September 24, 2021

Amy Koo  
President, Governing Board  
Belmont-Redwood Shores Elementary School District  
2960 Hallmark Drive  
Belmont, CA 94002

RE: Local Control and Accountability Plan and Adopted Budget – Fiscal Year 2021-22

Dear Ms. Koo:

The San Mateo County Office of Education (SMCOE) has completed its review of Belmont-Redwood Shores Elementary School District’s Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2021-22 fiscal year pursuant to Education Codes 42127 and 52070.

A. LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP)

The County Superintendent is required to approve the District’s LCAP if it is determined that the following criteria have been met:

- The LCAP adheres to the template adopted by the State Board of Education (EC 52064).
- The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP.
- The LCAP adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils (EC 42238.02 and 42238.03)

The San Mateo County Superintendent of Schools has approved your Local Control Accountability Plan for the 2021-22 school year, pursuant to Education Code (EC) Section 52070.5(d). California Education Code requires the County Superintendent to review and approve the LCAP prior to the approval of the LEA’s adopted budget per EC Section 42127(2). Your board-approved LCAP has been posted on the SMCOE website.

B. ADOPTED BUDGET

In accordance with Education Code Section 42127, the County Superintendent of Schools has examined the Adopted Budget of Belmont-Redwood Shores School District (the District) for fiscal year 2021-22 to determine if it complies with the criteria and standards adopted by the
State Board of Education, allows the District to meet its financial obligations during the fiscal year, and is consistent with a financial plan that will allow the District to meet its multi-year financial commitments.

On the basis of the County Office review and analysis, the 2021-22 Budget adopted by the Governing Board on June 29, 2021 does comply with the criteria and standards. Additionally, the multi-year projection shows the District will meet its financial obligations in the current year and two subsequent years.

The San Mateo County Office of Education approves Belmont-Redwood Shores School District’s 2021-22 Adopted Budget with the following comments:

**FINDINGS/COMMENTS:**

**General Fund Budget Summary**

The 2021-22 Adopted Budget shows a decrease of $3.5 million in General Fund revenues and an increase of $1.6 million in expenditures compared to the 2020-21 Estimated Actuals.

The decline in revenues is due to the elimination of one-time funding in both federal and state revenues. Local revenues are recognized when received; therefore, this category has been reduced by 10%. Per the Revenue and Taxation Code, when a district becomes community funded, in the year following, the district is not entitled to supplemental taxes. BRSSD will not receive this funding in 2021-22 which causes the district to flip back to Local Control Funding Formula (LCFF) or state funds for its funding mechanism.

Salaries and benefits include step and column movement projected at 3% for both certificated and classified staff. Increased pension costs are included in benefits. The state unemployment insurance rate spiked from 0.05% to 0.5%. Books and supplies increased due to spending down one-time COVID-19 funding and math textbook adoption. Services and other operating expenditures decreased primarily due to spending down one-time funding. Other outgo decreased due to fewer students attending county operated programs.

Below is a comparison of the revenue and expenditure budgets in the General Fund for fiscal years 2020-21 and 2021-22:
Belmont-Redwood Shores Elementary School District
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<table>
<thead>
<tr>
<th>General Fund – Unrestricted/Restricted</th>
<th>2020-21 Estimated Actuals</th>
<th>2021-22 Adopted Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Anticipated Revenues</td>
<td>$55,441,700</td>
<td>$51,912,733</td>
<td>($3,527,967)</td>
</tr>
<tr>
<td>B. Proposed Expenditures</td>
<td>51,781,974</td>
<td>53,420,306</td>
<td>1,638,332</td>
</tr>
<tr>
<td>C. Excess (Deficiency) of Expenditures over Revenues</td>
<td>3,659,727</td>
<td>(1,506,573)</td>
<td>(5,166,300)</td>
</tr>
<tr>
<td>D. Other Financing Sources/Uses</td>
<td>(500)</td>
<td>(500)</td>
<td>0</td>
</tr>
<tr>
<td>E. Total Increase (Decrease) in General Fund</td>
<td>3,659,227</td>
<td>(1,507,073)</td>
<td>(5,166,300)</td>
</tr>
<tr>
<td>F. <strong>Ending Balance – Unrestricted/Restricted</strong></td>
<td><strong>12,660,317</strong></td>
<td><strong>11,153,244</strong></td>
<td><strong>(1,507,073)</strong></td>
</tr>
<tr>
<td>G. <strong>Ending Balance – Unrestricted only</strong></td>
<td><strong>7,752,702</strong></td>
<td><strong>7,465,954</strong></td>
<td><strong>(286,748)</strong></td>
</tr>
</tbody>
</table>

Total available reserve in the General Fund for 2021-22 fiscal year is approximately $7.4 million or 13.93% of the total General Fund expenditures. The state recommended minimum reserve level for the size of the district is 3%.

