



September 15, 2023

TO: Elodia Ortega-Lampkin, Superintendent
Woodland Joint Unified School District

FROM:  Garth Lewis, Yolo County Superintendent of Schools
Veronica Moreno, Associate Superintendent, Administrative Services 
Yolo County Office of Education

SUBJECT: REVIEW OF 2023-2024 ADOPTED BUDGET AND LOCAL CONTROL AND ACCOUNTABILITY PLAN

In accordance with the provisions of Education Code 42127 and 52070, the Yolo County Office of Education's (YCOE) staff has reviewed the Local Control and Accountability Plan (LCAP) and Adopted Budget of the Woodland Joint Unified School District (District) for fiscal year 2023-2024.

The District's 2023-24 Adopted Budget was developed using the best fiscal information available as of May 2023. The Yolo County Superintendent of Schools has approved the District's LCAP and budget with the following comments:

CASH MANAGEMENT

As required by AB 1200, in order to maintain a positive certification, districts must maintain adequate cash and reserves to meet the financial obligations for the current and two subsequent fiscal years. The District's 1-year cash flow projection for the general fund shows that the district anticipates maintaining a positive cash balance in the general fund through June 30, 2024.

Districts should continue to monitor cash flow in the general fund as well as other funds to determine if there will be a need for inter-fund cash borrowing which could potentially impact the general fund.

CHARTER OVERSIGHT

The district has authorized charter schools operating within the district boundaries, and is obligated by Education Code Section 47604.32 to, among other things, monitor the charter school's fiscal condition, and promptly notify the CDE and YCOE of any change in its status. Failure to fulfill oversight responsibilities can subject a school district or other authorizer to legal liability for the charter schools' acts, errors, or omissions. It should be noted that the District operates a dependent charter school in a separate fund within the District's budget and should be closely monitoring the charter school's cash flow, MYP and other fiscal components, as is done with the District's general fund.

DESIGNATION FOR ECONOMIC UNCERTAINTIES & RESERVES

The Designation for Economic Uncertainties is an amount that is set aside from unrestricted resources and is expressly for major unforeseen events that would otherwise jeopardize the budget plan. Such a designation is not for expenditures that are known or can be anticipated. We believe the minimum reserve percentages are the bare minimum.

Currently, \$4,568,281 is designated for economic uncertainties, which complies with the 3% minimum reserve requirement for a district of your size. To put this reserve amount into perspective, the District's average general fund cost of salary and benefits for one month is approximately \$9.6 million.

It should be noted that the District's 2023-24 combined assigned and unassigned reserves exceed the 10% reserve cap which went into effect in 2022-23. The two out-years are also in excess of the 10% reserve cap. The district provided an explanation that the excess reserves were due to slow usage of some restricted funds, unrestricted funds, and an increase in LCFF Revenue. The district has provided reasons for the excess reserves as required by Education Code Section 42127 (d)(1). In the future, the District should ensure they comply with the reserve cap at each adopted budget period to avoid risking disapproval or conditional approval of their budget.

ENROLLMENT & ATTENDANCE

For 2023-24, the adopted budget assumes flat enrollment and average daily attendance (ADA) based on the prior year. The District's LCFF revenue is currently projected to be funded based on the average of the three prior years' ADA. The unduplicated pupil percentage is projected at 76% in the current and two out-years, which is in line with the District's prior year percentage.

Enrollment and ADA are projected to remain flat in 2024-25 and 2025-26. The out-year projections are reasonable based on the District's assumptions and historical trends.

As a reminder, districts will be funded on the greater of current year, prior year, or the average of the three prior years' ADA. Additionally, districts should ensure they maintain required pupil to staff ratios in transitional Kindergarten (TK) classrooms to continue receiving the TK add-on (based on TK ADA) in the LCFF entitlement. Districts should compare actual ADA and enrollment with budget projections throughout the year to determine any potential impacts in the current and subsequent years, adjusting as necessary and implementing contingency plans should the projections not materialize.

