

**Date: October 7, 2021**

**Title:** Revision of 2021-2022 Adopted Budget Multi-Year Projection (ACTION)

**Summary:**

The County Office has given the district a conditional approval for the 2021-2022 Adopted Budget. This action is necessary to approve the revised multi-year projection, using the revised 2020-2021 unaudited actual ending balances.

**Background:**

The Santa Clara County Office of Education is required to review and provide the district with an approval or conditional approval of the adopted budget. Since the district adopted a budget that would not have sufficient fund balance to cover their Reserve for Economic Uncertainties in the 3<sup>rd</sup> year, the County Office gave the district a conditional budget approval.

The County Office provided the following direction in their letter to the district dated September 15, 2021. The letter stated,

“By October 8, 2021, the 2021-22 Budget and Multi-Year Projection should be revised to reflect the following:

- a) Any increases or decreases to fund balance as a result of the 2020-21 end-of-year closing.
- b) A board-approved fiscal stabilization plan that provides for a reserve for economic uncertainty that meets or exceeds the 3% minimum requirement in all three fiscal years of the multi-year projection.”

The district has updated the Multi-Year Projection to reflect the increased ending balances of the close-out of the 2020-2021 fiscal year that carries forward as beginning balances for the 2021-2022 fiscal year. The revised beginning balance increases fund balance so that there is sufficient fund balance in the 3<sup>rd</sup> year, 2023-2024 fiscal year, to cover the Reserve for Economic Uncertainties. The revision includes no other changes in the adopted budget as presented at the June adoption. First interim will include all budget changes necessary to reflect districts' operational costs and revised projected revenues.

**Attachments**

MYP-With Revised Beginning Balances from Unaudited Balances  
SCCOE Conditional Budget Approval Letter  
Excerpts from Education Code 42127

**Recommendation:**

Approve the Revised 2021-2022 Adopted Budget Multi-Year Projection

**Cambrian School District  
MYP-With Revised Beginning Balances from Unaudited Actuals**

REVENUES	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
LCFF	29,256,087	1,139,161	30,395,248	29,726,859	1,171,000	30,897,859
Federal Revenues		892,909	892,909		892,909	892,909
State Revenues	568,326	5,265,700	5,834,026	568,326	2,278,700	2,847,026
Other Local	3,880,936	221,783	4,102,719	4,098,554	221,783	4,320,337
Other Financing			-			-
Transfers In	171,541		171,541	171,541		171,541
Other Sources			-			-
Contributions	(7,264,564)	7,264,564	-	(7,464,431)	7,264,431	(200,000)
Total Revenues	26,612,326	14,784,117	41,396,443	27,100,849	11,828,823	38,929,672

EXPENDITURES	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Certificated Salaries	14,272,190	3,399,571	17,671,761	14,209,690	3,414,571	17,624,261
Classified Salaries	3,739,321	1,874,558	5,613,879	3,749,321	1,884,558	5,633,879
Employee Benefits	6,785,415	3,631,843	10,417,258	6,887,196	3,686,319	10,573,515
Supplies	565,161	206,229	771,390	565,161	206,229	771,390
Services	3,045,245	5,671,912	8,717,157	3,045,245	2,637,146	5,682,391
Capital Outlay			-			-
Other Outgo			-			-
Other Outgo-Indirect Cost			-			-
Other Financing Uses			-			-
Transfers Out			-			-
Other Uses			-			-
Other Adjustments			-			-
Total Expenditures	28,407,332	14,784,113	43,191,445	28,681,613	11,828,823	40,510,436

NET INCREASE (DECREASE)	(1,795,006)	4	(1,795,002)	(1,580,764)	-	(1,580,764)
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FUND BALANCE	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Net Beginning Balance	6,730,991	2,781,095	9,512,086	4,935,985	2,781,099	7,717,084
Ending Fund Balance	4,935,985	2,781,099	7,717,084	3,355,221	2,781,099	6,136,320
Components of Fund Balance			-			-
Nonspendable	1,400		1,400	1,400		1,400
Restricted		2,781,099	2,781,099		2,781,099	2,781,099
Reserve for Economic Uncertainties	1,157,199		1,157,199	1,157,199		1,157,199
Unassigned/Unappropriated	3,777,386		3,777,386	2,196,622		943,805
Total Components	4,935,985	2,781,099	7,717,084	3,355,221	2,781,099	6,136,320

