
	\$ 72,537	\$ 75,084	\$ 77,715	\$ 79,657	\$ 81,641

Merced County Board of Education

Business Items for Action



Steve M. Tietjen, Ed.D. | County Superintendent of Schools



Annual MCSBA Fall Conference

October 14-16, 2022

Early Bird Registration \$250
ends June 15, 2022

Regular Registration \$300 ends August 28, 2022
Late Registration \$400 ends September 9, 2022
(No refunds after August 20, 2022)

DATE	TIME	PROGRAM
Friday	4:30 PM – 7:30 PM	Registration and Evening Session
Saturday	8:00 AM – 4:30 PM	Sessions, Networking and Vendors (Breakfast and Lunch provided)
Sunday	8:00 AM – 12:00 PM	Sessions, Q & A and Raffle (Breakfast provided)

[Click here to register](#)

Saturday guest lunch \$100

For more information contact Ceci Perez 209.381.6634

Hyatt Regency Monterey



1 Old Golf Course Road - Monterey, CA 93940
831.372.1234

Starting March 23, 2022
(Last day to book a room September 3, 2022)
SPECIAL ROOM RATES: \$245

[Click here
to book your hotel today](#)

Hotel MUST Be Paid BEFORE ARRIVAL. Deadline for paying by checks will be September 20, 2022. Districts are to put their name on the check as well as the names of the attendees and "MCSBA Conference".

Merced County Board of Education

Geneva Brett, Chairperson

Frank Fagundes, Vice Chairperson

Fred Honoré, Member

Dennis Hanks, Member

Chris Chavez, Member



Resolution No. 2022-09

**In Recognition of
California Day of the Teacher
Merced County Office Teachers Association**

Whereas, we celebrate the 40th annual California Day of the Teacher; and

Whereas, an educated citizenry serves as the foundation of our democracy; and

Whereas, today's teachers mold the minds and train the workforce of the future; and

Whereas, no other profession touches as many people with such a lasting effect; and

Whereas, good teaching grows in value and pays dividends far beyond the classroom; and

Whereas, excellence in our state begins with California's teachers; and

Whereas, California's teachers are among the best educated, most credentialed and hardest-working educators in the country; and

Now, Therefore, Be It Resolved, that the Merced County Board of Education joins the Merced County Superintendent of Schools in proclaiming the Wednesday, **May 11, 2022**, as ***Day of the Teacher*** to honor the contribution of teachers to quality education in the state of California and in the Merced County Office of Education.

Adopted this **18th** day of **April** year of **2022** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve M. Tietjen, Ed.D., Secretary to the Board
Merced County Superintendent of Schools

Merced County Board of Education

Geneva Brett, Chairperson

Frank Fagundes, Vice Chairperson

Fred Honoré, Member

Dennis Hanks, Member

Chris Chavez, Member



Resolution No. 2022-10

**In Recognition of
California Day of the Teacher
CSEA Chapter 856, Unit B – Head Start**

Whereas, we celebrate the 40th annual California Day of the Teacher; and

Whereas, an educated citizenry serves as the foundation of our democracy; and

Whereas, today's teachers mold the minds and train the workforce of the future; and

Whereas, no other profession touches as many people with such a lasting effect; and

Whereas, good teaching grows in value and pays dividends far beyond the classroom; and

Whereas, excellence in our state begins with California's teachers; and

Whereas, California's teachers are among the best educated, most credentialed and hardest-working educators in the country; and

Now, Therefore, Be It Resolved, that the Merced County Board of Education joins the Merced County Superintendent of Schools in proclaiming the Wednesday, **May 11, 2022**, as ***Day of the Teacher*** to honor the contribution of teachers to quality education in the state of California and in the Merced County Office of Education.

Adopted this **18th** day of **April** year of **2022** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve M. Tietjen, Ed.D., Secretary to the Board
Merced County Superintendent of Schools

Merced County Board of Education

Geneva Brett, Chairperson

Frank Fagundes, Vice Chairperson

Fred Honoré, Member

Dennis Hanks, Member

Chris Chavez, Member



Resolution No. 2022-11

**In Recognition of
Classified School Employee Week
CSEA Chapter 541**

Whereas, classified professionals provide valuable services to the schools and students of the Merced County Office of Education; and

Whereas, classified professionals contribute to the establishment and promotion of a positive instructional environment; and

Whereas, classified professionals serve a vital role in providing for the welfare and safety of Merced County Office of Education's students; and

Whereas, classified professionals employed by the Merced County Office of Education strive for excellence in all areas relative to the educational community.

Now, Therefore, Be It Resolved, that the Merced County Board of Education joins the Merced County Superintendent of Schools and hereby recognizes and wishes to honor the contribution of the classified professionals to quality education in the State of California and in the Merced County Office of Education and declares the week of **May 15-21, 2022**, as ***Classified School Employee Week*** in the Merced County Office of Education.

Adopted this **18th** day of **April** year of **2022** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve M. Tietjen, Ed.D., Secretary to the Board
Merced County Superintendent of Schools

Merced County Board of Education

Geneva Brett, Chairperson

Frank Fagundes, Vice Chairperson

Fred Honoré, Member

Dennis Hanks, Member

Chris Chavez, Member



Resolution No. 2022-12

**In Recognition of
Classified School Employee Week
CSEA Chapter 856, Unit A – Head Start**

Whereas, classified professionals provide valuable services to the schools and students of the Merced County Office of Education; and

Whereas, classified professionals contribute to the establishment and promotion of a positive instructional environment; and

Whereas, classified professionals serve a vital role in providing for the welfare and safety of Merced County Office of Education's students; and

Whereas, classified professionals employed by the Merced County Office of Education strive for excellence in all areas relative to the educational community.

Now, Therefore, Be It Resolved, that the Merced County Board of Education joins the Merced County Superintendent of Schools and hereby recognizes and wishes to honor the contribution of the classified professionals to quality education in the State of California and in the Merced County Office of Education and declares the week of **May 15-21, 2022**, as ***Classified School Employee Week*** in the Merced County Office of Education.

Adopted this **18th** day of **April** year of **2022** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve M. Tietjen, Ed.D., Secretary to the Board
Merced County Superintendent of Schools