



and all pupils. These changes were technical in nature and not substantive and do not require board approval.

As a result of our review and analysis, the **2015-16 Adopted Budget and updated Local Control Accountability Plan are consistent with the State required criteria and therefore have been approved** by the Mendocino County Superintendent.

**Your District's Fiscal Crisis Indicators include the following risk factors that must be monitored and addressed to ensure the district's fiscal solvency.**

**Deficit Spending**

Your District's MYP reflects deficit spending in all three years, resulting in a decline of the unrestricted fund balance of approximately <\$1.6 Mil> over the three year budget period. **It is essential that you reduce deficit spending by developing a Board approved plan of specific actions to bring expenditures in line with projected revenues.**

**Reserves**

The MYP indicates the ending fund balance will be adequate to meet the state required minimum 4% Reserve for Economic Uncertainties. However the projection shows the remaining fund balance will be entirely spent down and you will only have the 4% minimum required reserve for 2017-18. Again, we encourage the district to start the process now to bring expenditures into alignment with projected revenues for the 2015-16 budget to further ensure adequate reserves and fiscal solvency.

**Labor Contract Negotiation**

According to the information provided in the District's Budget, certificated, classified and management/confidential negotiations remain unsettled and potential increases have not been incorporated into budgeted salary and benefits expenditures. This is a reminder that, before the District Board takes action on proposed collective bargaining agreement, the District must meet the public disclosure requirements of Gov. Code Sec. 3547.5 and Title V, Section 15449. Please provide a Public Disclosure of Collective Bargaining Agreement form and multiyear projections to our office 10 working days prior to Board approval of any new or revised agreement.

**In Closing**

We support you in your efforts to maintain the fiscal health of your school district and enhance your instructional programs. We recommend the District revisit the LCAP goals and expenditure plan at the first and second interim to review progress, update assumptions and share information with stakeholders. We wish to express our appreciation to the District's staff for their cooperation during the review of the LCAP and budget for 2015-16. Please feel free to call my staff or me if we may be of assistance.

Sincerely,



Vicki Todd  
Associate Superintendent, Business Services

cc: Catherine Chin, Business Manager  
Warren Galletti, County Superintendent  
Paul Joens-Poulton, Associate Superintendent Educational Services, MCOE  
Chris Francis, LCAP Coordinator