NET INCREASE (DECREASE)	(1,795,006)	4	(1,795,002)	(1,580,764)	-	(1,580,764)
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Santa Clara County Office of Education

Mary Ann Dewan, Ph.D.  
County Superintendent of Schools

September 15, 2021

Jarod Middleton, Board President  
Cambrian School District  
4115 Jacksol Drive  
San Jose, CA 95124

Dear Board President Jarod Middleton,

**Subject: Approval of the Cambrian School District 2021-22 Local Control and Accountability Plan and Conditional Budget Approval of the Cambrian School District 2021-22 Adopted Budget**

In accordance with Education Code (EC) Sections 42127 and 52070, the Santa Clara County Office of Education (SCCOE)/Santa Clara County Superintendent of Schools (County Superintendent) is required to approve, conditionally approve, or disapprove the Cambrian School District's (District) 2021-22 Adopted Budget in conjunction with the Local Control Accountability Plan (LCAP). The required review of the Budget to determine whether it allows your district to meet its financial obligations during the fiscal year and satisfy its multi-year financial commitments has been completed. The Adopted Budget appears to include the expenditures necessary to implement the LCAP and the Annual Update to the LCAP.

As required, the LCAP must be reviewed and approved prior to the approval of the District's Adopted Budget per Education Code (EC) Section 52070(d) if staff determines 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).

In accordance with EC section 52070, the SCCOE's District LCAP Advisory Services and District Business and Advisory Services teams have reviewed and approved the District's 2021-22 LCAP. The District's approved LCAP and Budget Overview for Parents have been posted on the SCCOE website.

Therefore, I have determined that the LCAP meets the criteria. However, based upon our review, I have determined the District's 2021-2022 Adopted Budget is Conditionally Approved.

I would like to recognize and thank the Board and leadership team of Cambrian Elementary School District for their efforts in the development and submission of the Adopted Budget and Local Control

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County Board of Education: Victoria Chon, Joseph Di Salvo, Rosemary Kamei, Grace H. Mah, Peter Ortiz, Claudia Rossi, Tara Sreekrishnan  
1290 Ridder Park Drive, San José, CA 95131-2304 (408) 453-6500 [www.sccoe.org](http://www.sccoe.org)

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Jarod Middleton, Board President

September 15, 2021

Page 2 of 3

Accountability Plan. The Cambrian Board has enacted many elements of a fiscal stabilization plan addressing the structural deficit, and I commend you for those actions. But the work is not complete. The District must approve a new fiscal stabilization plan that provides for a balanced budget with a reserve for economic uncertainty of 3% or more for all fiscal years.

In accordance with Education Code 42127(c) (2), it is the county office of education's responsibility to determine that the district is able to satisfy its multi-year commitments. The fiscal year 2021-22 Multi-Year Budget adopted by the Board includes a projection that the District will not meet the minimum reserve by the third year. Based on the projected expenditures, the state-mandated 3% minimum reserve for 2023/2024 is \$1.2M. The District's projection for total available reserves for 2023/2024 is a negative \$33K. Therefore, I am not able to approve the Fiscal Year 2021-22 Budget at this time.

By October 8, 2021, the 2021-22 Budget and Multi-Year Projection should be revised to reflect the following:

- a) Any increases or decreases to fund balance as a result of the 2020-21 end-of-year closing.
- b) A board-approved fiscal stabilization plan that provides for a reserve for economic uncertainty that meets or exceeds the 3% minimum requirement in all three fiscal years of the multi-year projection.

I look forward to receiving a Revised Budget by October 8, 2021, reflecting the updates to the Budget as indicated above.

