



September 22, 2022

Jennifer Zweig
President, Governing Board
Woodside Elementary School District
3195 Woodside Road
Woodside, CA 94062-2598

RE: Local Control Accountability Plan and Adopted Budget – Fiscal Year 2022-23

Dear Board President Zweig:

The San Mateo County Office of Education (SMCOE) has completed its review of Woodside Elementary School District's Local Control Accountability Plan (LCAP) and Adopted Budget for the 2022-23 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 LCAP includes the required calculations to determine whether there is a carryover requirement, and if applicable, includes a description of the planned uses of the specific funds and a description of how the planned uses are to be considered as contributing towards meeting the increased or improved services requirement {(EC 52070(d)(4)}

The San Mateo County Superintendent of Schools has approved your Local Control Accountability Plan for the 2022-23 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 Woodside Elementary School District (the District) for fiscal year 2022-23 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. The County Superintendent of Schools is also required to determine whether the Adopted Budget includes the expenditures necessary to implement the LCAP.

On the basis of the County Office review and analysis, the 2022-23 Budget adopted by the Governing Board on June 7, 2022, 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** Woodside Elementary School District's 2022-23 Adopted Budget with the following comments:

FINDINGS/COMMENTS:

General Fund Budget Summary

The 2022-23 Adopted Budget shows a net increase in General Fund revenues of approximately \$133,000 and a decrease in expenditures of \$801,000 compared to the 2021-22 Estimated Actuals.

Secured property taxes are projected to grow by 8% resulting in unrestricted revenue to increase by \$453,000. Federal and state revenues were reduced by \$73,000 and \$178,000 respectively to reflect removal of one-time COVID-19 funds. Local revenue reduced by \$69,000. Revenues from leases, rental and donations will be budgeted when received.

Salaries and benefits expenditures reduced due to attrition and retirement. Books and supplies and other operating expenditures reduced due to removal of expenses associated with one-time COVID-19 funds. Equipment replacement budget was eliminated. Interfund transfers to Cafeteria Fund (Fund 13), Special Reserve Fund (Fund 17) and Special Reserve Fund for Post-Employment Benefits (Fund 20) have been established. Transfer to Deferred Maintenance Fund (Fund 14) is projected to increase by \$200,000.

Below is a comparison of revenue and expenditure budgets in the General Fund for fiscal years 2021-22 and 2022-23:

	General Fund – Unrestricted/Restricted	2021-22 Estimated Actuals	2022-23 Adopted Budget	Difference
A.	Anticipated Revenues	\$13,229,520	\$13,361,955	\$132,435
B.	Proposed Expenditures	13,738,711	12,937,482	(801,229)
C.	Excess (Deficiency) of Expenditures over Revenues	(509,191)	424,472	933,663
D.	Other Sources/Uses and Transfers	(50,000)	(400,000)	(350,000)
E.	Total Increase (Decrease) in General Fund	(559,191)	24,472	583,663
F.	Ending Balance – Unrestricted/Restricted	\$1,798,233	\$1,822,706	\$24,473
G.	<i>Ending Balance – Unrestricted only</i>	<i>\$1,618,799</i>	<i>\$1,632,012</i>	<i>\$13,213</i>

The state-recommended minimum reserve for Woodside Elementary School District is 4% of total General Fund expenditures. Based on the adopted budget, the District is projecting approximately \$1.6 million or 12.24% in available reserves.

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 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 May 10, 2022, which provided the public an opportunity to review and discuss the components and reasons for the reserves. The excess amount is set aside as additional reserve for economic uncertainties and for technology upgrade.

Cash Flow

The District submitted cash flow projections for 2022-23 and 2023-24 showing positive ending cash balances each month for both fiscal years. The projected ending cash balances are approximately \$2.1 million in 2022-23, and \$1.8 million at the close of 2023-24.

The District is commended for continuing to prudently maintain adequate monthly cash balances to meet its financial obligations without outside or interfund borrowings.

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:

- Secured property taxes are projected to increase by 8% for the budget year and 2% in the subsequent two years.
- All one-time COVID-19 funds have been removed from federal and state revenues in the current year and projected to remain flat in the subsequent years.
- Local revenues are projected to decrease slightly in 2023-24 from donations and grants and then remain constant.

