



Monterey County Office of Education

Leadership, Support, and Service to Prepare All Students for Success

Dr. Deneen Guss
County Superintendent of Schools

September 8, 2021

Adrian Ayala, Board President
Kari Yeater, Superintendent
North Monterey County Unified School District
8142 Moss Landing Rd
Moss Landing, CA 95039

RE: 2021-22 Adopted Budget Review

Dear Board President Ayala and Superintendent Yeater:

Under the Local Control Funding Formula (LCFF) regulations, County Offices of Education may not approve a District's budget before approving its Local Control Accountability Plan (LCAP). We are pleased to acknowledge that your District's 2021-22 LCAP was approved as reflected in your August 13, 2021 letter from Dr. Deneen Guss, Monterey County Superintendent of Schools.

In accordance with the provisions of *Education Code* Section 42127, the Monterey County Office of Education has performed an in-depth analysis of the 2021-22 adopted budget of North Monterey County Unified School District. The County Office of Education must determine whether the budget complies with the standards and criteria, established by the State Board of Education, pursuant to *Education Code* Section 33127. On the basis of this review, we are satisfied that the District's budget for Fiscal Year 2021-22 is consistent with the state-adopted criteria and standards. **We hereby approve the District's budget and offer the following comments:**

Deficit Spending

The District is projecting to incur overall operating deficits of (\$6,606,138) in 2021-22, (\$2,949,359) in 2022-23, and (\$823,841) in 2023-24. Although some deficit spending may be a result of one-time costs from prior year funding sources, ongoing structural deficits may threaten a school district's future educational programs. At the same level of deficit spending the district would deplete their State recommended reserve for economic uncertainties. Failure to minimize deficit spending could jeopardize the future financial standing of the District. It is critical that the District have a plan to eliminate structural deficit spending before educational programs are threatened.

District Reserves

The District's 2021-22 budget, as submitted, indicates available unrestricted reserves at \$ 2,384,000, which is equivalent to 3.00% of their Total General Fund Expenditures.

Salary and Benefit Negotiations

We note that 2021-22 negotiations with the **Certificated & Classified** bargaining unit(s) were not settled at the time the budget was adopted. To the extent that collective bargaining agreements result in additional ongoing costs, we advise you that such increased costs should be supported by additional ongoing revenues or ongoing reductions of expenditures. Further, the Criteria and Standards specify that upon settlement, the county office of education must provide the California Department of Education with an analysis of the cost of the settlement and its impact on the operating budget. The public disclosure documents prepared in compliance with *Government Code* Section 3547.5 can be used to satisfy this requirement. Please forward copies of your public disclosure to the County Office of Education at least 10 days prior to Board ratification of any collective bargaining agreement. AB 2756 requires that the Superintendent and the Chief Business Officer sign the collective bargaining disclosure form.

Concluding Remarks

We want to thank and acknowledge Danica Salazar for the timely submission of the budget documents and express our appreciation to the District's staff and the governing board for their continued diligence and hard work. We await your First Interim Report, which must be filed with our office no later than December 15, 2021.

If you have any questions, please do not hesitate to contact me at (831) 755-0308.

Sincerely,

DocuSigned by:



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Colleen Stanley Ed.D,
Chief Business Official

cc: Dr. Deneen Guss, Monterey County Superintendent of Schools
Mary E. Dawson, Assistant Superintendent, Business, North Monterey County USD
Danica Salazar, Director of Fiscal Services, NMCUSD
Philip Davis, Senior Director, District Advisory Services, MCOE
Maurene Coloma, Financial Analyst, MCOE



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*Dr. Deneen Guss
County Superintendent of Schools*

August 13, 2021

Ms. Kari Yeater, Superintendent
North Monterey County Unified School District
8142 Moss Landing Rd.
Moss Landing, CA 95039

Dear Superintendent Yeater,

The Monterey County Superintendent of Schools has received and completed a review of the North Monterey County Unified School District's Local Control and Accountability Plan (LCAP) and adopted budget for fiscal year 2021-22.

LCAP APPROVAL

Pursuant to Education Code (ED) Section 52070(d), the three criteria for LCAP approval includes:

1. Adherence to the State Board of Education (SBE) template
2. The budget includes sufficient expenditures to implement the actions and strategies included in the plan
3. Adherence to the State Board of Education expenditure regulations

It is a pleasure to inform you that through the review and oversight process, it has been determined that your District's LCAP meets all three criteria, and has been approved. As a reminder, supplemental and concentration funds are included in the Local Control Funding Formula to increase and/or improve services to low-income, English learner, and foster youth student populations. To properly serve these targeted student groups who generate the funding, it is expected that supplemental and concentration grant dollars be fully expended each fiscal year.

The entire District and community are to be commended for this excellent work. Now is the time to post your approved LCAP on your District's website, and MCOE will post your approved LCAP on our website as well. Please contact Caryn Lewis, Assistant Superintendent of Educational Services, if we can provide any support or assistance in implementing the actions and services outlined in your LCAP in the year ahead.

Sincerely,

A handwritten signature in blue ink that reads "Deneen Guss".

Deneen Guss, Ed.D.
Monterey County Superintendent of Schools