As a reminder, the recently enacted 2021 State Budget (Assembly Bill 130) prompted revisions to the LCAP template and instructions and requires LEAs to present a one-time Supplement to the 2021-22 Annual Update at a regularly scheduled school board meeting on or before February 28, 2022. For your reference, new requirements are highlighted as follows:

- Annually meet the LEA's full proportionality obligation to increase or improve services for unduplicated pupils quantitatively and/or qualitatively. Beginning in 2021-22, LEAs are required to carry over any unspent Supplemental and Concentration Grant funds into the following LCAP year if the requirement is not met in the current year.
- For LEAs that receive Concentration Grant add-on funding pursuant to EC Section 42238.2, demonstrate that the additional funds resulting from the increase in the Concentration Grant, from 50% to 65% of the Base Grant, be used to increase the number of credentialed and/or classified staff that provide direct services to students for schools with greater than 55% of unduplicated pupil enrollment.
- Include the Supplement to the 2021-22 Annual Update in the LEA's 2022-23 LCAP for the purposes of adoption, review, and approval.

Jarod Middleton, Board President

September 15, 2021

Page 3 of 3

I also offer the following reminders:

Education Code (42127 B) requires the governing board of a school district at each budget adoption and revision to include at the public hearing a statement of reasons that substantiates a need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainty as identified in the state board approved standards and criteria.

Beginning with the 2022-23 Adopted Budget, districts assigned and unassigned reserves cannot exceed 10% of annual expenditures. Small (less than 2,501 ADA) and basic aid districts are exempt from this cap, but not from the requirement to present the statement of reasons for reserves in excess of the minimum.

I strongly encourage the District to plan in advance to meet the new requirements for the LCAP and for the 2022-23 reserve limitations.

Additionally, I would like to thank Chief Business Officer Steve Corl and the business team for their hard work throughout this challenging budget development process. The SCCOE staff and I look forward to working together to meeting the goal of improved District fiscal health.

If we can assist you with any questions or concerns, please contact your District Business Advisor, Susan Ady, at (408) 453-6883.

Sincerely,



Mary Ann Dewan, Ph.D.

County Superintendent of Schools

cc: Kristi Schwiebert, Interim Superintendent, Cambrian School District  
Stephen Corl, Chief Financial Officer, Cambrian School District  
Olga Shargo, Controller Business Services, Cambrian School District  
Linh Nguyen, Assistant Superintendent of Educational Services, Cambrian School District  
Stephanie Gomez, Chief Business Officer, Santa Clara County Office of Education  
Susan Ady, Director – District Business Services, Santa Clara County Office of Education

## Education Code 42127

(d) (1) On or before September 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. For the 2014–15 fiscal year and each fiscal year thereafter, the county superintendent of schools shall disapprove a budget if the county superintendent of schools determines that the budget does not include the expenditures necessary to implement a local control and accountability plan or an annual update to the local control and accountability plan approved by the county superintendent of schools. If the governing board of a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The budget prepared by the county superintendent of schools shall also comply with the requirements of subparagraph (B) of paragraph (2) of subdivision (a). The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy that subdivision, the county superintendent of schools shall conditionally approve or disapprove the budget and, not later than September 15, transmit to the governing board of the school district, in writing, the county superintendent of schools' recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent of schools can approve that budget. The county superintendent of schools may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the county superintendent of schools may appoint a committee to examine and comment on the county superintendent's review and recommendations, subject to the requirement that the committee report its findings to the county superintendent of schools no later than September 20.

(2) Notwithstanding any other provision of this article, for the 2014–15 fiscal year and each fiscal year thereafter, the budget shall not be adopted or approved by the county superintendent of schools before a local control and accountability plan or update to an existing local control and accountability plan for the budget year is approved.

(3) If the adopted budget of a school district is conditionally approved or disapproved pursuant to paragraph (1), on or before October 8, the governing board of the school district, in conjunction with the county superintendent of schools, shall review and respond to the recommendations of the county superintendent of schools at a regular meeting of the governing board of the school district. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.