Reserves in Excess of Minimum

Education Code 42127(a)(2)(B) requires the governing board of a school district provide, for public review and discussion at a public hearing, any amount in excess of the State-recommended minimum reserve for economic uncertainties. This includes the combined assigned and unassigned ending fund balances in the General Fund (Fund 01) and Special Reserve Fund (Fund 17). The District is required to provide a statement of reasons to substantiate the need for the reserve in excess of the State-recommended level.

The District held a public hearing on June 3, 2021 and provided the public an opportunity to review and discuss the components and reasons for the reserves. The total assigned and unassigned ending balance in excess of the minimum reserve is approximately $4.2 million for the 2021-22 fiscal year. This will be applied to deficit spending in future years.

Cash Flow

The District submitted a two-year cash flow projection showing positive cash balance for each month except for November in the current year and October, November and March of second year. The estimated cash balances by the close of the 2021-22 and 2022-23 fiscal years are approximately $10 million and $8 million, respectively.

As a community funded district, local property taxes are the main source of revenues. Property tax distributions usually occur in the months of December, April, and June. Should
the District flip to being a LCFF funded district, the cash flow will need to be revised to reflect the anticipated apportionment payments.

The County Superintendent urges the District to continue to implement best practices and regularly monitor its cash position to ensure payroll and other monthly obligations are met.

**Multi-Year Projections (MYP)**

The multi-year projection is one of the most important tools in determining the financial position of the district. In order to make multi-year projections, school districts rely on a variety of assumptions and sources of information available at the time of report preparation.

The MYP incorporates the following key assumptions:

**Revenues:**

- District is projecting to be LCFF funded in 2021-22 due to the reduction of supplemental taxes for 2021-22. 4% increase is projected for secured property taxes in the two subsequent years.
- Federal revenues remain flat all three budget years.
- State revenues project elimination of one-time funding in 2021-22, then remain flat for the following two years.
- Local revenue reduced in the current year due to not recognizing revenue until received and not including carryover funds for 2020-21. For 2022-23, parcel tax revenue is removed, though the District will seek a renewal.

**Expenditures:**

- The cost of a 3% step and column adjustment has been included in the budget projections for both certificated and classified salaries.
- Increases for pension costs are included in employee benefits. State unemployment insurance rates increased considerably for the current year.
- Books, supplies, contracts and services have been reduced in 2021-22 and 2022-23 due to the elimination of COVID-19 one-time funding.
- Transfer out to the Cafeteria Fund is eliminated in the subsequent years.

The chart below shows the reserve levels and projected ending balance in the Unrestricted General Fund for the budget year and subsequent two fiscal years:
### Unrestricted General Fund

<table>
<thead>
<tr>
<th></th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Beginning Balance</td>
<td>$7,752,702</td>
<td>$7,465,954</td>
<td>$6,486,004</td>
</tr>
<tr>
<td>Revenues &amp; Other Financing Sources</td>
<td>33,136,099</td>
<td>33,091,668</td>
<td>34,138,399</td>
</tr>
<tr>
<td>Expenditures &amp; Other Financing Uses</td>
<td>33,449,847</td>
<td>34,071,618</td>
<td>36,215,259</td>
</tr>
<tr>
<td>Net increase (Decrease)</td>
<td>(286,748)</td>
<td>(979,950)</td>
<td>(2,076,860)</td>
</tr>
<tr>
<td>Projected General Fund Ending Balance</td>
<td>$7,465,954</td>
<td>$6,486,004</td>
<td>$4,409,144</td>
</tr>
<tr>
<td>Available Reserves Percentage Per MYP</td>
<td>13.95%</td>
<td>12.42%</td>
<td>8.37%</td>
</tr>
</tbody>
</table>

**Deficit Spending**

The multi-year projections show operating deficits in the Unrestricted General Fund increasing each of the budget years. Fiscal year 2023-24 is also projecting deficit spending of over $2.1 million. Available reserves are projected to decrease over the next three years.

**The County Superintendent strongly urges the District to identify measures to address operating deficits in the General Fund to ensure educational programs are not adversely affected. It is also critical to maintain adequate reserves to provide the District flexibility for any unforeseen events or decreases in education funding in the future.**

**Salary Negotiations**

The District has not settled negotiations with the certificated and classified bargaining units for the current year.

