Monterey County Office of Education

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

*Dr. Deneen Guss*
*County Superintendent of Schools*

October 2, 2019

OCT 08 2019

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

RE: 2019-20 Adopted Budget Review

Dear Board President Chavarria 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 2019-20 LCAP was approved as reflected in your September 17, 2019 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 2019-20 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 for fiscal stability, 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 2019-20 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 operating deficits of ($2,349,844) in 2019-20, ($2,843,186) in 2020-21, and ($2,511,011) in 2021-22. Based on our projections, the District will still be able to meet the State-required minimum reserve requirements at least through our analysis period of the 2021-22 fiscal year. Although some deficit spending may be a result of one-time costs from prior year funding sources, ongoing structural deficits erodes balances and could eventually impair the ability of the District to maintain the required reserve level. We encourage the District to eliminate structural deficit spending and make any necessary expenditure adjustments before educational programs are threatened.

**District Reserves**
The District's 2019-20 budget, as submitted, indicates available unrestricted reserves at $1,872,000, which is equivalent to 3.00% of their Total General Fund Expenditures.

**Salary and Benefit Negotiations**
The salary and benefit negotiations between the District and its **Certificated and Classified** bargaining unit have not been settled for the 2019-20 fiscal year. The District is reminded that *Government Code* Section 3547.5 requires each District to publicly disclose the provisions of all bargaining agreements before they enter into a written agreement. The District should ensure that ongoing costs and supported by ongoing revenue before exacerbating structural budget deficits. Submit any materials specifically developed to meet the public disclosure requirement of AB 1200. Please forward copies of your public disclosure to the County Office of Education at least 10 working 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**
Policymakers and stakeholders will become increasingly interested in the LCFF's efficacy and whether the funding is reaching the targeted student populations. It will be increasingly important for Districts to continue to be conscientious in ensuring that funds are budgeted appropriately and that healthy reserves are maintained. It is imperative for Districts to stay well-informed, consider the impact of proposed and potential changes, both fiscal and programmatic, and adapt accordingly.

We want to thank and acknowledge Danica Salazar for the timely submission of the budget documents and await your First Interim Financial Report which must be filed with our office no later than December 16, 2019.

If you have any questions, please do not hesitate to contact Colleen Stanley, Senior Executive Director of Finance at (831) 755-0308.

Sincerely,

Garry P. Bousum
Associate Superintendent, Finance and Business Services, MCOE

cc: Dr. Deneen Guss, Monterey County Superintendent of Schools
Liann Reyes, Assistant Superintendent, Business, North Monterey County USD
Danica Salazar, Director of Fiscal Services, North Monterey County USD
Colleen Stanley, Senior Executive Director of Finance, MCOE
Philip Davis, Senior Director, District Advisory Services, MCOE
Marvalee English, Financial Analyst, MCOE

# Monterey County Office of Education

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*Dr. Deneen Guss*
*County Superintendent of Schools*


September 17, 2019

Kari Yeater, Superintendent
North Monterey County Unified School District
8142 Moss Landing Road
Moss Landing, CA 95039

Dear Superintendent Yeater:

It is a pleasure to inform you that the Monterey County Office of Education has **approved** the North Monterey County Unified School District's Local Control Accountability Plan (LCAP) for the 2019/2020 school year, pursuant to California Education Code (EC) Section 52070.5(d).

MCOE is excited to see North Monterey County Unified School District continue to grow and expand services to meet the needs of students and the families you serve. We appreciate the extensive work that your District has engaged in and the extended collaboration with all stakeholders to tell your unique story and focus for improvement. The District's LCAP is a reflection of your community's needs, priorities, and goals to provide opportunities for every student and continuously increase achievement for all.

We look forward to supporting North Monterey County Unified in providing researched-based strategies to build a solid foundation of first-time instruction, as well as creating a positive and engaging school culture and climate through Positive Behavior Interventions and Supports. The goals and actions listed in your LCAP demonstrate how you will work together as a team to fulfill the vision you have for your district and your students.

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,

Deneen Guss

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


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