LOCAL CONTROL AND ACCOUNTABILITY PLAN (LCAP)

There are now four criteria for determining LCAP approval: (1) adherence to the State Board of Education (SBE) template, (2) sufficient expenditures in the budget to implement the LCAP, (3) adherence to the SBE expenditure regulations for funds apportioned based on the number of unduplicated pupils pursuant to Education Code 42238.07, and (4) calculation and implementation of carryover pursuant to Education Code 42238.07 and 52064. Based on our review, we determined that the District's LCAP has met all four criteria for approval. Per Education Code 52065, the District is also required to prominently post the board approved LCAP (including the Supplement and LCFF Budget Overview for Parents) on the homepage of their website.

MULTI-YEAR COMMITMENTS

It should be noted that the District has multi-year commitments funded by sources other than the General Fund. If revenues and/or sources of revenues designated for these multi-year commitments were to dry up, they would become the responsibility of the General Fund. Per the Fiscal Crisis and Management Assistance Team's (FCMAT) Fiscal Health Risk Analysis Tool, districts are considered high risk if their debt ratio (total principal and interest payments divided by unrestricted revenue sources) exceeds 2%. The District's debt ratio is currently at 1.33%. It should be noted that all current year debt payments are reflected in the Adopted Budget. The District should carefully review their multi-year projections to ensure it includes sufficient budget for continuing long-term debt obligations.

MULTI-YEAR PROJECTIONS

The Adopted Budget multi-year projection (MYP) was based upon information that was available as of May 2023. The District projects it will be able to meet its financial obligations through fiscal year 2025-26. With the one-time COVID relief dollars dwindling, we remind districts to keep one-time funds separate from ongoing funds, especially when it comes to preparing multi-year projections as this determines their ability to meet future obligations.

With the Local Control Funding Formula (LCFF), year-to-year funding changes are a result of changes in ADA, unduplicated English Learners, Free and Reduced and Foster Youth student counts, and projected state cost-of-living-adjustments (COLA). We strongly encourage the District to monitor student unduplicated counts, and to perform a risk analysis of the ability to absorb changes in out-year funding estimates.

For COLA and other state revenue projections, YCOE recommends using the Common Message provided by CCS Business and Administration Steering Committee (BASC) or School Services of California's (SSC's) Dartboard. The LCFF calculator, maintained by the Fiscal Crisis and Management Assistance Team (FCMAT), is recommended for use in budget development and multi-year projections.

SALARY AND BENEFIT NEGOTIATIONS

According to the information provided in the 2023-24 Adopted Budget, salary and benefit negotiations for all bargaining units were settled at that time.

CONCLUSION

The District's enrollment and ADA projections are flat based on the prior year. We encourage the district to closely monitor actual ADA throughout the year and make budget adjustments at each interim period, or more often as necessary. After reviewing the 2022-23 Estimated Actuals, we noted that some expenditure categories have estimated expenditures that are significantly higher than the district's historical trends which may result in the restricted ending fund balance being significantly different at Unaudited Actuals.

Any technical corrections relating to the Adopted Budget have been shared with District staff and have been resolved or are anticipated to be resolved in the next reporting period. In addition to the notes included in this letter, the technical review questions and comments are an integral part of this approval.

In closing, we appreciate the continued cooperation and positive working relationship with your District staff. If you have any questions about this review, please contact Veronica Moreno at (530) 668-3722 (veronica.moreno@ycoe.org) or Lorelle Mudd at (530) 668-3719 (lorelle.mudd@ycoe.org).

- c: Rogelio Villagrana, President, Board of Trustees, Woodland JUSD
Lewis Wiley, Jr., Associate Superintendent, Business Services, Woodland JUSD
Christina Lambie, Executive Director, Teaching & Learning, Woodland JUSD
Norma Palomar, Director, Fiscal Services, Woodland JUSD
Maria Arvizu-Espinoza, M.A.Ed., Associate Superintendent, Educational Services, YCOE
Stan Mojsich, Assistant Superintendent, Equity & Support Services, YCOE
Lorelle Mudd, Director, External Business Services, YCOE