In accordance with Government Code 3547.5 and Assembly Bill 2756, the District must provide the County Office of Education with an analysis of cost and impact on operating budget of any proposed salary settlement. The District is also required to submit the following documents reflecting the financial impact:

1) Disclosure of Collective Bargaining Agreement ten (10) days before the Governing Board acts on any tentative collective bargaining agreement (requires the signatures of the Superintendent and the Chief Business Official).
2) Multi-year spreadsheet (reflecting current and two subsequent fiscal years).
3) Budget revisions (if necessary, must be posted to the financial system prior to processing a salary settlement on the payroll system).

The County Superintendent strongly encourages school districts to be cautious in their negotiations and conduct thorough pre-settlement analysis of any proposed collective bargaining agreement to protect from cost increases beyond the scope of bargaining.
Other Funds

The District maintains positive balances for all funds. Below is a summary of revenues, expenditures, and fund balances for other District funds shown in the 2021-22 Adopted Budget reports:

<table>
<thead>
<tr>
<th>District Funds</th>
<th>Beginning Balance</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Other Sources (Uses)</th>
<th>2021-22 Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Cafeteria Fund</td>
<td>$7,892</td>
<td>$510,020</td>
<td>$510,291</td>
<td>$500</td>
<td>$8,121</td>
</tr>
<tr>
<td>25 Capital Facilities Fund</td>
<td>65,135</td>
<td>135,635</td>
<td>70,500</td>
<td>0</td>
<td>130,270</td>
</tr>
<tr>
<td>35 County School Facilities Fund</td>
<td>641,220</td>
<td>15,000</td>
<td>656,220</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40 Spc Rsv-Capital Projects</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td>56 Debt Service Fund</td>
<td>17,801</td>
<td>220</td>
<td>0</td>
<td>0</td>
<td>18,021</td>
</tr>
</tbody>
</table>

County School Facilities Fund (Fund 35): This fund is expected to be depleted by end of year.

There are no other significant changes in other District funds compared to the 2020-21 Estimated Actuals.

GENERAL COMMENTS:

Public Disclosure of Voter and Non-Voter-Approved Debt

Districts are reminded to review the requirements for public disclosure of voter and non-voter-approved debt. Voter-approved debts include General Obligation Bonds and Capital Appreciation Bonds. Non-voter-approved debts include Certificates of Participation (COPs), Tax Revenue Anticipation Notes (TRANs), Bond Anticipation Notes (BANs), revenue bonds, or any other debt instruments not requiring voter approval.

In accordance with AB2197, Education Code Sections 17150, 42133.5, and 17150.1, thirty (30) days prior to the District Governing Board’s approval, all districts, regardless of certification status, are required to submit to the County Superintendent of Schools and the County Auditor the following information (as applicable):

1) Repayment schedule for debt obligation.
2) Evidence of the district’s ability to repay the obligation.
3) Disclosure of General Obligation Bonds (GOBs) and Capital Appreciation Bond (CABs) Refinancing.

The County Superintendent of Schools and the County Auditor may comment publicly within 15 days of receipt of the information.
The 30-day advance notice will require careful planning by the school district in order to comply with the disclosure requirements. The use of debt proceeds is detailed under Education Code 42133.5, which prohibits school districts from using the proceeds from specific debt instruments for general operating purposes.

Fiscal Distress Notification

In compliance with Assembly Bill 2756, districts are required to submit to the County Superintendent of Schools any study, report, evaluation or audit that was commissioned by the district, the Superintendent of Public Instruction, or State control agencies that show evidence of fiscal distress under the Standards and Criteria adopted in Section 33127, or any report on the school district by the County Office, Fiscal Crisis and Management Assistance Team, or any regional team created pursuant to subdivision (1) of Section 42127.8. The County Superintendent is required, in turn, to consider the findings of such report(s) in the analysis of the district’s financial status (Reference: Education Code Section 42127.6).

FCMAT Oversight

The 2019-20 Budget Act has strengthened FCMAT’s oversight responsibilities with required intervention in case of fiscally distressed school districts. At the request from County Superintendent of Schools, FCMAT can now engage if the district has a disapproved budget, negative interim report certification, three consecutive qualified interim report certifications, downgraded interim certification by the county superintendent, or given a “lack of going concern” designation. Once engaged, FCMAT will coordinate with the County Superintendent and perform a fiscal health risk analysis and other oversight activities.