Expenditures:

- Salaries and benefits expenditures include step and column adjustments. 3% salary increases for all units and health and welfare cap increases are included in the current year budget. Increases in pension contributions are also included.
- Reduction in books, supplies, services and other operating expenditures are due to removal of one-time COVID-19 funds.
- There are no changes projected in capital outlay, county office tuition, debt services and transfers 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:

General Fund – Unrestricted Only	2022-23	2023-24	2024-25
Estimated Beginning Balance	\$1,618,799	\$1,632,012	\$1,594,714
Revenues & Other Financing Sources	10,373,868	10,403,646	10,342,036
Expenditures & Other Financing Uses	10,360,655	10,440,944	10,633,972
Net increase (Decrease)	13,213	(37,298)	(291,936)
Projected Ending Balance	\$1,632,012	\$1,594,714	\$1,302,779
Total Available Reserves	\$1,632,012	\$1,593,714	\$1,301,779
Available Reserves Percentage Per MYP	12.24%	11.85%	9.50%

Salary Negotiations

The District has settled negotiations with Woodside Teachers Association (WTA) & all other employee groups for 3% increase for fiscal year 2022-23. Health and welfare cap increased to \$11,750 per FTE. The fiscal impact from the settlement is included in the adopted budget.

For future negotiations, the County Superintendent of Schools recommends the District conduct a careful and thorough pre-settlement analysis of any proposed collective bargaining agreement. Multi-year proposals require diligent review to ensure the District can sustain related costs and avoid the risk of insolvency.

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 2022-23 Adopted Budget reports:

District Funds	Estimated Beginning Balance	Revenues	Expenditures	Other Sources (Uses)	2022-23 Projected Ending Balance
08 Student Activity	\$2,355	-	-	-	\$2,355
13 Cafeteria	\$15,332	63,015	113,015	50,000	\$15,332
14 Deferred Maintenance	\$184,702	300	-	250,000	\$435,002
17 Special Reserve - Other	\$0	-	-	50,000	\$50,000
20 Special Reserve for Postemployment Ben	\$0	-	-	50,000	\$50,000
21 Building	\$36,713	100	-	-	\$36,813
25 Capital Facilities	\$186,913	2,000	-	-	\$188,913
40 Special Reserve - Capital Projects	\$605	10	-	-	\$615
63 Other Enterprise	\$26,787	634,949	590,872	-	\$70,865

Cafeteria Fund (Fund 13) - Expenditure for food is expected to increase due to the implementation of the Universal Meal Program.

Other Enterprise Fund (Fund 63) – Other local revenue from Preschool fees is expected to increase by 13%. Accordingly, expenditures budget has been adjusted.

There are no significant changes in the other funds of the District compared to the 2021-22 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 shows 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

At the request from the County Superintendent of Schools, FCMAT can 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 CONSIDERATIONS:

May Revise included a Cost-of-Living Allowance (COLA) of 6.56%; a proposed \$2.1 billion augmentation to increase the Local Control Funding Formula (LCFF) base grant and \$8 million one-time discretionary funding. When the budget was signed on June 27, 2022, the COLA remained and the additional increase to the LCFF base is 6.28%. The \$8 billion in one-time discretionary funding also remained and is labeled as the Learning Recovery Emergency Block Grant and will be distributed based on unduplicated pupil counts.

The 2022-23 Budget Trailer Bill (Assembly Bill [AB] 181) includes three significant changes to Average Daily Attendance (ADA) used for LCFF funding calculations to mitigate declining enrollment.

- Ongoing change to ADA used for LCFF funding calculation
 - LCFF funding is based on greater of:
 - Current year ADA
 - Prior year ADA or
 - Computed average ADA using the three most recent prior years’ ADA
 - One-time allowance for classroom-based charter schools (for 2021-22 only)
 - LCFF funding is based on greater of:
 - Current year ADA or
 - Prior year ADA
 - One-time attendance yield adjustment with conditions

Districts are advised to closely monitor changes in ADA and Unduplicated Pupil Percentage (UPP) - especially LCFF funded districts. ADA and UPP are heavily weighted factors in the LCFF calculation.

Districts should review their Original Budget projections and determine if the Learning Recovery Emergency Block Grant and the Arts, Music, and Instructional Materials Discretionary Block Grant are included. These two discretionary grants will be available to LCFF funded districts, community funded districts, and charter schools.

Based on Education Code 42127(h), if the Local Educational Agency (LEA) revises its budget to reflect the Budget Act, the revisions must be made available for the public review within forty-five (45) days from enactment. The 45-day timeline is August 11, 2022. This budget is not required to be submitted to the County Office of Education. The County Office would expect to see all the budget adjustments reflected in the First Interim Report which is due by December 15, 2022.

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

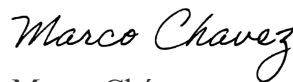
We want to express our appreciation to the Board and district staff for the work that went into the development of this year's LCAP and Budget. The County Superintendent and staff will continue to provide technical and coaching assistance in the monitoring and development of the District's budget and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

Please be sure to contact us if you have any questions about our review of your district's 2022-23 LCAP or budget.

Sincerely,



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Enclosures

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