BUDGET RECOMMENDATIONS:

The Governor’s 2021-22 Adopted State Budget was signed on June 28, 2021. Many of the items remained from the May Revise including the mega cost of living allowance (COLA) of 5.07% to the LCFF, 4.05% COLA for Special Education, and 1.7% for state categorical programs. Also remaining from May Revise is the increase to the concentration grant component of the LCFF from 50% to 65% of the adjusted base LCFF grant. One change is the elimination of the deferrals and all deferrals to be paid back in August 2021.

The 2021-22 enacted budget gives LEAs more one-time state categorical programs with many accompanying reporting deadlines and/or expenditure plans. LEAs will also have special education funding augmentations continuing from the prior two years.

With the signing of AB130, one of the many budget trailer bills, there are two significant new LCAP requirements.

1. Changes in Education Code 42238.07 and 52064 create a new carryover requirement related to the requirement to increase or improve services for unduplicated pupils. Starting in 2022-23, LEAs must include in their LCAP’s a calculation of any shortfall
quantitatively or qualitatively – between planned actions and services contributing to increased and improved services for unduplicated pupils and actual actions and services for the year prior to the LCAP year. If, based on estimated actuals, the shortfall is such that the LEA did not meet its required minimum percentage to increase or improve services, then the difference will become an added increased and improved services requirement in the LCAP year.

2. Section 124 of AB130 requires the State Board of Education to adopt a “one-time supplement template to the annual update to the 2021-22 LCAP”. There are specific criteria that will be required in the supplement template which shall be presented to the LEAs’ Governing Board by February 28, 2022. This supplement must also be part of the adopted 2022-23 LCAP.

Districts are advised to closely monitor changes in average daily attendance (ADA) and unduplicated pupil percentage (UPP) - especially LCFF funded districts. ADA and UPP are heavily weighted factors in the LCFF calculation. In 2021-22, districts will once again account for ADA. Many districts will rely on the “hold harmless” provision, utilizing prior year ADA for funding due to declining enrollment.

Enclosed is a summary of the District’s financial profile. The District may find this document useful in analyzing fiscal trends.

We want to express our appreciation to the Board and district staff for the work that went into the development of this year’s LCAP and Budget. The County Superintendent and staff will continue to provide technical and coaching assistance in the monitoring and development of the District’s budget and LCAP.

Please be sure to contact us if you have any questions about our review of your district’s LCAP or budget.

Sincerely,

Nancy Magee  
County Superintendent of Schools  
nmagee@smcoe.org  
650-802-5554

Enclosures

c: Dan Deguara, Superintendent, Belmont-Redwood Shores ESD  
Rui Bao, Chief Business Official, Belmont-Redwood Shores ESD  
Wendy Richard, Executive Director, District Business Services, SMCOE
## Belmont-Redwood Shores Elementary School District
### Financial Profile
#### FY 2021-22 Adopted Budget

### General Fund

#### Revenues
<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue Limit/LCFF Sources</td>
<td>8010-8099</td>
<td>34,136,971</td>
<td>36,502,460</td>
<td>37,580,268</td>
<td>38,879,780</td>
<td>39,495,440</td>
<td>38,984,010</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>8100-8299</td>
<td>968,442</td>
<td>1,006,261</td>
<td>922,422</td>
<td>2,511,621</td>
<td>1,039,723</td>
<td>1,039,723</td>
</tr>
<tr>
<td>Other State Revenue</td>
<td>8300-8599</td>
<td>3,625,346</td>
<td>6,232,897</td>
<td>4,520,546</td>
<td>3,937,131</td>
<td>2,311,579</td>
<td>1,136,604</td>
</tr>
<tr>
<td>Other Local Revenue</td>
<td>8600-8799</td>
<td>7,327,486</td>
<td>9,327,421</td>
<td>9,663,951</td>
<td>10,113,188</td>
<td>9,184,187</td>
<td>7,861,172</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td><strong>$46,058,245</strong></td>
<td><strong>$53,069,019</strong></td>
<td><strong>$53,087,187</strong></td>
<td><strong>$55,441,700</strong></td>
<td><strong>$51,913,733</strong></td>
<td><strong>$50,324,524</strong></td>
</tr>
</tbody>
</table>

#### Expenditures
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificated Salaries</td>
<td>1000-1999</td>
<td>22,379,427</td>
<td>23,285,199</td>
<td>24,326,511</td>
<td>24,766,917</td>
<td>25,284,152</td>
<td>26,042,676</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>2000-2999</td>
<td>6,346,346</td>
<td>6,502,369</td>
<td>6,682,603</td>
<td>6,949,109</td>
<td>6,896,715</td>
<td>6,965,682</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>3000-3999</td>
<td>9,808,541</td>
<td>13,120,683</td>
<td>12,947,412</td>
<td>10,100,671</td>
<td>10,894,793</td>
<td>11,845,237</td>
</tr>
<tr>
<td>Books &amp; Supplies</td>
<td>4000-4999</td>
<td>1,524,811</td>
<td>2,356,484</td>
<td>2,089,387</td>
<td>2,345,568</td>
<td>3,488,344</td>
<td>1,228,536</td>
</tr>
<tr>
<td>Svcs &amp; Oth Oper Exp</td>
<td>5000-5999</td>
<td>6,271,999</td>
<td>6,162,419</td>
<td>5,750,942</td>
<td>7,142,922</td>
<td>6,519,516</td>
<td>5,571,480</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>6000-6999</td>
<td>9,124</td>
<td>260,175</td>
<td>64,503</td>
<td>31,786</td>
<td>32,015</td>
<td>32,015</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td></td>
<td><strong>$47,068,841</strong></td>
<td><strong>$52,416,080</strong></td>
<td><strong>$52,119,608</strong></td>
<td><strong>$51,781,973</strong></td>
<td><strong>$53,420,306</strong></td>
<td><strong>$52,090,626</strong></td>
</tr>
</tbody>
</table>

#### Revenues Less Expenditures
- ($1,010,596) | $652,939 | $967,579 | $3,659,727 | ($1,506,573) | ($1,766,102) | ($2,276,860)

#### Other Sources and Uses
- Interfnd Transfers In | 8900-8929 | $306,344 | $0 | $10,547 | $0 | $0 | $0 | $0
- Interfnd Transfers Out | 7600-7629 | $852 | $363,540 | $29,370 | $500 | $500 | $0 | $0
- Other Sources | 8930-8979 | $0 | $0 | $0 | $0 | $0 | $0 | $0
- Other Uses | 7630-7699 | $0 | $0 | $0 | $0 | $0 | $0 | $0
- Contrib to Restr Prog | 8980-8999 | $0 | $0 | $0 | $0 | $0 | $0 | $0
- Total Other Sources and Uses | | **$305,492** | ($363,540) | ($18,823) | ($500) | ($500) | $0 | $0

#### Change in Fund Balance
- ($705,104) | $289,399 | $948,756 | $3,659,227 | ($1,507,073) | ($1,766,102) | ($2,276,860)

#### Beginning Fund Balance
- a) As of July 1 - Unaudited (F1c) | 9791 | 8,468,039 | 7,762,935 | 8,052,334 | 9,001,090 | 12,660,317 | 11,153,244 | 9,387,142
- b) Aud Adj/Restatements (F1d) | 9793-9795 | $0 | $0 | $0 | $0 | $0 | $0 | $0
- Ending Fund Balance, June 30 | | **$7,762,935** | **$8,052,334** | **$9,001,090** | **$12,660,317** | **$11,153,244** | **$9,387,142** | **$7,110,282**

#### Components of Ending Fund Balance
- a) Nonspendable
  - Revolving Cash | 9711 | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 |
  - Stores | 9712 |
  - Prepaid Expenditures | 9713 | $56,167 | $362,697 |
  - All Others | 9719 |
- b) Restricted
  - $1,253,694 | $1,337,807 | $2,128,648 | $4,907,615 | $3,687,290 | $2,901,138 | $2,701,138 |
- c) Committed
  - $0 | $0 | $0 | $0 | $0 | $0 |
- d) Assigned
  - $0 | $0 | $0 | $0 | $0 | $0 |
- e) Unassigned/Unappropriated
  - Reserve for Economic Uncertainties | 9789 | $2,824,131 | $3,166,778 | $3,128,939 | $3,106,950 | $3,205,250 | $3,125,438 | $3,148,945 |
  - Unassigned/Unappropriated | 9790 | $3,613,943 | $3,170,052 | $3,359,284 | $4,630,752 | $4,245,704 | $3,345,567 | $1,245,200 |

### Notes
- Enrollment (excl independent charter schools) | 4,324 | 4,307 | 4,317 | 4,317 | 4,317 | 4,317 |
- P2 ADA (excl ADA for independent charter schools) | 4,196.18 | 4,173.52 | 4,176.94 | 4,176.94 | 4,018.48 | 4,018.48 |
- Total Expenditures per ADA (incl trfs out & uses) | 10,659 | $11,217 | $12,397 | $13,294 | $12,963 | $13,060 |
- Total Revenues Per ADA | $10,579 | $11,049 | $12,716 | $13,273 | $12,919 | $12,523 | $12,494 |